



CTB-409

State of New Mexico  
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

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February 6, 1996

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attn: Ms. Rusty Klein

Re: Application for Surface Commingling  
Lease Commingling, Off-Lease Storage & Measurement  
North Dagger Draw Upper Penn, North Pool  
Eddy County, New Mexico

Dear Ms. Klein:

We have received your application requesting approval for surface commingling, lease commingling, off-lease storage, and measurement for the following wells:

Tackitt AOT #1-I  
1650' FSL & 990' FEL  
Sec. 28-19S-25E  
Eddy County, New Mexico  
Fee Lease

State K #3-K  
1980' FSL & 1980' FWL  
Sec. 28-19S-25E  
Eddy County, New Mexico  
State Lease No. K-6096-5

Tackitt AOT # 2-J  
1980' FSL & 1980' FEL  
Sec. 28-19S-25E  
Eddy County, New Mexico  
Fee Lease

Tackitt AOT #3-O  
660' FSL & 1980' FEL  
Sec. 28-19S-25E  
Eddy County, New Mexico  
Fee Lease

We understand that these wells are producing from the Canyon zone, and that the production will be measured separately prior to surface commingling.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

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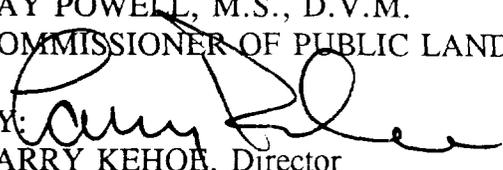
Since the Tackitt AOT Wells Nos. 1, 2 and 3 are located on fee lands, a right-of-way easement may be required for a portion of the NE/4SW/4 of Sec. 28-19S-25E. Please contact Ms. Debra Padilla of our Right-of-Way section for further information regarding this easement. Ms. Padilla's telephone number is 827-5729.

In addition, since the storage facility is located on state lands, a business lease may be required. Please contact Mr. Nick Mace of our Commercial Resources section for further information regarding a possible business lease. Mr. Mace's telephone number is 827-5727.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
LARRY KEHOE, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/LK/pm

cc: Reader File  
K-6096-5  
OCD-Attn: David Catanach and Ben Stone  
Debbie Padilla  
Nick Mace