

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

July 25, 1996

Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429

Re: Surface Commingling, Lease Commingling,
Off-Lease Storage and Measurement.
Dagger Draw Upper Penn, South Pool
Eddy County, New Mexico

Dear Mr. Lemay,

Yates Petroleum Corporation respectfully requests administrative approval to amend Commingling Order CTB-423 (a copy of which is attached), to add the following wells.

Mojave AJY Com #5
660' FNL & 2310' FWL
Unit K, NESW
Section 35-T20 1/2S-R23E
Eddy County, NM
Fee Lease

The production from this well is transported prior to measurement to a common tank battery, located at the Mojave AJY Com #2 (Unit O, Section 35-T20 1/2S-R23E).

The purpose of the surface commingling, lease commingling, off lease storage and measurement is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the wells.

Because working interests for the wells are different, oil from each of the wells will be measured by positive displacement temperature compensated metering equipment prior to surface commingling. Gas from the wells will also be metered separately. This metering will ensure that all production from each of the wells is equitably accounted for with no significant effect on your revenue. The production is from the same producing zone which is the Canyon.

In accordance with the Oil Conservation Division Rules 303-B, 309-B and 309-C, the following diagrams and maps are attached for your information:

Attachment II	A map showing the location of the wells.
Attachment III	A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual of Installation and Operation of Commingling Facilities".
Attachment IV	Notification of working interest, royalty interest and overriding royalty interest owners.
Attachment V	Notification to the Bureau of Land Management.

If you should have any questions or need further information, please give me a call at (505) 748-4178 (direct line).

Thank you for your cooperation.

Sincerely,

Pamela S. Evans
Production Clerk

PE
Attachments

R24E

T
20
S

CONOCO
PRESTON FE
○ 15

CONOCO INC
PRESTON FD
○ 2

34

MISC.
STANDARD OIL OF TEXAS PRESTON

YATES PETROLEUM
DIAMOND AKI FED
○ 3

SMITH FD
○ 12
○ 1

YATES PETROLEUM
DIAMOND AKI FED COM
○ 2

CONOCO, INC.
PRESTON FEDERAL
● 5

YATES PET
DIAMOND 'AKI' FEDER
● 1

CONOCO
PRESTON
○ 3

YATES PETROLEUM
MOJAVE 'AJY' COM
○ 5

YATES PET
MOJAVE 'AJY' COM
☀ 1

35

YATES PETROLEUM
MOJAVE AJY
○ 4

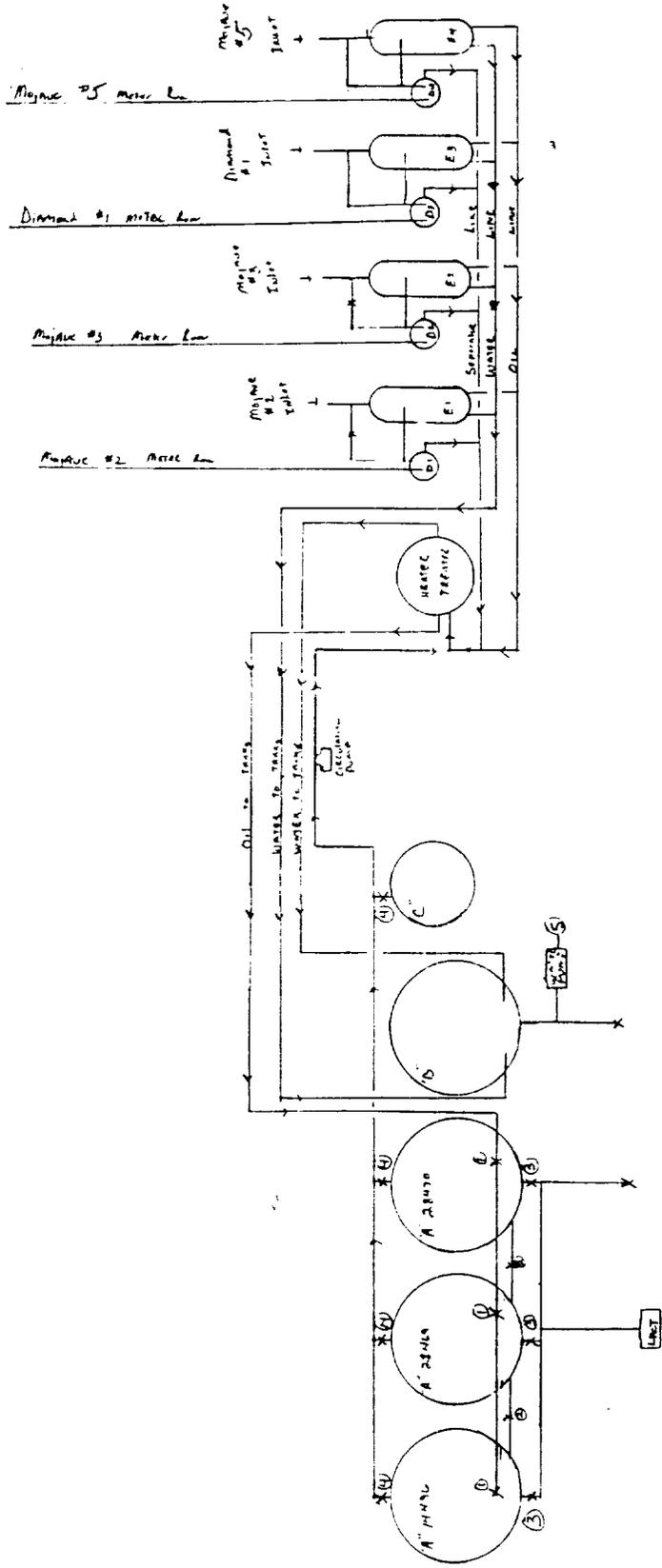
YATES PET
MOJAVE 'AJY' COM
● 3

YATES PET
MOJAVE 'AJY' COM
● 2

T
20.5
E

R23E

MOJAVE "A" JY " Fed # 2 TANK BATTERY
 Lease # FEE
 Legal desc. Sec. 35 T-204 S R 23 E 603, 1980 E
 Eddy County N.M.
 YATES Petro. Corp.



① OIL Fill Lines sealed closed during SALES

② OIL Equalize Lines sealed closed during SALES

③ OIL SALES Lines closed Except during SALES

④ Emergency drains sealed closed

⑤ WATER TO DRYER DRAW Disposal System

A) 500 BBL OIL STORAGE

B) 500 BBL WATER STORAGE

C) 210 BBL B. SEW STORAGE

D1 Mojave ASY #2 Separator

D2 Mojave ASY #3 " "

D3 Diamond AKI #1 " "

D4 Mojave ASY #5 " "

E1 Mojave ASY #2 WATER KNOCKOUT

E2 Mojave ASY #3 " "

E3 Diamond AKI #1 " "

E4 Mojave ASY #5 " "

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM-045276
2. Name of Operator YATES PETROLEUM CORPORATION	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 105 S. 4th Street, Artesia, NM 88210 (505) 748-1471	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Section 34-T20S-R24E Unit N 360' FSL & 2080' FWL (SESW)	8. Well Name and No. Diamond AKI Federal #1
	9. API Well No. 3001527086
	10. Field and Pool, or Exploratory Area Dagger Draw Upper Penn, South
	11. County or Parish, State Eddy, N.M.

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Surface Commingling & Storage
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Yates Petroleum Corporation respectfully request approval for surface commingling and off lease storage and measurement.
Please see attached application.

14. I hereby certify that the foregoing is true and correct

Signed *Amela S. Evans* Title Production Clerk Date 07/25/96

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any: _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CRA BLM FORMAT

**APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88221-1778

Yates Petroleum Corporation (Operator's Name) is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM-045276; Lease Name: Diamond AKI Federal.

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>N</u>	<u>34</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>

with hydrocarbon production from the following formation(s) and well(s) on a Fee lease: Mojave AJY Com.

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>O</u>	<u>35</u>	<u>20 1/2S</u>	<u>23E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>3</u>	<u>N</u>	<u>35</u>	<u>20 1/2S</u>	<u>23E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>5</u>	<u>K</u>	<u>35</u>	<u>20 1/2S</u>	<u>23E</u>	<u>Dagger Draw Upper Penn. South</u>

Production from the well involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Diamond AKI Federal #1</u>	<u>1334</u>	<u>42.2</u>	<u>6368</u>
<u>Mojave AJY #2</u>	<u>137</u>	<u>42.2</u>	<u>1211</u>
<u>Mojave AJY #3</u>	<u>1065</u>	<u>42.2</u>	<u>2178</u>
<u>Mojave AJY #5</u>	<u>1471</u>	<u>42.2</u>	<u>1034</u>

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the location of all the wells that will contribute production to the proposed commingling/common storage facility.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at SWSE-1/4, Sec. 35, T20 1/2S, R23E, on Fee lease Mojave AJY #2, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method of allocating production to contributing sources is as follows:

Continued.

Continued:

Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced leases.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Signature: *Pamela S. Evans*

Name: Pamela S. Evans

Title: Production Clerk

Date: 7-25-96

ATTACHMENT IV

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

Charlene S. Byers
579 S. Poplar Way
Denver, CO 80224

R.E. Chambers^{Hinbers} Jr.
2413 Clayton
Wichita Falls, TX 76308

Lollie Dee King Chambers
2413 Clayton
Wichita Falls, TX 76308

Conoco Inc.
P.O. Box 951063
Dallas, TX 75395-1063

Preston B. Hanks
16009 Dorman Dr.
Austin, TX 78717-0834

Roger C. Hanks Jr.
6308 B Taggart
Houston, TX 77007-2052

Alice Ann Hanks Freeman
P.O. Box 4143
Wichita Falls, TX 76308

Graham Hanks Hamilton Young
3004 Oak Bend
Round Rock, TX 78681

Robert G. Hooper
P.O. Box 733
Roswell, NM 88202-0733

Jerry L. Hooper
P.O. Box 2126
Roswell, NM 88202-2126

Holman Inc.
P.O. Box 122
Dundee, MI 48131

S.P. & Barbara Jo Johnson III
P.O. Box 1641
Roswell, NM 88202-1641

Mobil Producing TX & NM, Inc.
c/o Mobile Oil Corporation
P.O. Box 890328
Dallas, TX 75389-0328

PJC Limited Partnership
P.O. Box 1713
Roswell, NM 88202-1713

Dora W. Payne
2709 Eastover
Odessa, TX 79762

W.T. & Jeanette J. Probandt
415 W. Wall, Suite 2206
Midland, TX 79701

George D. & Edith P. Riggs
P.O. Box 230430
Anchorage, AK 99523-0430

Wills Royalty, Inc.
P.O. Box 1568
Carlsbad, NM 88220

P 274 899 907

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Charlene S. Byers
579 S. Poplar Way
Denver, CO 80224

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Cambridge McJannet AJ #2,3,4,5 Diamond ART #1 7-23-96</i>

P 274 899 908

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided

R.E. Chambers
2413 Clayton
Wichita Falls, TX 76308

PS Form 3800, April 1995

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Commingle</i> <i>Moyle AJ 4 23 96</i> <i>Diamond AKE #1</i> <i>7-23-96</i>	

P 274 899 909

US Postal Service

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Lollie Dee King Chambers
2413 Clayton
Wichita Falls, TX 76308

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Comingle</i> <i>Majors 2, 3+5</i> <i>Diamond #1</i> <i>7-23-46</i>	

P 274 899 910

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Conoco, Inc.
P.O. Box 951063
Dallas, TX 75395-1063

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>COMMINGLE</i> <i>MAY 2, 3 + 5</i> <i>Diamonds AKI # 1</i> <i>7-23-96</i>	

P 274 899 911

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Preston B. Hanks
16009 Dorman Dr.
Austin, TX 78717-0834

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Comingle</i> <i>Majors A-4 #21345</i> <i>Diamond AKI #1</i> <i>7-23-46</i>	

P 274 899 912

US Postal Service

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Roger C. Hanks

6308 B Taggart

Houston, TX 77007-2052

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Omaha</i> <i>Mojave 2, 3, +5</i> <i>Diamond AKI #1</i> <i>7-23-94</i>	

P 274 899 913

US Postal Service

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Alice Hanks Freeman

P.O. Box 4143

Wichita Falls, TX 76308

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Commence</i> <i>MAY 4 #2, 3 & 5</i> <i>Diamond AKI #1</i> <i>7-23-96</i>	

P 274 899 914

US Postal Service

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Graham Hanks Hamilton Young
3004 Oak Bend
Round Rock, TX 78681

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Commingale Mojave AIZ #2, 3+5 Diamond AKI #1 7-23-96</i>

P 274 899 515

US Postal Service

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Robert G. Hooper
P.O. Box 733
Roswell, NM 88202-0733

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Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Commingle</i> <i>Mojave ATY #2,3#5</i> <i>Diamond AKI #1</i> <i>7-22-46</i>	

P 274 899 916

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Jerry L. Hooper

P.O. Box 2126

Roswell, NM 88202-2126

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Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Comingle</i>
	<i>Mogul AKI # 2,3+5</i>
	<i>Diamond AKI #1</i>
	<i>7-23-46</i>

P 274 899 517

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Holman, Inc.
P.O. Box 122
Dundee, MI 48131

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Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Comingle</i> <i>Mojave AZ 4 #2, 3+5</i> <i>Diamond AKI #1</i> <i>7-23-96</i>	

P 274 899 918

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S.P. and Barbara Jo Johnson III

P.O. Box 1641

Roswell, NM 88202-1641

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Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Commingle Mojave AZ 4# 2/245 Diamond AKI #1 7-23-96</i>

P 274 899 919

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Mobil Producing TX & NM, Inc.
c/o Mobile Oil Corporation
P.O. Box 890328
Dallas, TX 75389-0328

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Commingle Mojave ASY #2, 3 & 5 Diamond AKI #1 7-23-96</i>

P 274 899 920

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PJC Limited Partnership

P.O. Box 1713

Roswell, NM 88202-1713

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Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Corningle</i> <i>Mojave 2, 3+5</i> <i>Diamond AKI #1</i> <i>7-23-96</i>	

P 274 899 921

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Dora W. Payne
2709 Eastover
Odessa, TX 79762

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Commingle</i> <i>Mafac A-4 2, B+5</i> <i>Diamond #KI #1</i> <i>7-23-96</i>	

P 274 259 922

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W.T. and Jeanette J. Probandt

415 W. Wall

Suite 2206

Midland, TX 79701

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Comingle Negative AF4 2,3+5 Diamond AKI#1 7-23-96</i>

P 274 859 923

US Postal Service

Receipt for Certified Mail

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George D. & Edith P. Riggs

P.O. Box 230430

Anchorage, AK 99523-0430

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Anchorage</i> <i>May 2, 1994</i> <i>Diamond AKI #1</i> <i>7-23-94</i>	

PS Form 3800, April 1995

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US Postal Service
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Wills Royalty, Inc.
P.O. Box 1568
Carlsbad, NM 88220

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	<i>Commingle Diamond AKI #1 Mojave #2, 3+5 7-23-96</i>