

AMEND CTB 6/18/98

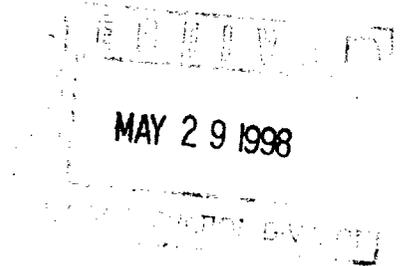
MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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

May 27, 1998



Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429
Attn: Lori Wrotenbery

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

Dear Ms. Wrotenbery,

Yates Petroleum Corporation respectfully requests administrative approval to amend Ammended Commingling Order CTB-425 (a copy of which is attached), to add the following well(s).

Patrick API ~~Lea~~ #6
1980' FNL & 1980' FWL
Unit F, SENW
Sec. 10-T19S-25E
Eddy Co., NM
Fee Lease

The production from this well is transported prior to measurement to a common tank battery, located at the Patrick API #1 (Unit D, Section ~~9~~₁₀-T19S-R25E).

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 turban 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:

A map showing the location of the wells.

A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual of Installation and Operation of Commingling Facilities".

Notification of working interest, royalty interest and overriding royalty interest owners.

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 Secretary

PE
Attachments



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

AMENDED COMMINGLING ORDER CTB-425

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

Attention: Ms. Pamela S. Evans

The above named company is hereby authorized to commingle North Dagger Draw Upper Penn Pool (15472) production from the following leases:

Lease: Patrick 'API' Well Nos. 1, 2, 3, 4 and 5
Description: W/2 NW/4 of Section 10 and, SW/4 NE/4 and E/2 NE/4 of Section 9, and;

Lease: Ottawa "AOW" Federal Well Nos. 2 and 3
Description: SW/4 SW/4 of Section 3, and, NW/4 NE/4 of Section 10

all in Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each well prior to commingling.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be stored in the Patrick 'API' No. 1 tank battery facility located in Unit Letter 'D' of Section 10, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

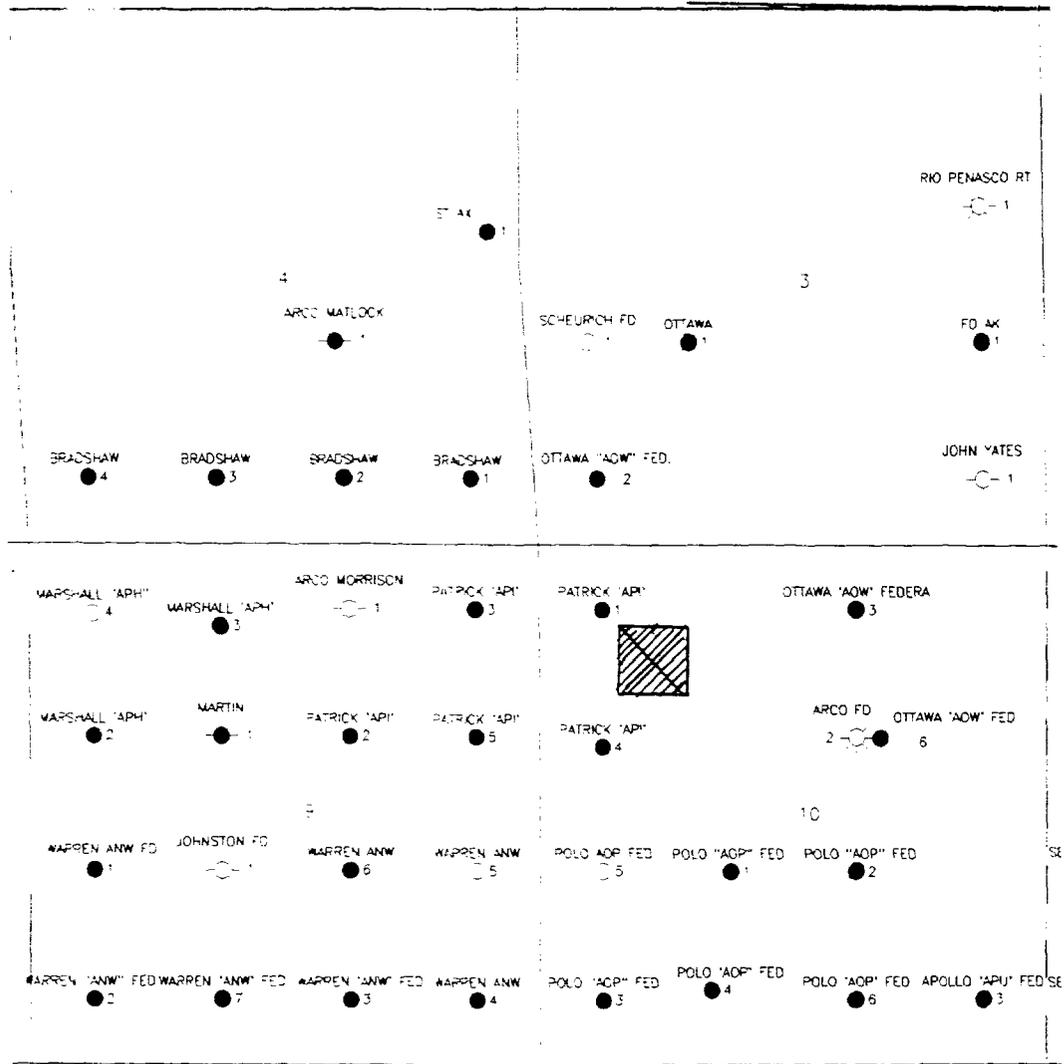
FURTHER: The operator shall notify the Artesia district office of the Division prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 4th day of December, 1996.


WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Artesia
Bureau of Land Management - Carlsbad



Storage & Measurement
Facility

Patrick API #1
Fee Lease

YATES PETROLEUM

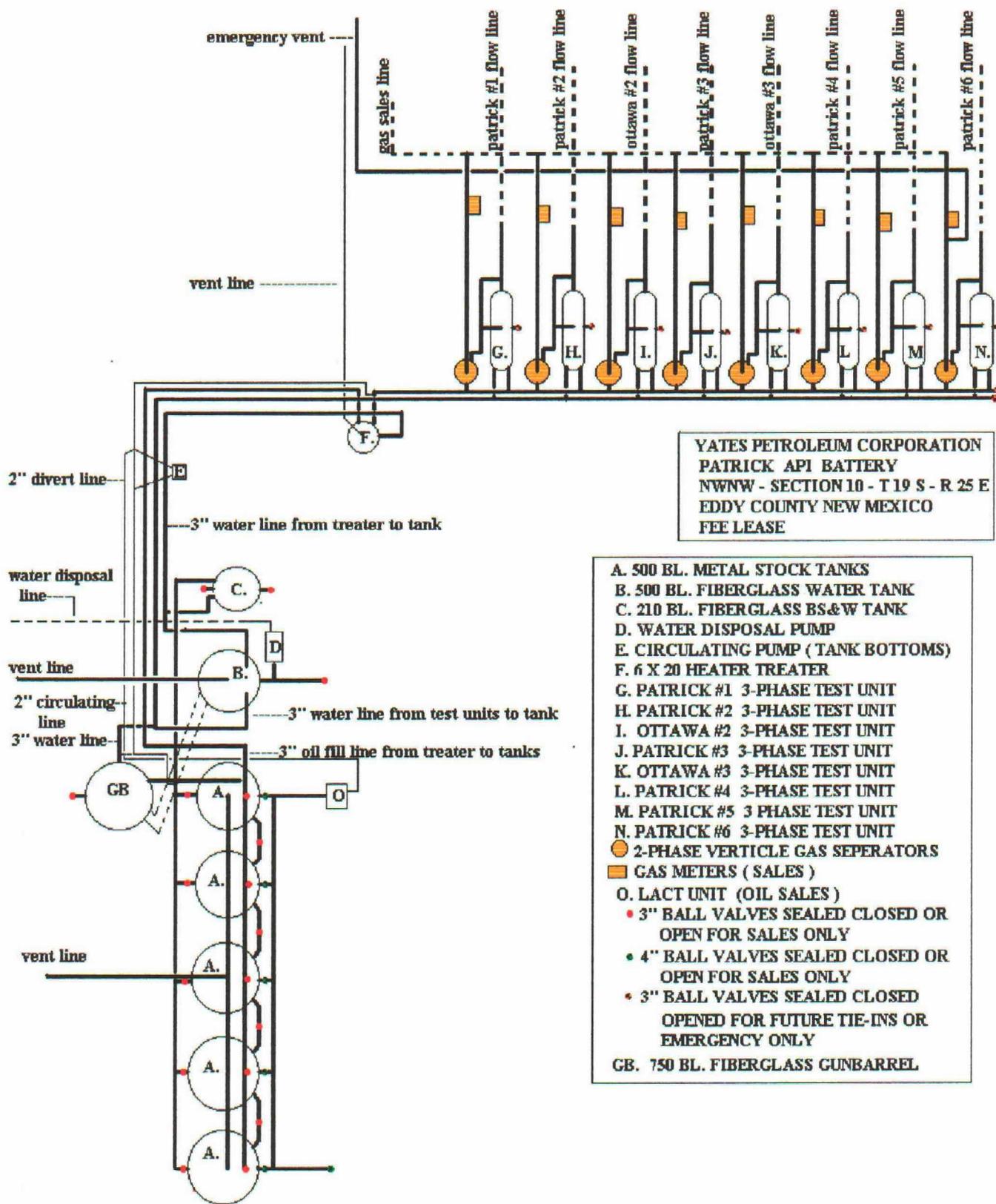
NEW MEXICO
SD 19,20 S 25 E

S. Donaldson

5/20/98

sd19-20p.gpf

Scale 1:24000.



YATES PETROLEUM CORPORATION
 PATRICK API BATTERY
 NWNW - SECTION 10 - T 19 S - R 25 E
 EDDY COUNTY NEW MEXICO
 FEE LEASE

- A. 500 BL. METAL STOCK TANKS
- B. 500 BL. FIBERGLASS WATER TANK
- C. 210 BL. FIBERGLASS BS&W TANK
- D. WATER DISPOSAL PUMP
- E. CIRCULATING PUMP (TANK BOTTOMS)
- F. 6 X 20 HEATER TREATER
- G. PATRICK #1 3-PHASE TEST UNIT
- H. PATRICK #2 3-PHASE TEST UNIT
- I. OTTAWA #2 3-PHASE TEST UNIT
- J. PATRICK #3 3-PHASE TEST UNIT
- K. OTTAWA #3 3-PHASE TEST UNIT
- L. PATRICK #4 3-PHASE TEST UNIT
- M. PATRICK #5 3-PHASE TEST UNIT
- N. PATRICK #6 3-PHASE TEST UNIT
- 2-PHASE VERTICLE GAS SEPERATORS
- GAS METERS (SALES)
- O. LACT UNIT (OIL SALES)
 - 3" BALL VALVES SEALED CLOSED OR OPEN FOR SALES ONLY
 - 4" BALL VALVES SEALED CLOSED OR OPEN FOR SALES ONLY
 - 3" BALL VALVES SEALED CLOSED OPENED FOR FUTURE TIE-INS OR EMERGENCY ONLY
- GB. 750 BL. FIBERGLASS GUNBARREL

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

James W. Childress
P.O. Box 209
Carlsbad, NM 88202-0209

Barbara T. Fasken
303 W. Wall Ave., Ste 1900
Midland, TX 79701-5116

Shirley Childress
604 N. Delaware Ave. #2
Roswell, NM 88201-2135

Charles H. Coll
P.O. Box 1818
Roswell, NM 88202-1818

James N. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Jon F. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Max W. Coll II
Rt. 9, Box 72F
Santa Fe, NM 87505

Lynn E. Desper
50 Coronado Rd.
Corrales, NM 87048

Richard H. Landsheft Jr.
2313 Jim Dent
El Paso, TX 79936

William Brian Landsheft
Rt. 6, 15880 S. Peoria
Bixby, OK 74000

Marshall & Winston, Inc.
P.O. Box 50880
Midland, TX 79710-0880

Payne-Johnston Management, Inc.
812 First Place
Tyler, TX 75702

Everett R. Sharp
7042 Turtle Creek Lane
Dallas, TX 75205-1263

Nationsbank, Trustee
T.J. Sivley & Mary Ray Sivley Trust
P.O. Box 840738
Dallas, TX 75264-0738

P 216 557 222

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

James W. Childress

P.O. Box 209

Carlsbad, NM 88210

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>Patrick API #1 4/27/98</i>

Z 378 961 434

US Postal Service

Receipt for Certified Mail

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Barbara T. Fasken

303 W. Wall Ave.

Suite 1900

Midland, TX 79701-5116

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Special Delivery Fee	
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Shirley Childress
604 N. Delaware Ave. #2
Roswell, NM 88201-2135

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Charles H. Coll

P.O. Box 1818

Roswell, NM 88202-1818

P.S. Form 3800, April 1995

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Postmark or Date Patrick API #1 4/27/98	

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US Postal Service

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James N. Coll

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Roswell, NM 88202-1818

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Jon F. Coll

P.O. Box 1818

Roswell, NM 88202-1818

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Max W. Coll II

Rt. 9, Box 72F

Santa Fe, NM 87505

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Lynn E. Desper

50 Coroando Rd.

Corrales, NM 87048

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Postmark or Date	PATRICK API#1 4/27/98

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Richard H. Landsheft Jr.
2313 Jim Dent
El Paso, TX 79936

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TOTAL Postage & Fees	\$
Postmark or Date	Patrick API #1 4/27/98

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US Postal Service

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No Insurance Coverage Provided.

William Brain Landsheft

Rt. 6, 15880 S. Peoria

Bixby, OK 74000

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Marshall & Winston
P.O. Box 50880
Midland, TX 79710-0880

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Payne-Johnston Management, Inc.
812 First Place
Tyler, TX 75702

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US Postal Service

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Everett R. Sharp
7042 Turtle Creek Lane
Dallas, TX 75205-1263

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TOTAL Postage & Fees	\$
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Nationsbank, Trustee
T.J. & Mary Ray Sivley Trust
P.O. Box 840738
Dallas, TX 75264-0738

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TOTAL Postage & Fees	\$
Postmark or Date	PATRICK API #1 4/27/98

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

5. Lease Designation and Serial No.

LC-064488E

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Ottawa AOW Federal #3

9. API Well No.

30-015-28753

10. Field and Pool, or Exploratory Area

Dagger Draw Upper Penn, North

11. County or Parish, State

Eddy Co., NM

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

YATES PETROLEUM CORPORATION

3. Address and Telephone No.

105 S. 4th Street, Artesia, NM 88210 (505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 1980' FNL, Sec.10-T19S-R25E (Unit B, NWNE)

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

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent

Abandonment

Change of Plans

Subsequent Report

Recompletion

New Construction

Final Abandonment Notice

Plugging Back

Non-Routine Fracturing

Casing Repair

Water Shut-Off

Altering Casing

Conversion to Injection

Other Surface Commingling & Storage

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 direction 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

Patricia S. Evans

Title

Production Secretary

Date

5/27/98

(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.

*See Instruction on Reverse Side

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

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
620 East Greene Street
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. LC-064488-E; Lease Name: Ottawa AOW Federal.

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>M</u>	<u>3</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>3</u>	<u>B</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>

with hydrocarbon production from the following formation(s) and well(s) on a Fee lease: Patrick API

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>D</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>2</u>	<u>G</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>3</u>	<u>A</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>4</u>	<u>E</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>5</u>	<u>H</u>	<u>9</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>6</u>	<u>F</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>

Production from the well(s) involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Ottawa AOW Fed. #2</u>	<u>209</u>	<u>39.4</u>	<u>367.06</u>
<u>Ottawa AOW Fed. #3</u>	<u>38</u>	<u>39.4</u>	<u>67.61</u>
<u>Patrick API #1</u>	<u>60</u>	<u>39.4</u>	<u>107.38</u>
<u>Patrick API #2</u>	<u>39</u>	<u>39.4</u>	<u>102.25</u>
<u>Patrick API #3</u>	<u>103</u>	<u>39.4</u>	<u>157.80</u>
<u>Patrick API #4</u>	<u>268</u>	<u>39.4</u>	<u>455.77</u>
<u>Patrick API #5</u>	<u>60</u>	<u>39.4</u>	<u>81.25</u>
<u>Patrick API #6</u>	<u>180</u>	<u>39.4</u>	<u>137.31</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 NWNW-1/4, Sec. 10, T19S, R25E, Federal lease Patrick API #1 Eddy Co. NM. 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:

Oil will be transported off lease prior to measurement and will be measured by turban metering equipment. Gas will also be measured separately. Total sales volume will be allocated back to individual wells based on daily well test.

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 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.

The proposed commingling is necessary for economic 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: 5-27-98