

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

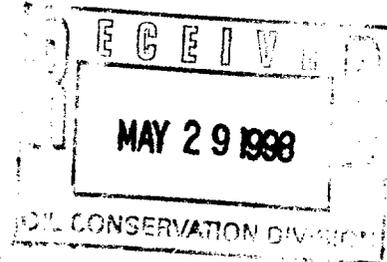


105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

~~ETB~~ 6/18/98
PC-980

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

Re: Surface Commingling, Lease Commingling,
Off-Lease Storage and Measurement.
Dagger Draw Upper Penn, South Eddy Co., NM

Dear Ms. Wrotenbery,

Yates Petroleum Corporation respectfully requests administrative approval for surface commingling, lease commingling, off-lease storage and measurement for the following wells:

Conoco AGK Fed. #2
Unit G, SWNE
1980' FNL & 1980' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #3
Unit I, NESE
1980' FSL & 660' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #4
Unit A, NENE
660' FNL & 660' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #5
Unit B, NWNE
860' FNL & 1980' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #8
Unit H, SENE
1980' FNL & 810' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #9
Unit P, SESE
660' FSL & 860' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #11
Unit J, NWSE
1980' FSL & 1980' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

Conoco AGK Fed. #15
Unit O, SWSE
660' FSL & 1980' FEL
Sec. 26-T20S-R24E
Eddy Co., NM

The production from these wells is transported prior to measurement to a common tank battery, located at the Conoco AGK Fed. #2 (Unit G, 1980' FNL & 1980' FEL Sec. 26-T20S-R24E).

NM-045275

CONOCO "AGK" FED
16

27

SAGUARO AGS 16 SAGUARO "AGS" FD 10 CONOCO "AGK" FED 5 CONOCO "AGK" FD 4

SAGUARO AGS 17 SAGUARO AGS 3 CONOCO "AGK" FD 2 CONOCO "AGK" FD 3

CONOCO "AGK" FED 6 CONOCO "AGK" FED 11 CONOCO "AGK" FED 3
CONOCO AGK 13

CONOCO 15 CONOCO "AGK" FED 9



Measurement & Storage
Facility

YATES PETROLEUM CORPORATION

NEW MEXICO
DAGGER DRAW
20s24e Sec. 26, 27

Preced operator-rl	5/21/88	P. Evans
Preced date-rl	Scale 1:10000	S. Demuth

CONOCO "AGK" FED. Com #2

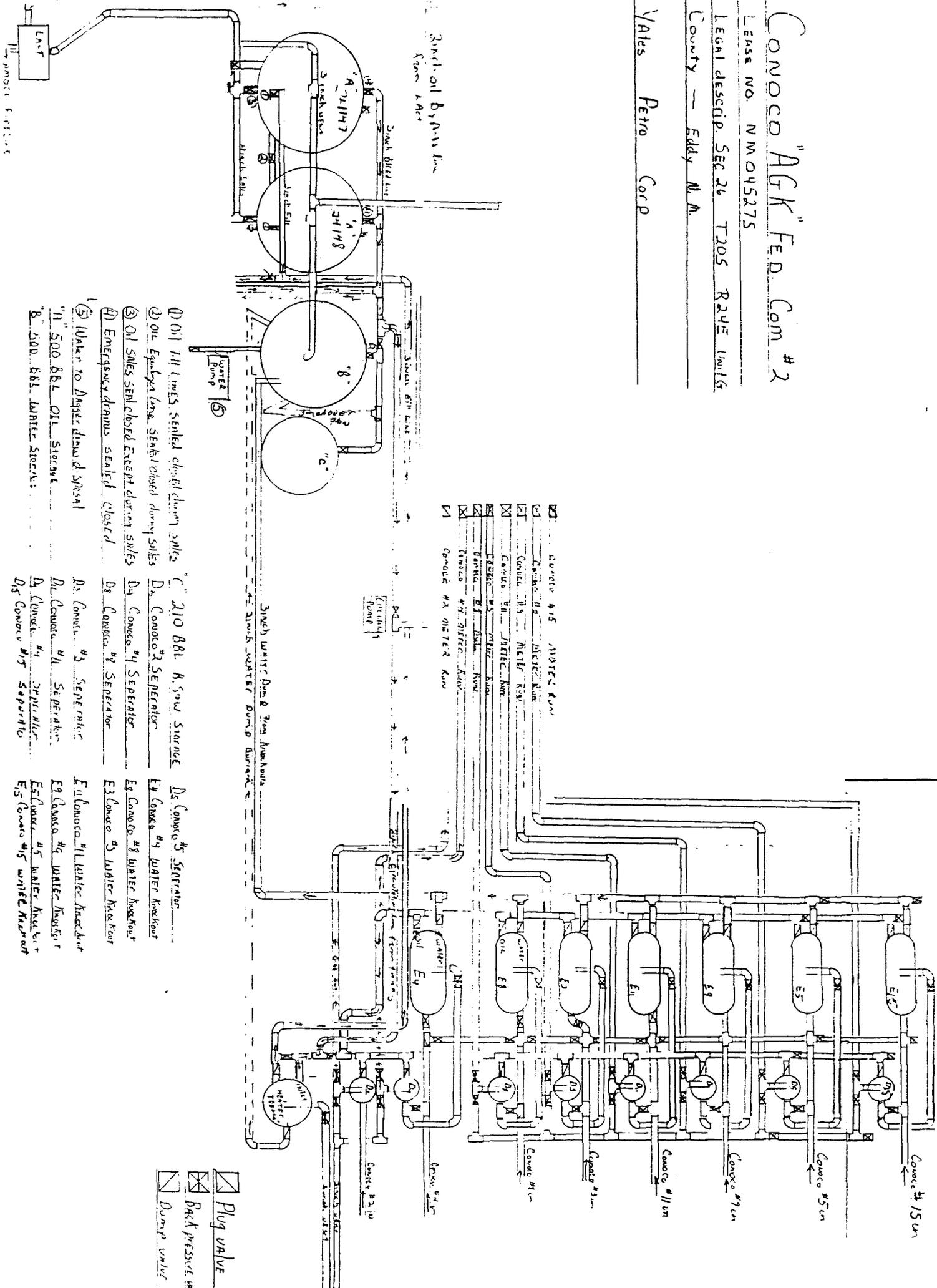
LEASE NO. NM045275

LEGAL DESCRIP. SEC 26 T205 R24E 10N16

COUNTY — Eddy N.M.

VALUES Petro Corp

3 inch oil by pass line from tank



- Conoco #15 110722 Kow
- Conoco #4 110722 Kow
- Conoco #15 Meter Room
- Conoco #15 Meter Room
- Conoco #11 Intec Room
- Conoco #3 Meter Room
- Conoco #1 Meter Room
- Conoco #4 Meter Room
- Conoco #4 Meter Room

- (1) Oil Tank Lines sealed during sales
- (2) Oil Emergency Line sealed closed during sales
- (3) Oil Sides Seal closed except during sales
- (4) Emergency drums sealed closed
- (5) Water to Digger down & spray
- "1" 500 BBL OIL Storage
- "8" 500 BBL WATER Storage
- "C" 210 BBL K. SOW Storage
- D₁ Conoco #3 Separator
- D₂ Conoco #4 Separator
- D₃ Conoco #1 Separator
- D₄ Conoco #2 Separator
- D₅ Conoco #3 Separator
- D₆ Conoco #4 Separator
- D₇ Conoco #1 Separator
- D₈ Conoco #2 Separator
- D₉ Conoco #3 Separator
- D₁₀ Conoco #4 Separator
- E₁ Conoco #4 WATER Separator
- E₂ Conoco #8 WATER Separator
- E₃ Conoco #5 WATER Separator
- E₄ Conoco #11 WATER Separator
- E₅ Conoco #9 WATER Separator
- E₆ Conoco #15 WATER Separator
- E₇ Conoco #15 WATER Separator
- E₈ Conoco #15 WATER Separator

Plug Valve
 Back Pressure Valve
 Dump Valve

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

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

Lollie Dee King Chambers
2413 Clayton
Wichita Falls, TX 76308

Margaret Morris Wheeler
P.O. Box 101535
Fort Worth, TX 76185-1535

Alice Ann Hanks Freeman
P.O. Box 9087
Wichita Falls, TX 76308-9087

John B. Holstead
3690 Del Monte
Houston, TX 77019

Bonnie Morrison
1200 California St, Apt. 17A
San Francisco, CA 94109-5075

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

The Riggs-Mills Limited
P.O. Box 230430
Anchorage, AK 99523-0430

Barbara Morris Emmett
12407 Degas Lane
Dallas, TX 75230

Wills Royalty, Inc.
P.O. Box 1658
Carlsbad, NM 88221-1658

P 216 557 212

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>Conoco #2</i> <i>4-24-98</i>	

P 216 557 213

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Restrictions for International Mail (See reverse)

Lollie Dee King Chambers

2413 Clayton

Wichita Falls, TX 76308

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	
Comco #2 4-24-98	

P 216 557 214

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Margaret Morris Wheeler

P.O. Box 101535

Fort Worth, TX 76185-1535

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	
Conoco #2	4-24-98

P 216 557 215

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Alice Ann Hanks Freeman

P.O. Box 9087

Wichita Falls, TX 76308-9087

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 Conoco #2 4-24-98	

P 216 557 216

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

John B. Holstead
3690 Del Monte
Houston, TX 77019

PS Form 3800, April 1 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	Omoco #2 4-29-98

P 216 557 217

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

For information on International Mail (See reverse)

Bonnie Morrison

1200 California St.

Apt. 17A

San Francisco, CA 94109-5075

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 Conoco #2 4-24-98	

P 216 557 218

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

W.T. & Jeanette J. Probrandt

415 W. Wall

Suite 2206

Midland, TX 79701

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	Conoco #2 4-24-98

P 216 557 219

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

The Riggs-Mills Limited

P.O. Box 230430

Anchorage, AK 99523-0430

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 Monoco # 2 4-24-98	

P 216 557 220

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Barbara Morris Emmett

12407 Degas Lane

Dallas, TX 75230

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	Comoco #2 4-24-98

P 216 557 221

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

See reverse for International Mail (See reverse)

Wills Royalty, Inc.

P.O. Box 1658

Carlsbad, NM 8821-1658

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	Comoco # 2 4-24-98

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.
NM-045275

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Conoco AGK Federal #2

9. API Well No.
30-015-20457

10. Field and Pool, or Exploratory Area
Dagger Draw Upper Penn, South

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

1980' FNL & 1980' FEL, Sec. 26-T20S-R24E (Unit G, SWNE)

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

Pamela 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:

**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. NM-045275; Lease Name: Conoco AGK Federal.

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>G</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>3</u>	<u>I</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>4</u>	<u>A</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>5</u>	<u>B</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>9</u>	<u>P</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>11</u>	<u>J</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>15</u>	<u>O</u>	<u>26</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 federal lease: Conoco AGK

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>8</u>	<u>H</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Undesignated Wolfcamp</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>Conoco AGK Fed. #2</u>	<u>0</u>	<u>42.7</u>	<u>0</u>
<u>Conoco AGK Fed. #3</u>	<u>10</u>	<u>42.7</u>	<u>42.03</u>
<u>Conoco AGK Fed. #4</u>	<u>0</u>	<u>42.7</u>	<u>16</u>
<u>Conoco AGK Fed. #5</u>	<u>.903</u>	<u>42.7</u>	<u>20.74</u>
<u>Conoco AGK Fed. #8</u>	<u>0</u>	<u>42.7</u>	<u>0</u>
<u>Conoco AGK Fed. #9</u>	<u>19</u>	<u>42.7</u>	<u>570.90</u>
<u>Conoco AGK Fed. #11</u>	<u>7</u>	<u>42.7</u>	<u>76.06</u>
<u>Conoco AGK Fed. #15</u>	<u>19</u>	<u>42.7</u>	<u>410.65</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 SWNE-1/4, Sec. 26, T20S, R24E, Federal lease Conoco AGK Fed. #2 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