

~~FB~~
PLC

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154

5-3-99

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

April 8, 1999

113

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, North and Cemetary
Wolfcamp, Eddy County, New Mexico

Dear Ms. Wrotenbery,

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

Saguaro AGS Fed. Com #5 2180' FNL & 1980' FWL Unit F, SENW Sec. 23-T20S-R24E Eddy County, NM	Saguaro AGS Fed Com #9 660' FNL & 1980' FWL Unit C, NENW Sec. 23-T20S-R24E Eddy County, NM	Hill View AHE Fed. Com #11 1830' FSL & 1980' FWL Unit K, NESW Sec. 23-T20S-R24E Eddy County, NM
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The production from these wells is transported prior to measurement to a common tank battery, located at the Saguaro AGS Fed. Com #5, 2180' FNL & 1980' FWL, Unit F, Sec. 23-T20S-R24E, Eddy County, NM.

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 and royalty interests for the wells are different, oil from each of the wells will be measured by turban 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 following formations Dagger Draw Upper Penn, South and Cemetary Wolfcamp.

The following is enclosed:

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) 748-4201 (direct line).

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Pamela S. Harris".

Pamela S. Harris
Production Clerk

PE
Attachments

SAGUARO FED. COM. #5 TANK BATTERY

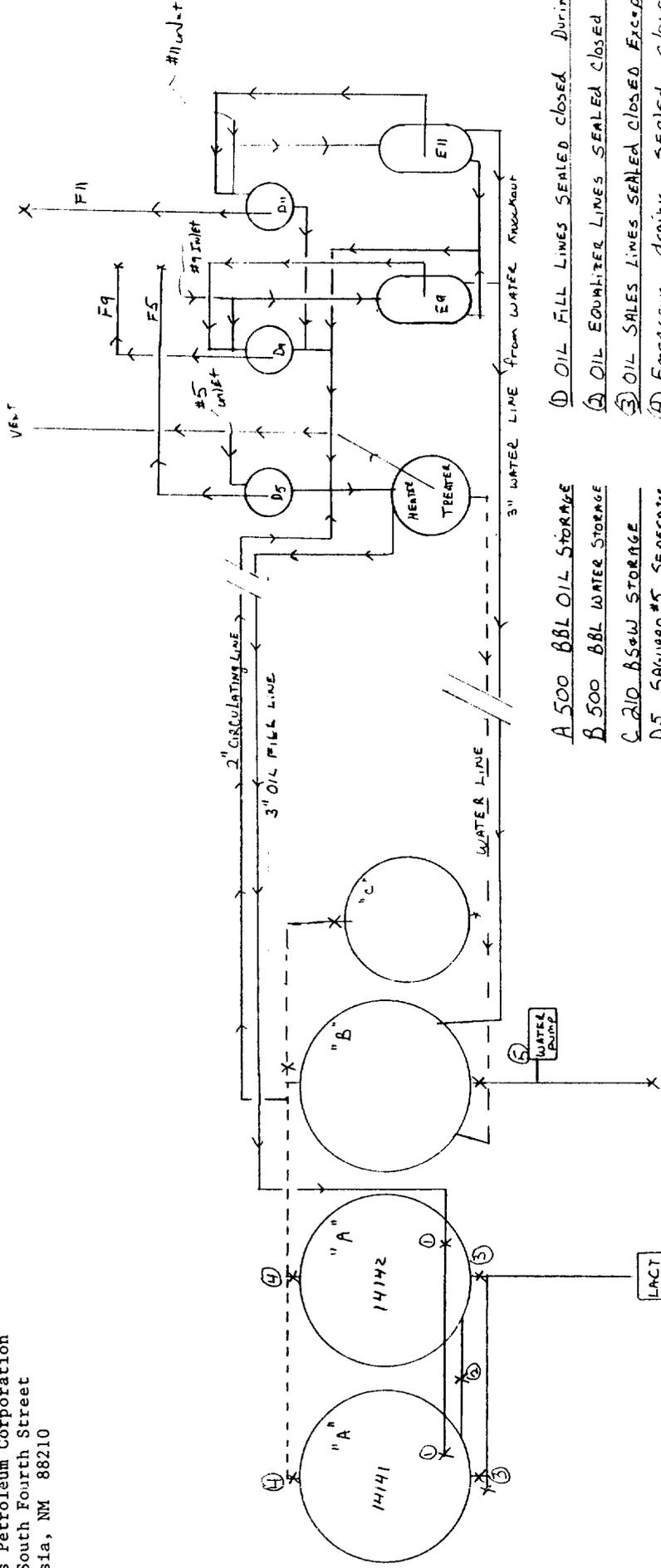
EASE NO. NM NM 84603

LEGAL DESCRIP. SEC 23 T203 R24E

COUNTY: Eddy, N.M.

YATES PETRO CORP.

Site facility diagram on file:
 Yates Petroleum Corporation
 105 South Fourth Street
 Artesia, NM 88210



- A 500 BBL OIL STORAGE
- B 500 BBL WATER STORAGE
- C 210 B5W STORAGE
- D 5 SAGUARO #5 SEPARATOR
- D1 SAGUARO #1 SEPARATOR
- D11 HILLVIEW #11 SEPARATOR
- E9 SAGUARO #9 KNOCKOUT
- E11 HILLVIEW #11 KNOCKOUT
- F5 SAGUARO #5 METER RUN
- F9 SAGUARO #9 METER RUN
- E11 HILLVIEW #11 METER RUN

- 1 OIL FILL LINES SEALED CLOSED DURING SALES
- 2 OIL EQUALIZER LINES SEALED CLOSED DURING SALES
- 3 OIL SALES LINES SEALED CLOSED EXCEPT DURING SALES
- 4 EMERGENCY DRAINING SEALED CLOSED
- 5 WATER TO AN APPROVED DISPOSAL SYSTEM

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

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

John Franklin Roe
19382 Surfdale
Huntington Beach, CA 92648

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

Joan Roe Islas Trust
Carlsbad National Bank
P.O. Box 1359
Carlsbad, NM 88221

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

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

Z 378 961 651

US Postal Service

Receipt for Certified Mail

R.E. Chambers Jr.

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>Square Hill, TX 3-5-99</i>	
<i>mailed 3-5-99</i>	

Z 378 961 652

US Postal Service

Receipt for Certified Mail

Lollie Dee King 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>Saguaro 5+9</i> <i>Hillman 11</i> <i>Mailed 3-5-99</i>	

Z 378 961 653

US Postal Service

Receipt for Certified Mail

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

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>Saguaro 5+9</i> <i>Mailed</i> <i>Hillview 11</i> <i>3-5-99</i>	

Z 378 961 654

US Postal Service

Receipt for Certified Mail

John Franklin Roe
19382 Surfdale
Huntington Beach, CA 92648

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>Saguenay 549 mailed</i> <i>Shelburne 11 3-5-99</i>	

Z 378 961 655

US Postal Service

Receipt for Certified Mail

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

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>Saguaro 5-9</i> <i>Hillview 11</i>	<i>Mailed</i> <i>3-5-99</i>

Z 378 961 656

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided

Joan Roe Islas Trust
Carlsbad National Bank
P.O. Box 1359
Carlsbad, NM 88221

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>Laguarda 5-9</i> <i>Hillview 11</i>	<i>Mailed</i> <i>3-5-99</i>

Z 378 961 657

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided

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

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>Saguaro 5+9 Hillview 11</i>	<i>mailed 3-5-99</i>

Z 378 961 658

US Postal Service

Receipt for Certified Mail

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

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>Saguaro 5+9</i> <i>mailed</i> <i>Hillview 11</i> <i>3-5-99</i>	

Z 378 961 659

US Postal Service

Receipt for Certified Mail

Wills Royalty, Inc.

P.O. Box 1658

Carlsbad, NM 88221-1658

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>Saguaro 5-9</i> <i>Albuquerque 11</i> <i>mailed 3-5-99</i>	

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-043625
6 If Indian, Allottee or Tribe Name
7 If Unit or CA, Agreement Designation
8 Well Name and No.
Saguaro AGS Federal Com #5
9 APT Well No.
30-015-26475
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

2180' FNL & 1980' FWL Section 23-T20-R24E (Unit F, SENW)

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

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Surface Commingling & Storage

Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 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. Harris

Title Production Secretary

Date 4/8/98

(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. NM-043625; Lease Name: Saguaro AGS Federal Com. .

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>5</u>	<u>F</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn, South</u>
<u>9</u>	<u>C</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Cemetery Wolfcamp</u>

with hydrocarbon production from the following formation(s) and well(s) on a Federal Lease No. NM-86241; Lease Name: Hill View AHE Federal Com.

<u>11</u>	<u>K</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn, South</u>
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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>Saguaro AGS Federal Com #5</u>	<u>0</u>	<u>NA</u>	<u>0</u>
<u>Saguaro AGS Federal Com #9</u>	<u>187.5</u>	<u>NA</u>	<u>0</u>
<u>Hill View AHE Federal Com #11</u>	<u>187.5</u>	<u>NA</u>	<u>0</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 SE1/4, Sec. 23, T20S, R24E, Federal lease Saguaro AGS Federal Com #5 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. Harris

Name: Pamela S. Harris

Title: Production Clerk

Date: 4-8-99