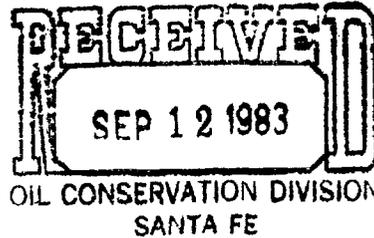




207 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1331



S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

September 9, 1983

OLM-3

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

ATTN: Richard L. Stamets

Dear Mr. Stamets:

This letter is an application seeking approval for off-lease measurement of natural gas from the following four wells in Chaves County, New Mexico:

1. Mike Harvey TR Federal No. 2  
660N + 1980E  
Sec. 3, T5S, R24E
2. Sacra SA No. 5  
660N + 660E  
Sec. 27, T6S, R25E
3. Spool SU Com No. 3  
1980S + 660E  
Sec. 14, T7S, R25E
4. Tesuque TQ Federal No. 1  
660S + 660W  
Sec. 3, T5S, R24E

As you know, many natural gas wells in the area of the Pecos Slope Abo field have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the pipeline company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In most cases there will be an acceptable place to tap into the existing Transwestern Pipeline system somewhere on the lease, but in a few instances it will be necessary to take the gas off-lease for sales measurement. Such is the case for the four wells in this application.

Mr. Richard Stamets  
September 9, 1983  
-2-

Exhibit 1 shows basic location and completion data for the four wells. Except for off-lease gas measurement, all facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite. Transwestern will install a meter house at each measurement point and pipeline employees will do the actual metering of the natural gas produced.

Exhibit 2 presents details of the plans for off-lease measurement. There is one summary page, one general schematic diagram and then a map for each well showing the route of the flowline from well to point of off-lease gas measurement. The summary page includes information on both mineral and surface ownership for all leases involved. The gathering lines will be constructed of welded tubing laid on the surface except where burying is required by the surface owner or regulatory agency. All necessary rights-of-way will be obtained before these gathering lines are installed.

Yates has applied for off-lease measurement from the Bureau of Land Management for the two wells where the Federal government owns some or all of the mineral rights. Exhibit 3 contains copies of the requests sent to the BLM office in Roswell.

This request for off-lease measurement approval is based on economic considerations. Unless gas from the wells can somehow be delivered to existing pipeline facilities it now appears that the wells will remain shut-in for an undeterminable length of time. Prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the wells. Also, without production, royalties and production taxes will not be paid resulting in loss of public revenue.

Yates Petroleum Corporation respectfully requests your approval of this application. If additional information is required, please contact me at 748-1331.

Sincerely,

*Dave Boneau*

DAVID F. BONEAU  
Engineering Manager

DFB/cvg

Enclosures

Exhibit 1

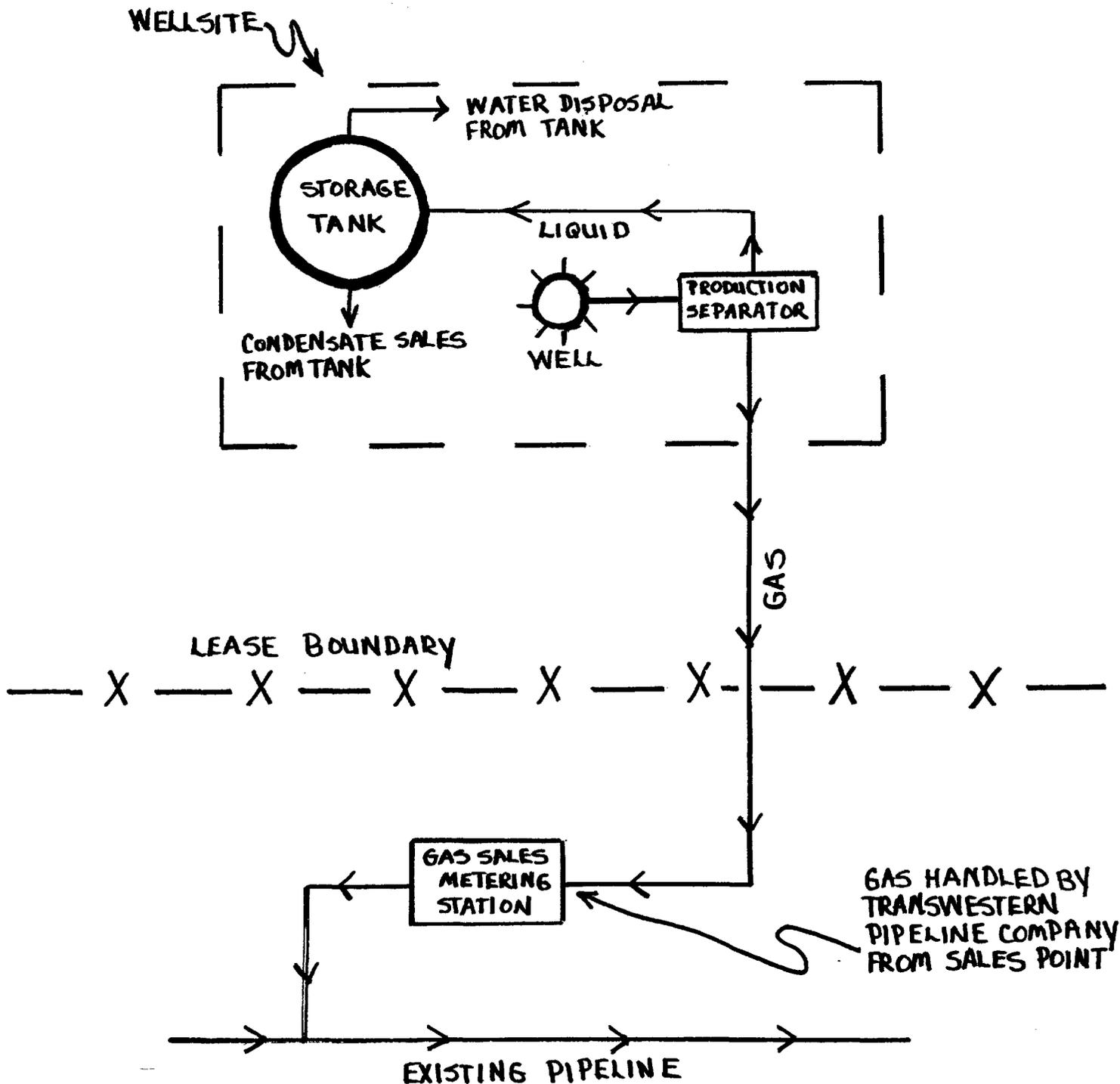
Summary of Basic Data on the Four Wells

<u>Well</u>	<u>Spacing Unit</u>	<u>Lease (s) in Spacing Unit</u>	<u>Completion Date</u>	<u>Potential (Mcf/D)</u>	<u>Abso Perforations (Feet)</u>
Mike Harvey TR Federal No. 2	NE/4 3-5-24	160A NM22614	11-08-82	331	3546--3715
Sacra SA #5	NE/4 27-6-25	160A Fee	05-17-83	328	3649--3883
Spool SU Com No. 3	SE/4 14-7-25	80A Fee 40A Fee 40A LG2462	05-13-83	1396	3674--3935
Tesugue TQ Federal No. 1	SW/4 3/5/24	120A NM24613 40A LG564	11-11-82	827	3510--3701

Contents of Exhibit 2

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1. Summary of Lands Involved in Off-Lease Measurement . . . . .	2-2
2. Schematic Diagram of Off-Lease Measurement . . . . .	2-3
3. Map of Area around Mike Harvey TR Federal No. 2. . . . .	2-4
4. Map of Area around Sacra SA No. 5. . . . .	2-5
5. Map of Area around Spool SU Com. No. 3 . . . . .	2-6
6. Map of Area around Tesuque TQ Federal No. 1. . . . .	2-7

# SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT



Summary of Lands Involved in Off-Lease Measurements

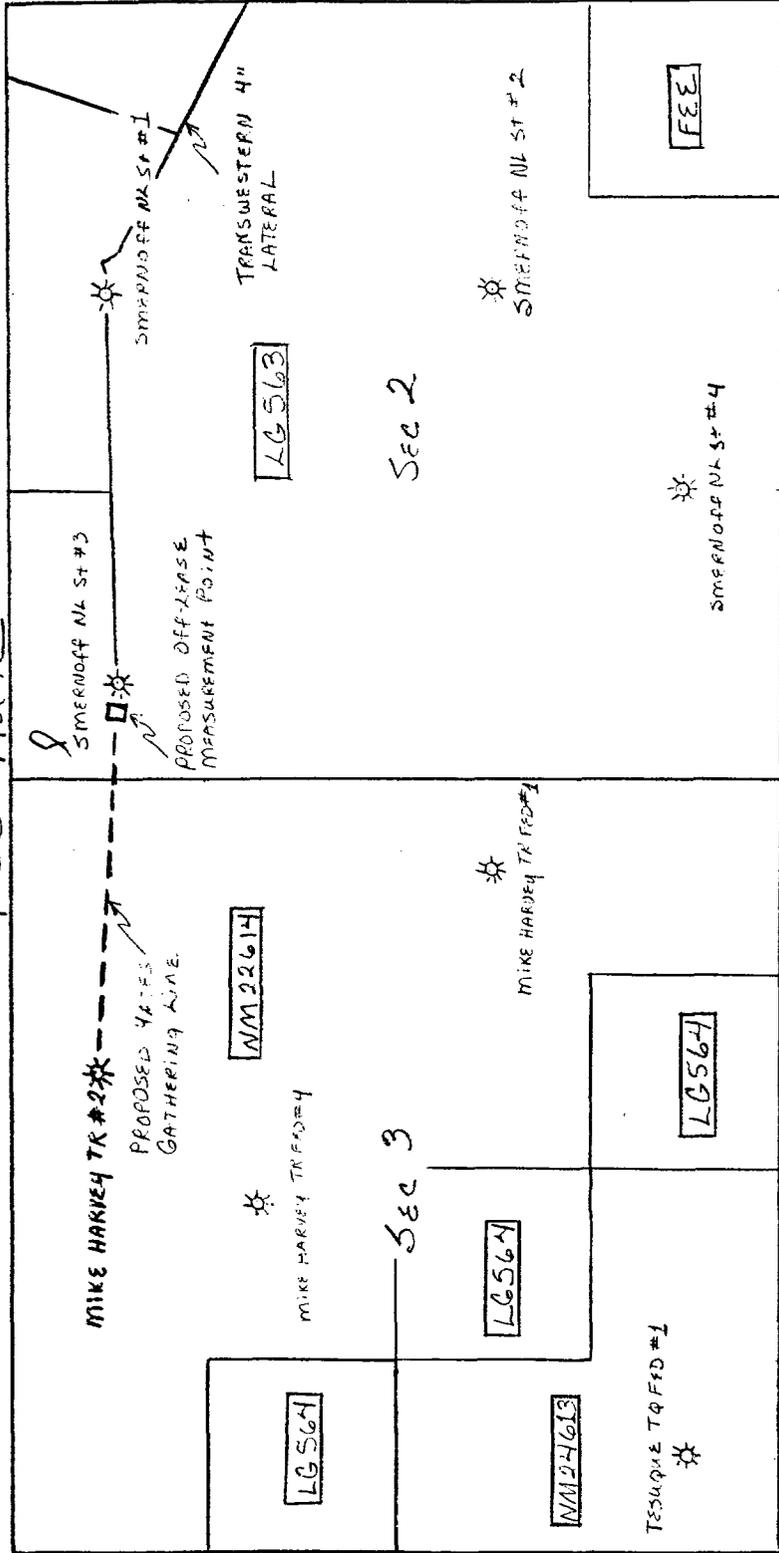
Well	Location	Lease Containing Subject Well (Surface Owner)	Other Leases in Same 160 Acres (Surface Owner)	Lease Containing Measurement Point (Surface Owner)	Other Lease Crossed By Gathering Line (Surface Owner)
Mike Harvey TR Federal No. 2	660N + 1980E 3-5S-24E	Federal NM22614 (Private Surface)	None	State LG563 (Private Surface)	None
Sacra SA No. 5	660N + 660E 27-6S-25E	Private Minerals (Private Surface)	None	D 2-5S-24E Federal NM10588 (Federal Surface)	None
Spool SU Com. No. 3	1980S + 660E 14-7S-25E	Private Minerals (Private Surface)	a) State LG2462 (Private Surface)  b) Private Minerals (Private Surface)	D 26-6S-25E Federal NM43524 (Private Surface)	None
Tesque TQ Federal No. 1	660S + 660W 3-5S-24E	Federal NM24613 (Private Surface)	State LG564 (Private Surface)	Federal NM30881 (Federal Surface)	Federal NM22615 (Private Surface)

*N 10-5S-24 E*

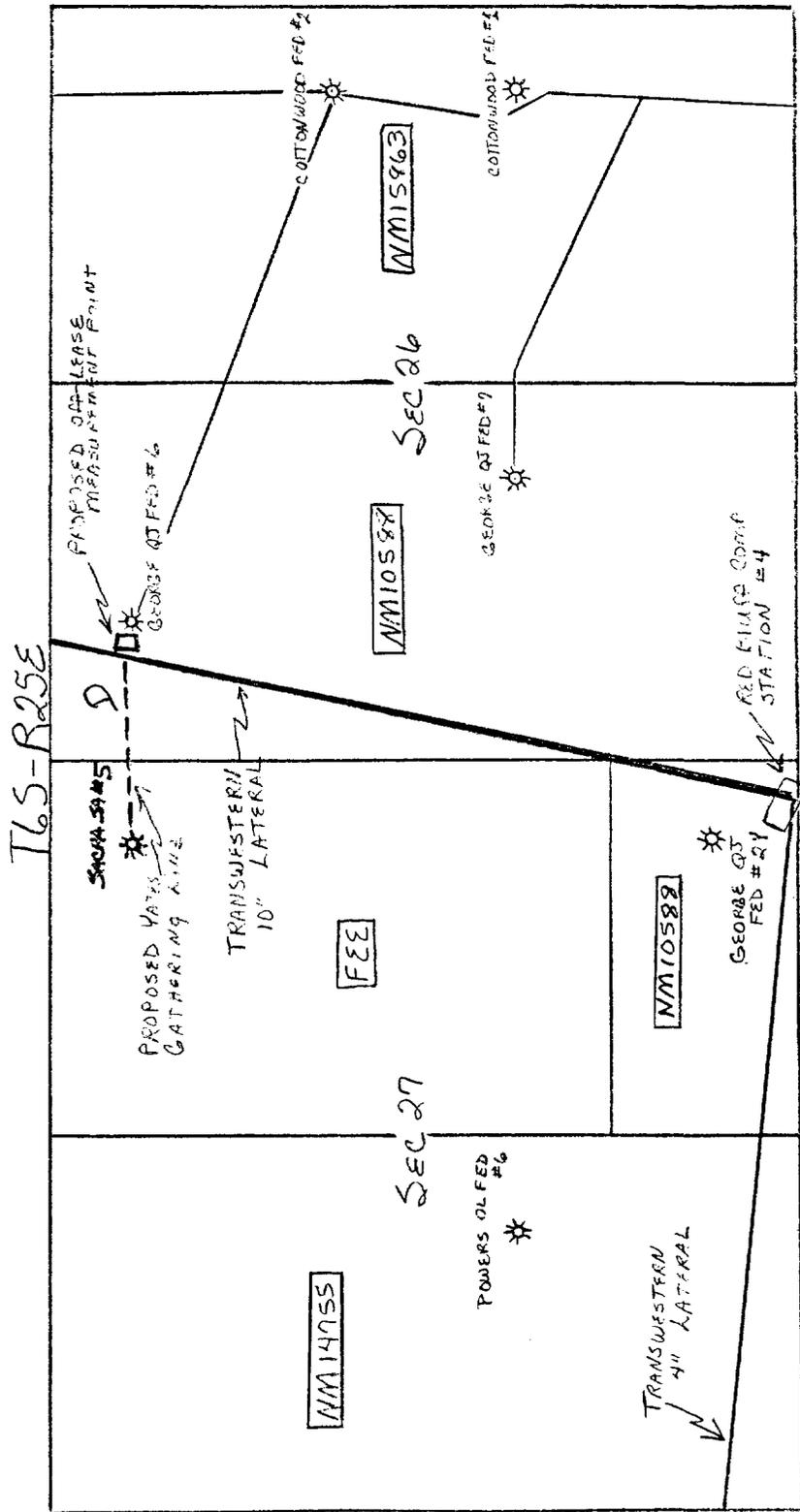
*L 13-7S-25E*

# MIKE HARVEY TR FEDERAL No. 2

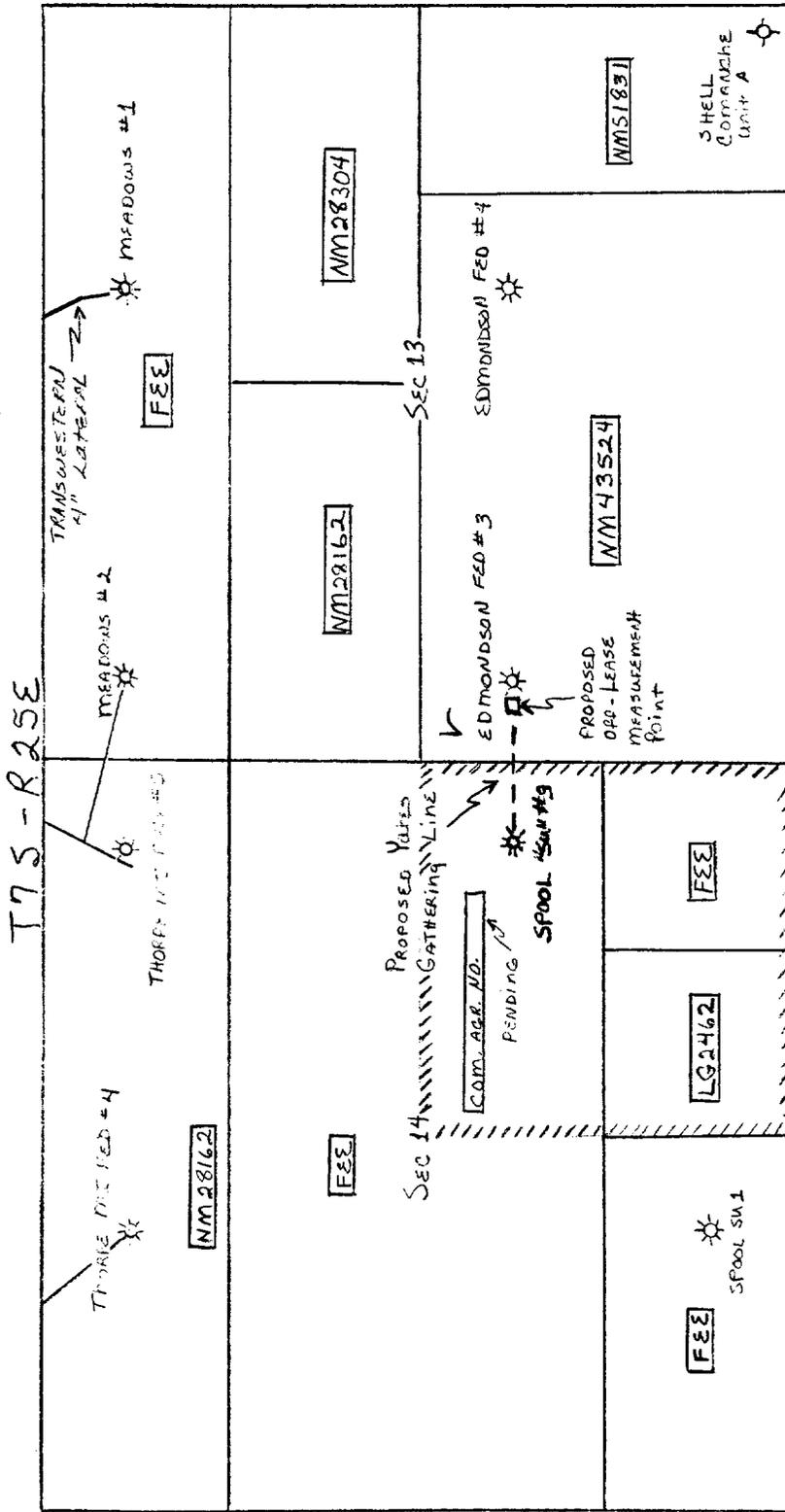
T55-R24E



# SACRA SA No. 5

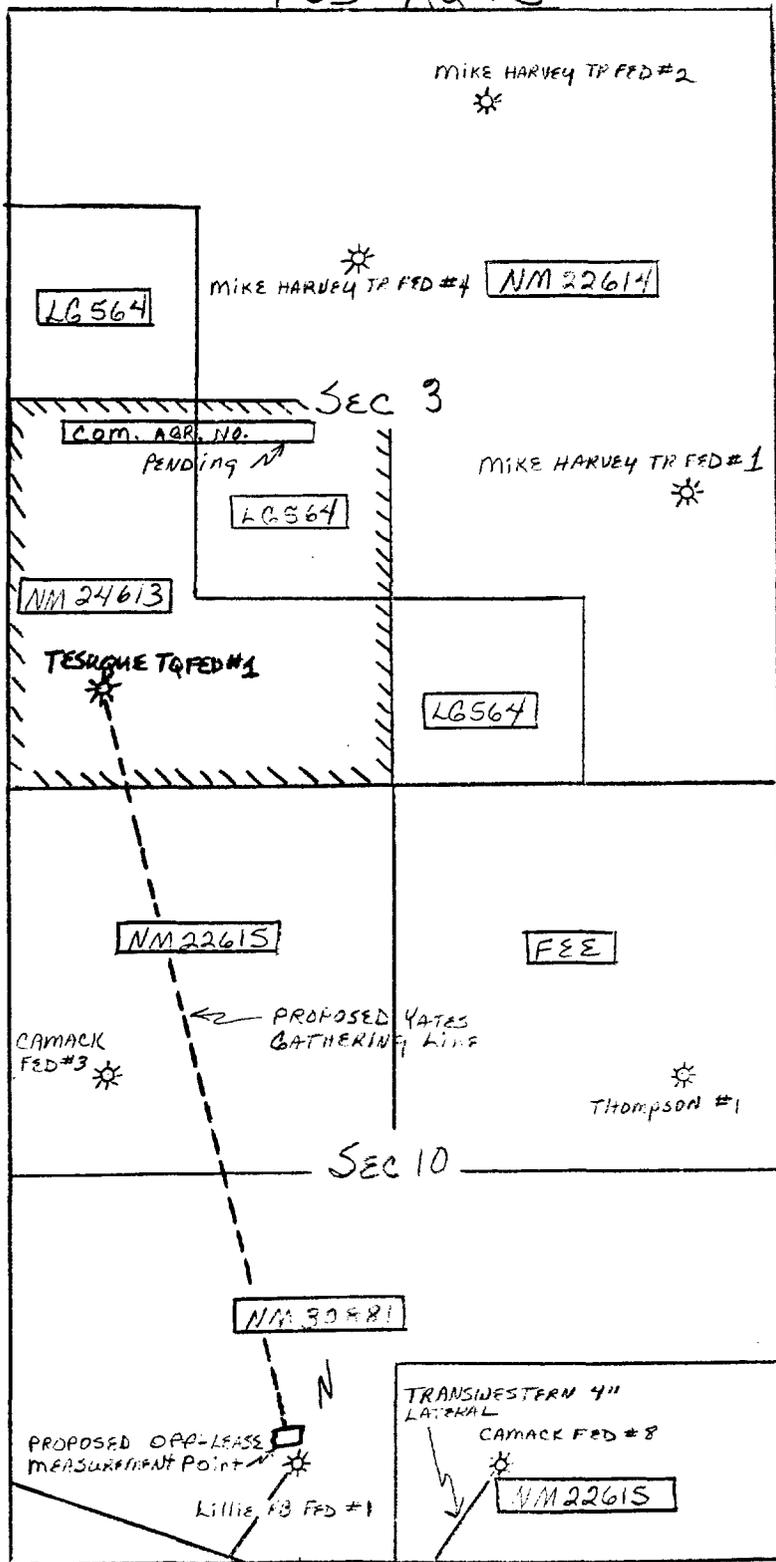


# Spool SU Com. No. 3



# TESUQUE TQ FEDERAL No. 1

## TSS-R24E

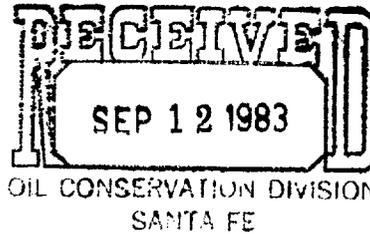


Contents of Exhibit 3

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1. Request to BLM on Mike Harvey TR Federal No. 2 . . . . .	3-2
2. Request to BLM on Tesuque TQ Federal No. 1 . . . . .	3-6



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3-2  
S. P. YATES  
PRESIDENT  
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JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC.-TREAS.

September 9, 1983

Bureau of Land Management  
P. O. Box 1397  
Roswell, New Mexico 88201

ATTN: Armando Lopez  
Chief Branch of Fluids

Dear Mr. Lopez:

Due to reduced demand for natural gas from the Pecos Slope Abo field of North Chaves County many wells in the area have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In most cases there will be a place to tap into the existing Transwestern Pipeline system somewhere on the lease, but in a few instances where no pipeline traverses the lease it will be necessary to take the gas off-lease for sales measurement. Such is the case with the Mike Harvey TR Federal well No. 2 located 660 feet from the north line and 1980 feet from the east line of Section 3, Township 5 South, Range 24 East, N.M.P.M., Chaves County, New Mexico.

Accordingly, Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Mike Harvey TR Federal well No. 2. The well was completed on November 8, 1982 for 331 MCFGPD from Abo perforations 3546 to 3715 feet. The NE 1/4 of Section 3 is dedicated to the well involving 160 acres in Federal lease NM22614. Except for off-lease gas measurement all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite.

Attached is map showing the location of the Mike Harvey TR Federal well No. 2 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers. Also attached is a schematic diagram showing how production will be handled and where production equipment will be

Armando Lopez  
September 9, 1983  
-2-

located. All necessary rights-of-way will be obtained before installation of gathering lines. Yates agrees that any leaks or breaks between the well-head and point of measurement will be borne by the operator and royalty will be based on the preceding 30 day average rate.

This application is based on economic considerations. Unless gas from the well can somehow be delivered to existing pipeline facilities it now appears that the well will remain shut-in for an undeterminable length of time. Such a prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application. If any additional information is required please advise.

Sincerely,



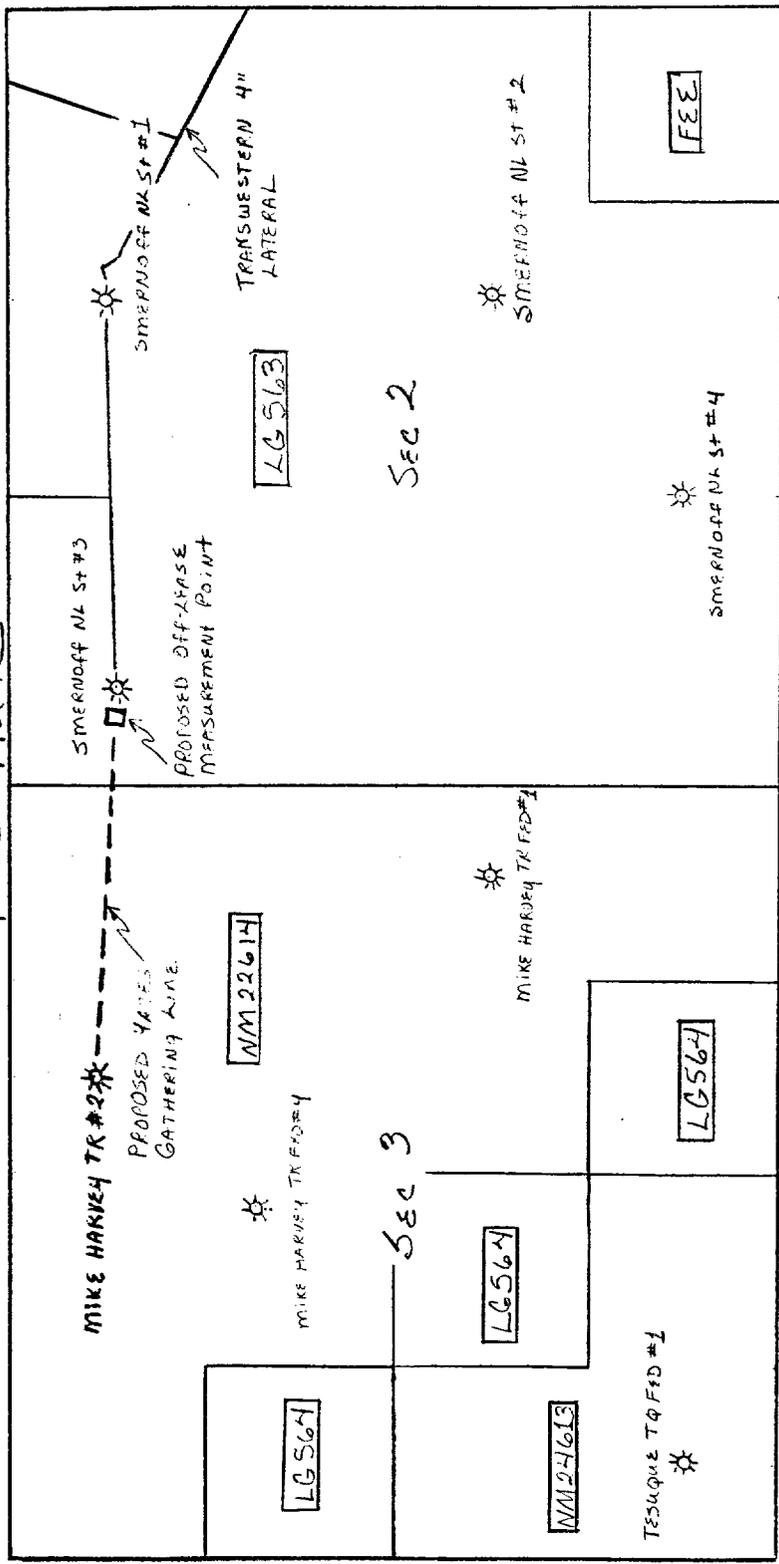
DAVID F. BONEAU  
Engineering Manager

DFB/cvg

Enclosures

# MIKE HARVEY TR FEDERAL No. 2

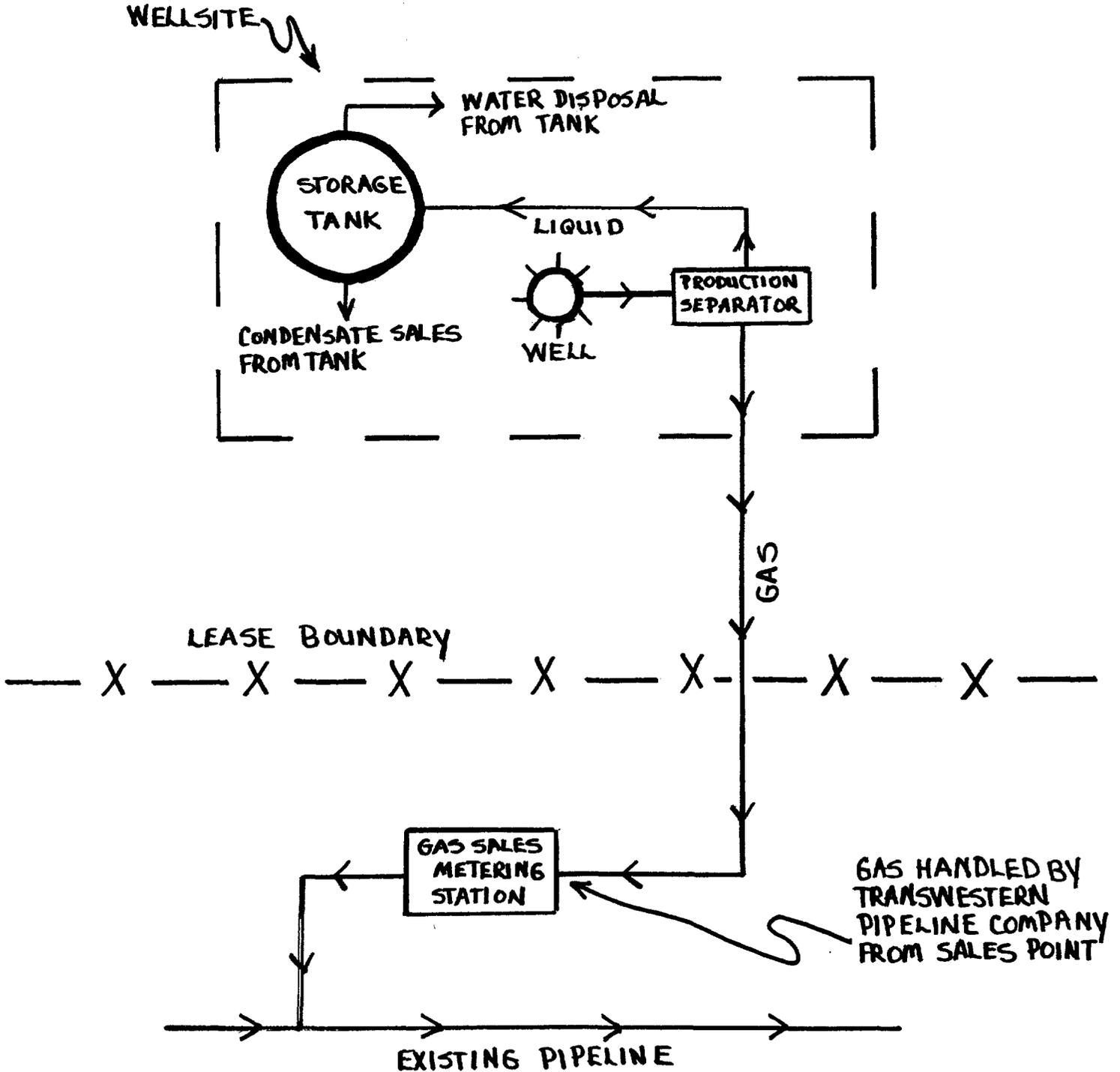
T55-R24E



# SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

MIKE HARVEY TR FEDERAL NO. 2

660' FNL - 1980' FEL, SEC. 3, T-55, R-24E



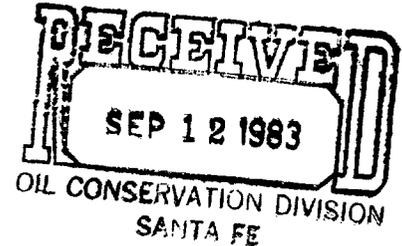


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3-6  
S. P. YATES  
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September 9, 1983



Bureau of Land Management  
P. O. Box 1397  
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ATTN: Armando Lopez  
Chief Branch of Fluids

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Accordingly, Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Tesuque TQ Federal well No. 1. The well was completed on November 11, 1982 for 827 MCFGPD from Abo perforations 3510 to 3701 feet. The SW 1/4 of Section 3 is dedicated to the well involving 120 acres in Federal lease NM24613 and 40 acres in State Lease LG564. Communitization agreement is pending for the SW 1/4 of Section 3. Except for off-lease gas measurement all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite.

Attached is map showing the location of the Tesuque TQ Federal well No. 1 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers. Also attached is a schematic diagram showing how production will be handled and where production equipment will be located.

Armando Lopez  
September 9, 1983  
-2-

All necessary rights-of-way will be obtained before installation of gathering lines. Yates agrees that any leaks or breaks between the wellhead and point of measurement will be borne by the operator and royalty will be based on the preceeding 30 day average rate.

This application is based on economic considerations. Unless gas from the well can somehow be delivered to existing pipeline facilities it now appears that the well will remain shut-in for an undeterminable length of time. Such a prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application. If any additional information is required please advise.

Sincerely,



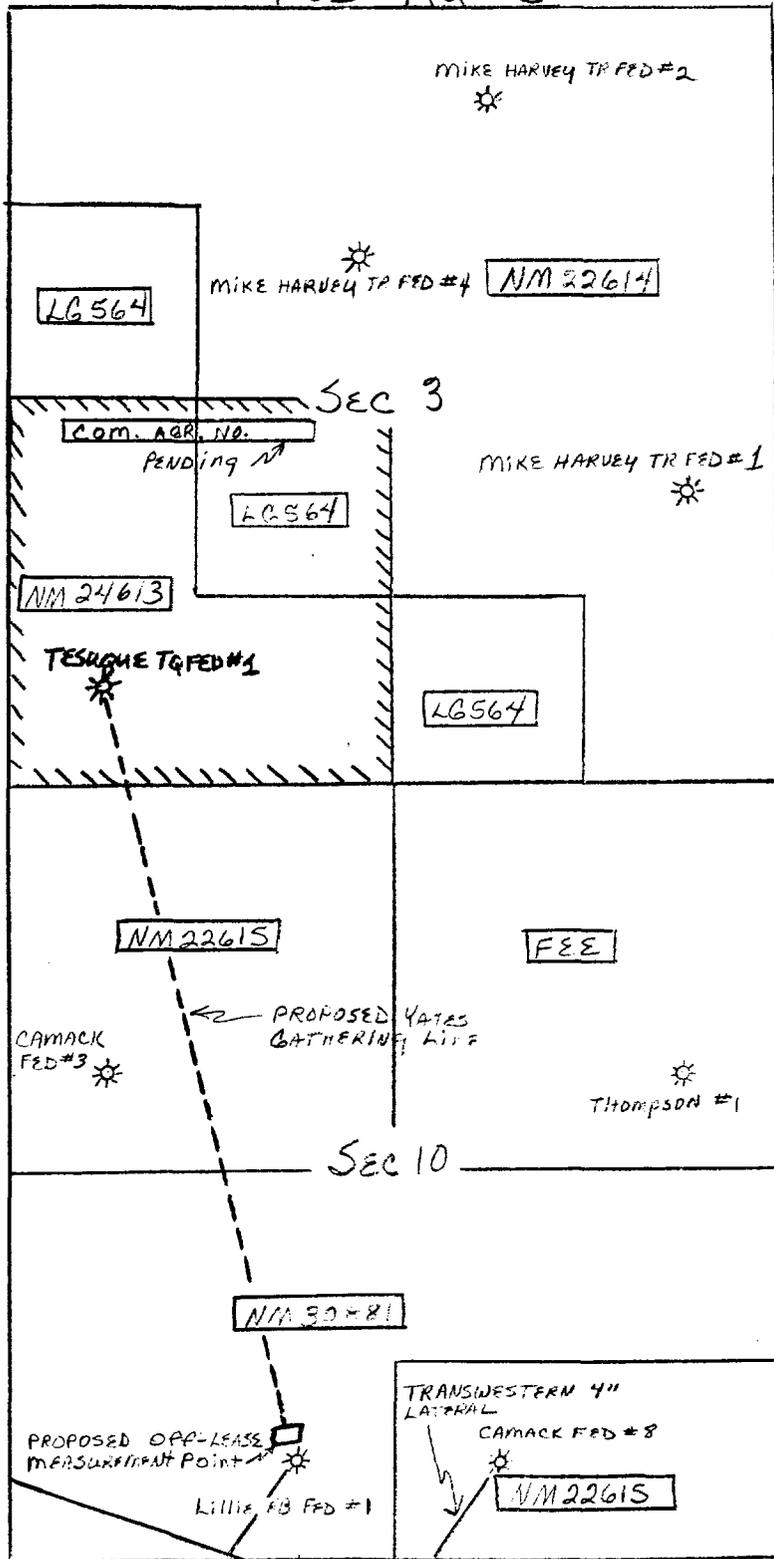
DAVID F. BONEAU  
Engineering Manager

DFB/cvg

Enclosures

# TESUQUE TQ FEDERAL No. 1

## TSS-R24E



# SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

TESUQUE TQ FEDERAL NO. 1

660' FSL : 660' FWL, Sec. 3, T-55, R-24E

