



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.

July 9, 1984

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

OLM - 4

ATTN: Richard L. Stamets

Dear Mr. Stamets:

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

- | | |
|---|---|
| 1) Caudill RZ No. 3
1980S + 660W
Section 9, T6S, R26E | 5) Ingram WY Federal No. 1
990N + 800E
Section 18, T7S, R26E |
| 2) Huckaby TJ Federal No. 1
660S + 660W
Section 18, T8S, R26E | 6) Morton SZ Federal No. 3
860N + 1980W
Section 10, T8S, R25E |
| 3) Huckaby TJ Federal No. 2
330N + 660W
Section 19, T8S, R26E | 7) Nortex WN State No. 1
660N + 1980W
Section 22, T9S, R26E |
| 4) Huckaby TJ Federal No. 3
1980N + 1980E
Section 19, T8S, R26E | 8) Thorpe MI Federal No. 9
1880N + 660W
Section 22, T7S, R25E |

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 eight wells in this application.

Richard L. Stamets

July 9, 1984

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Exhibit 1 shows basic location and completion data for the eight 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.

I want to point out that production from the three Huckaby wells will be handled a little differently than production from the other five wells. The three Huckaby wells will be connected to a single Transwestern meter house where gas sales will take place. Yates Petroleum will install a meter house at each wellsite and Yates employees will measure the gas produced by the individual wells. Each of the other five wells in this application will sell gas through a separate Transwestern meter house.

Exhibit 2 presents details of the plans for off-lease measurement. There is one summary page, two schematic diagrams and then a map for each well or group of wells 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 six 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 indeterminate 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,



DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

Exhibit 1

Summary of Basic Data on the Eight Wells

Well	Spacing Unit	Lease(s) in Spacing Unit	Completion Date	Potential Mcf/D	Perforation (feet)
Caudill RZ No. 3	SW/4 9-6-26	160A Fee	02-10-83	3811	3854-3892
Huckaby TJ Federal No. 1	SW/4 18-8-26	160A NM18031	11-08-82	2626	4089-4263
Huckaby TJ Federal No. 2	NW/4 19-8-26	160A NM18031	03-15-83	1710	3962-4296
Huckaby TJ Federal No. 3	NE/4 19-8-26	160A NM18031	01-08-83	2724	4342-4518
Ingram WY Federal No. 1	NE/4 18-7-26	160A NM20940	04-03-83	1521	3708-3882
Morton SZ Federal No. 3	NW/4 10-8-25	160A NM18483	01-15-83	2924	3862-3932
Nortex WN State No. 1	NW/4 22-9-26	120A LG8698 40A LG4919	10-22-83	1490	4508-4719½
Thorpe MI Federal No. 9	NW/4 22-7-25	160A 28162	02-22-83	1522	3618-3784

Contents of Exhibit 2

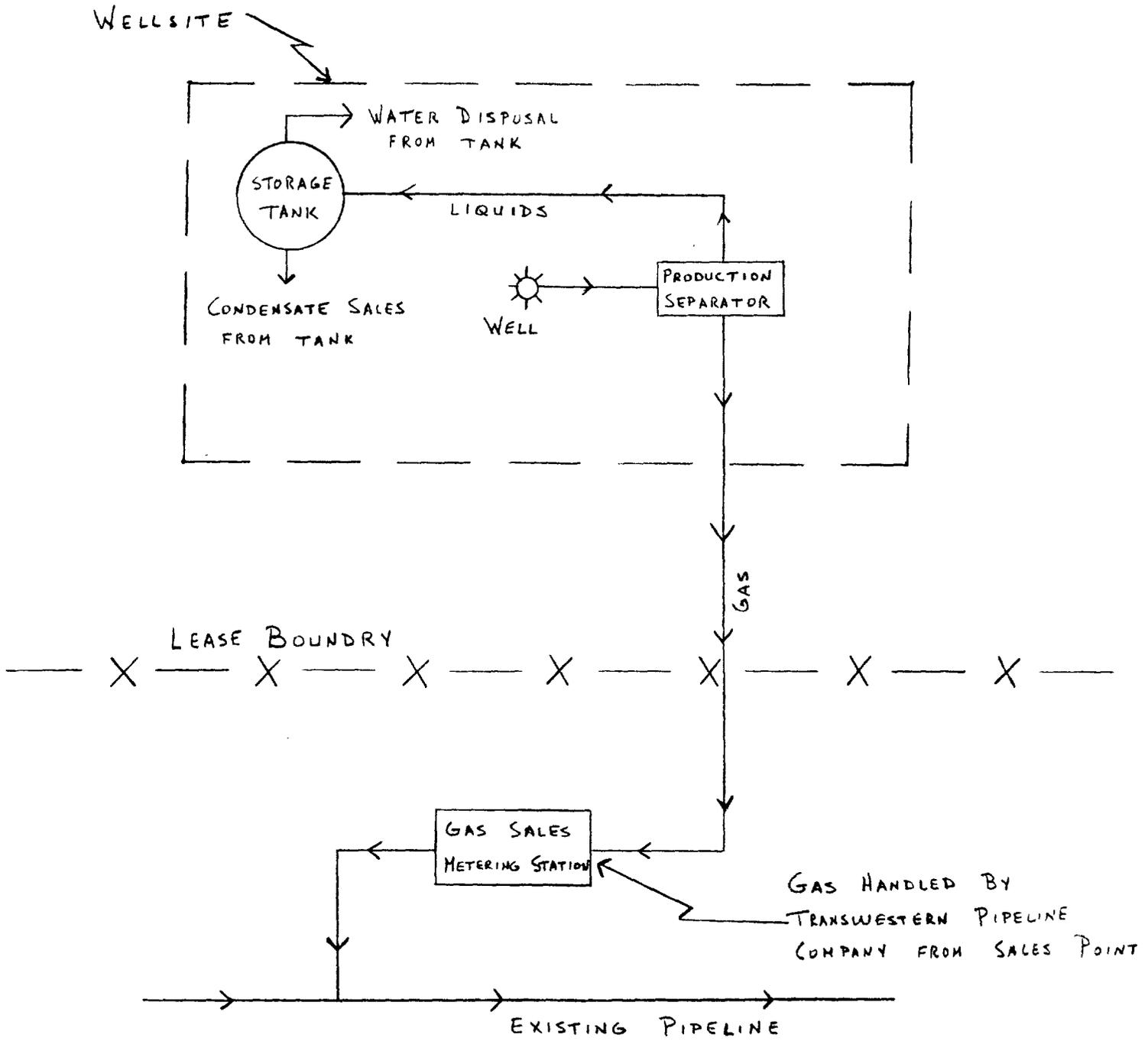
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SUMMARY OF LANDS INVOLVED IN OFF-LEASE MEASUREMENTS

<u>Well</u>	<u>Location</u>	<u>Lease Containing Subject Well (Surface Owner)</u>	<u>Other Leases in Same 160 Acres (Surface Owner)</u>	<u>Lease Containing Measurement Point (Surface Owner)</u>	<u>Other Lease Cross by Gathering Ltr (Surface Owner)</u>
Caudhill RZ No. 3	1980S + 660W 9-6-26	Private Minerals (Private Surface)	NONE	Private Minerals* (Private Surface)	Federal KGS (Federal Surface)
Huckaby TJ Federal No. 1	660S + 660W 18-8-26	Federal NM18031 (Private Surface) (Federal Surface)	NONE	Private Minerals (Private Surface)	NONE
Huckaby TJ Federal No. 2	330N + 660W 19-8-26	Federal NM18031 (Federal Surface)	NONE	Private Minerals (Private Surface)	NONE
Huckaby TJ Federal No. 3	1980N + 1980E 19-8-26	Federal NM18031 (Federal Surface)	NONE	Private Minerals (Private Surface)	NONE
Ingram WY Federal No. 1	990N + 800E 18-7-26	Federal NM20940 (Private Surface)	NONE	Federal NM13402 (Federal Surface)	NONE
Morton SZ Federal No. 3	860N + 1980W 10-8-25	Federal NM18483 (Federal Surface)	NONE	Federal NM10456 (Federal Surface)	NONE
Nortex WN State No. 1	660N + 1980W 22-9-26	State LG8698 (State Surface)	State LG4919 (State Surface)	Federal NM28171 (Private Surface)	NONE
Thorpe MI Federal No. 9	1880N + 660W 22-7-25	Federal NM28162 (Federal Surface)	NONE	Private Minerals (Private Surface)	NONE

* Measurement point is on-lease, but gathering line passes off-lease

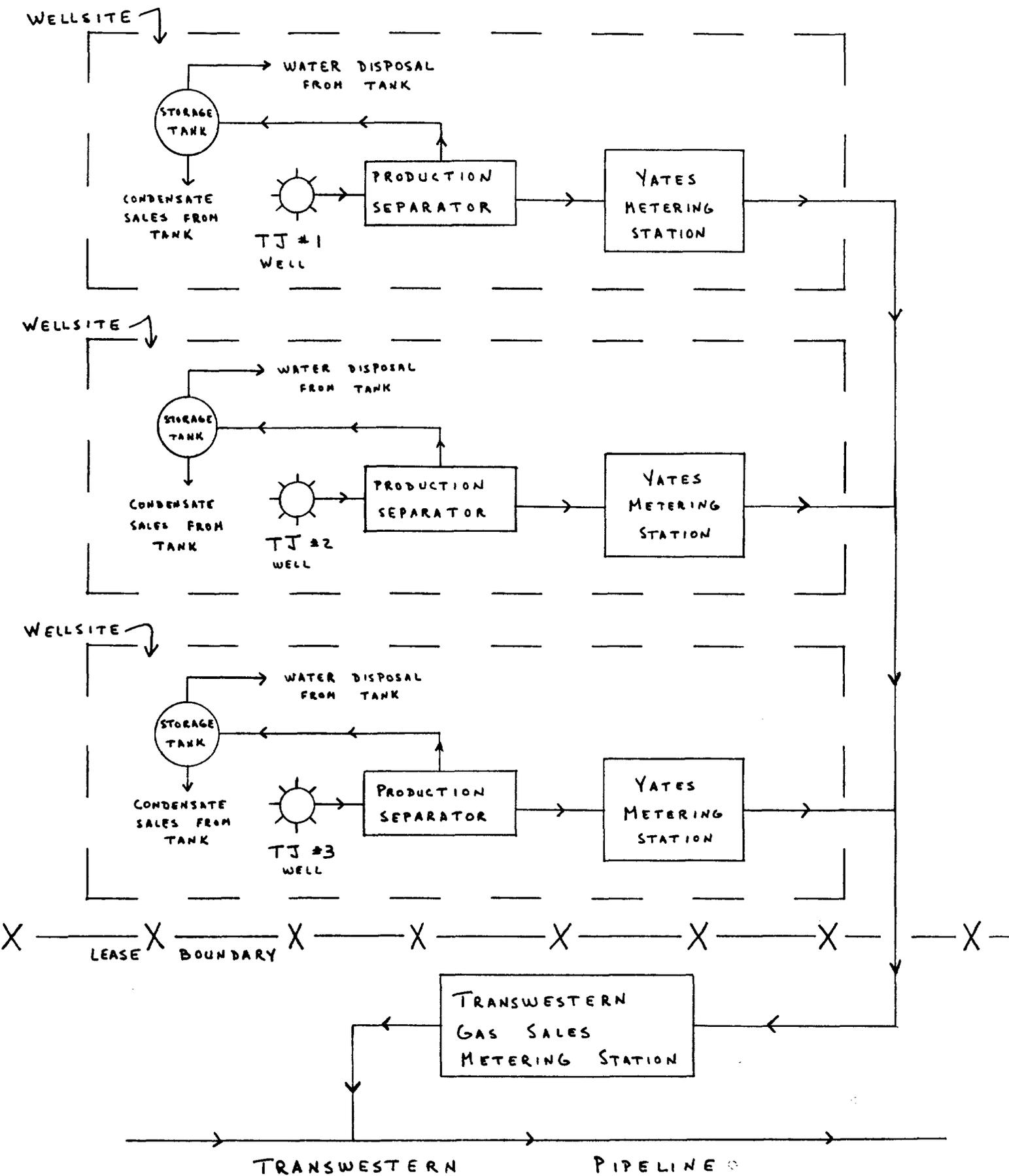
SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT



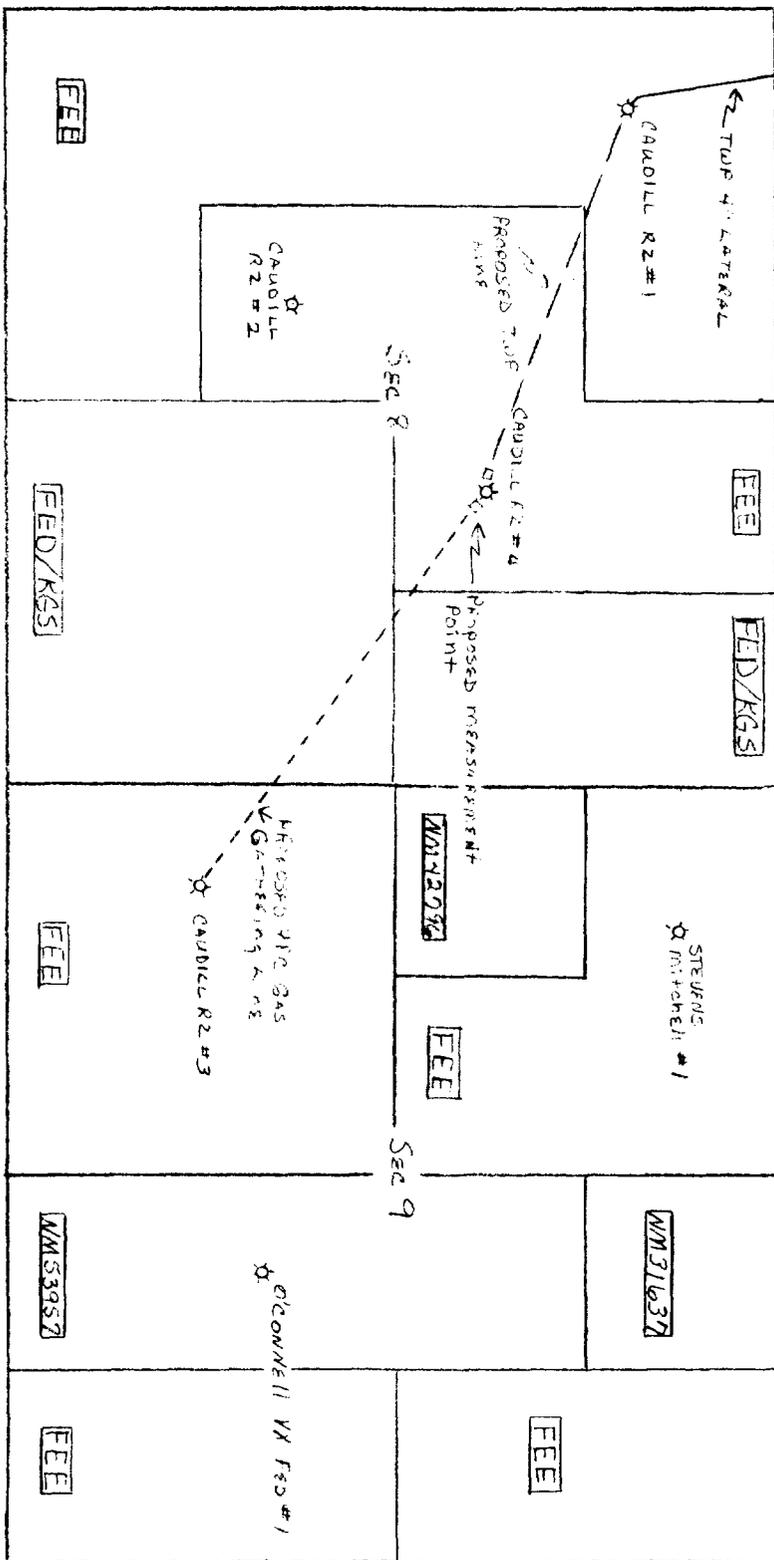
Schematic Diagram of Off-Lease Gas Measurement

Huckaby TJ Federal Lease

Section 18 + 19, T8S, R26E



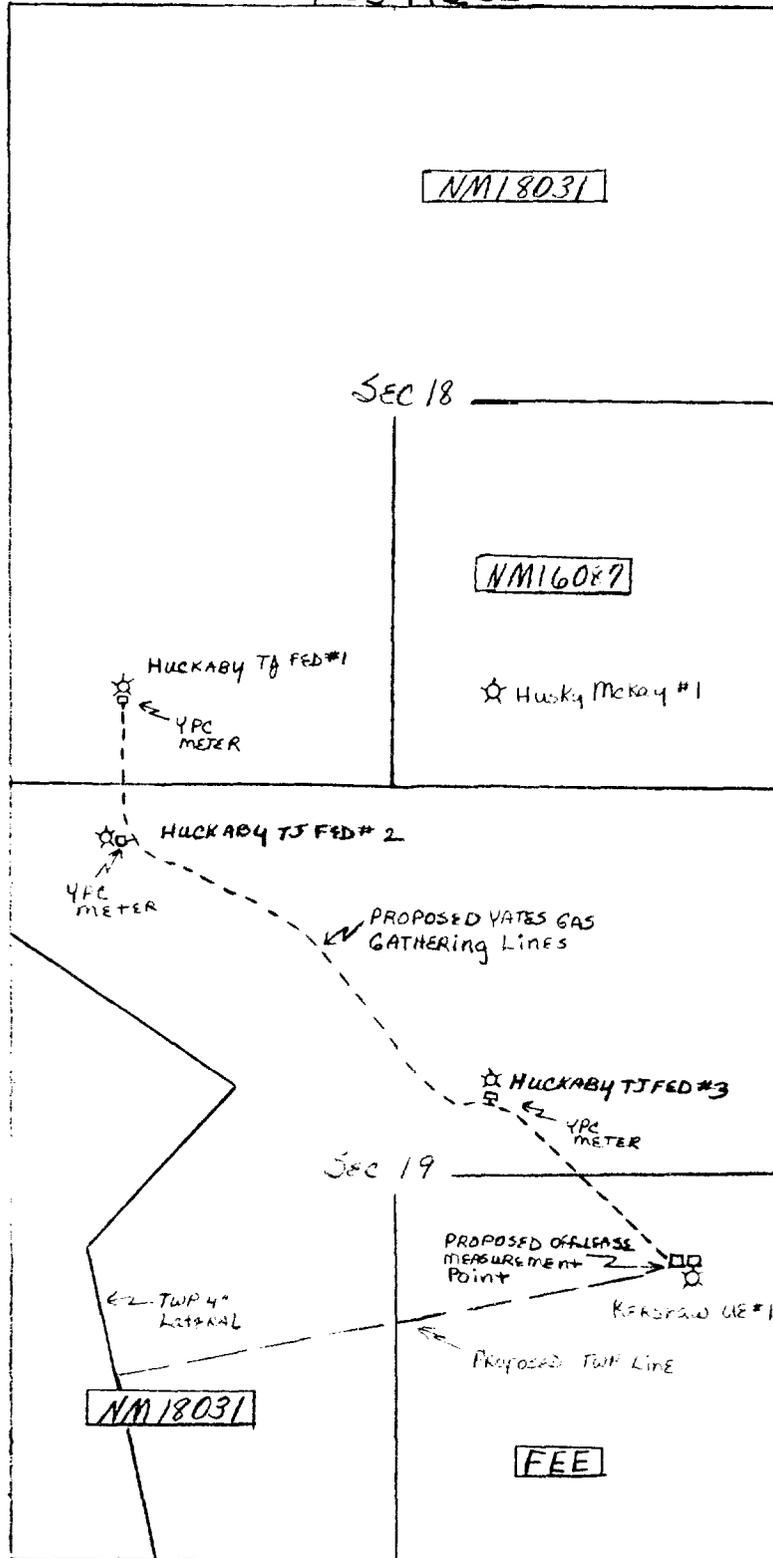
Caudill RZ No. 3



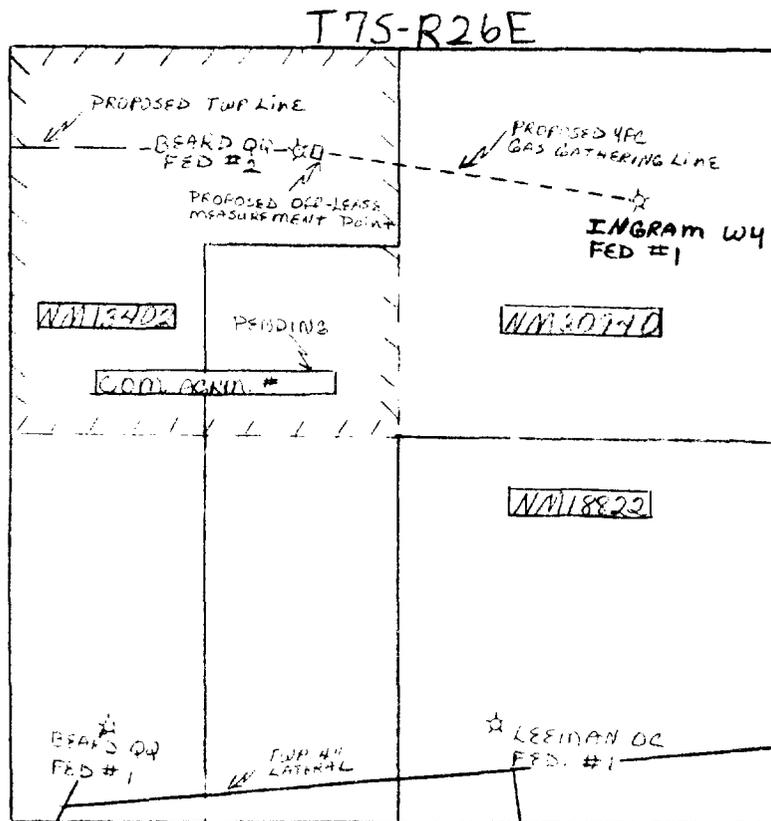
T65-R26E

Huckaby TJ Federal No. 1, 2, 3, and 3

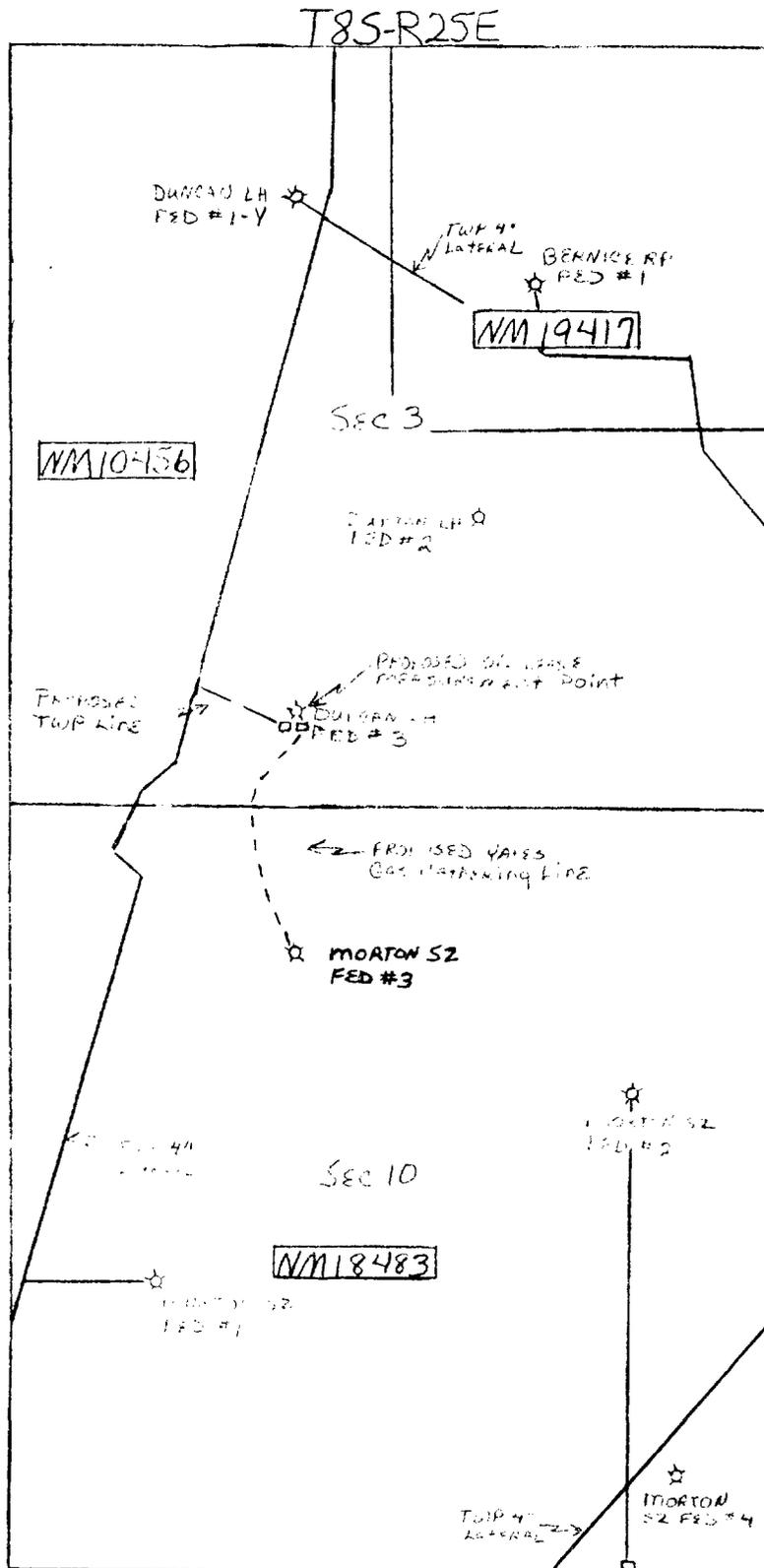
T85-R26E



Ingram WY Federal No. 1

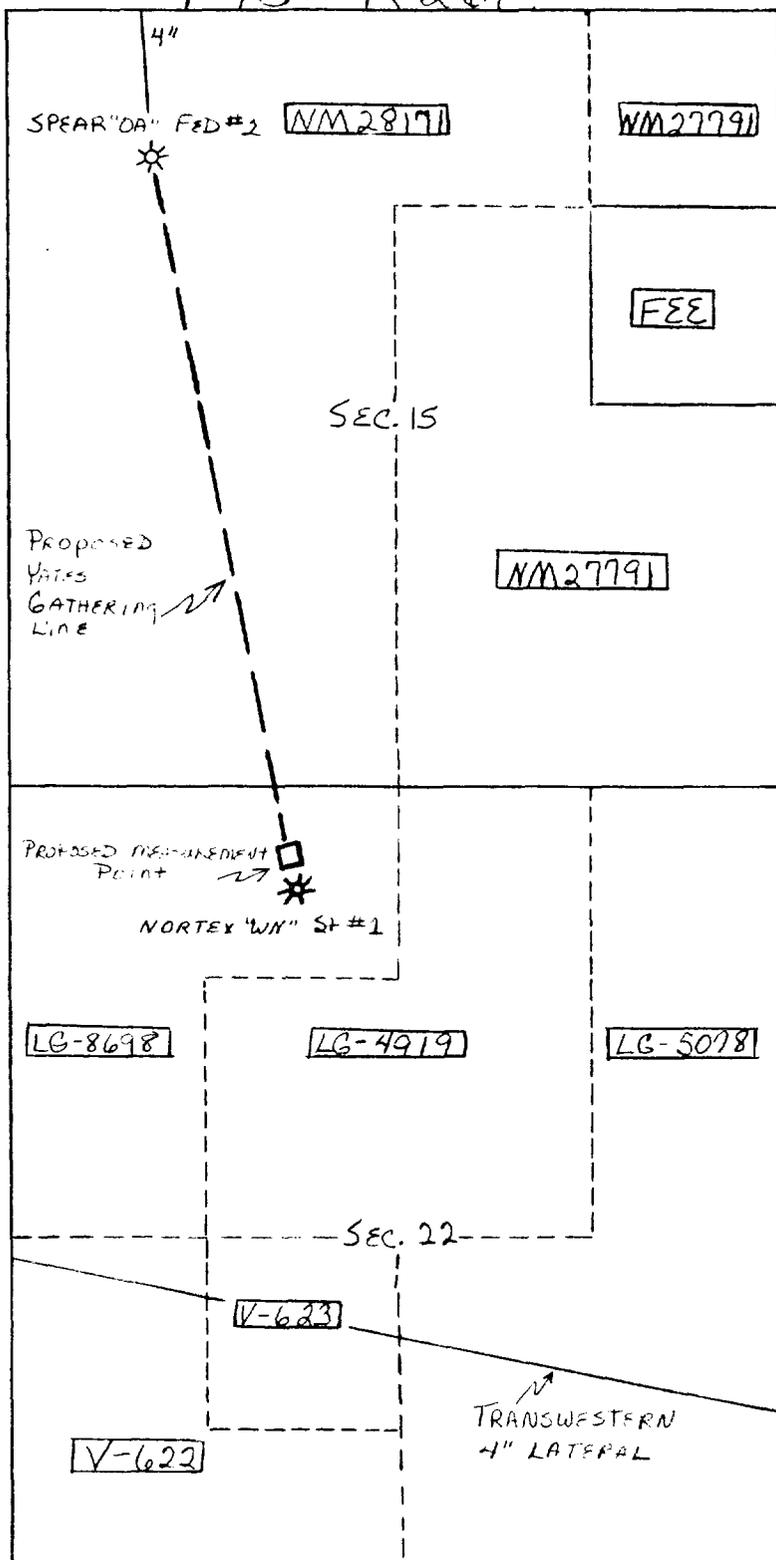


Morton SZ Federal No. 3

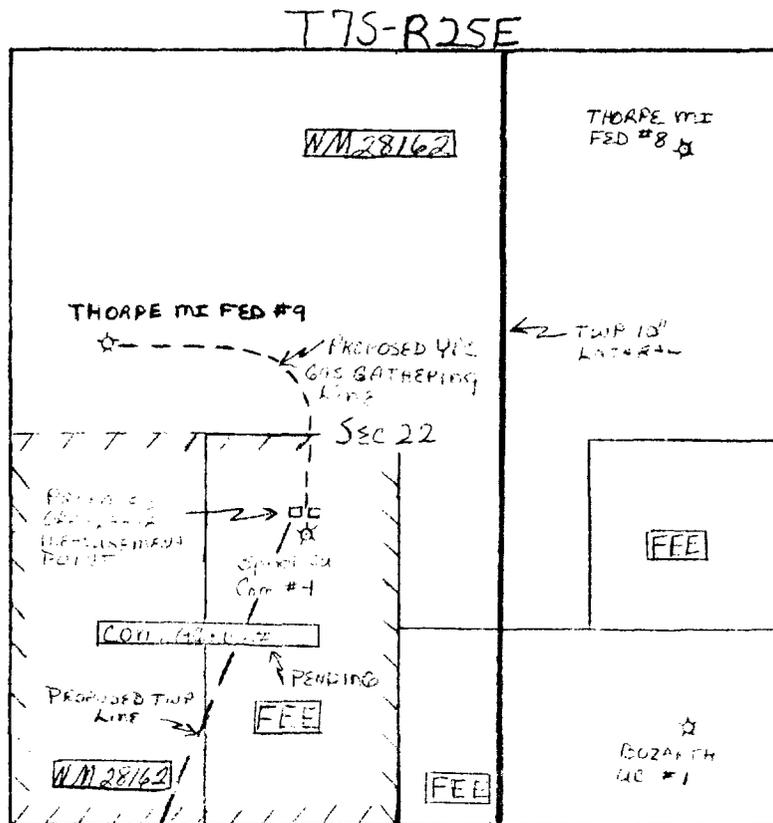


Nortex WN State No. 1

T95-R26E



Thorpe MI Federal No. 9



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SEC. TREAS.

July 9, 1984

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

ATTN: Peter Chester
Engineer

Re: Huckaby TJ Federal No. 1, 2, 3

Dear Mr. Chester:

Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from three wells on the Huckaby TJ Federal (NM18031) lease in Section 18 and 19, Township 8 South, Range 26 East, N.M.P.M., Chaves County, New Mexico. The three wells and their locations are:

1. Huckaby TJ Federal No. 1
660S + 660W
Section 18, T8S, R26E
2. Huckaby TJ Federal No. 2
330N + 660W
Section 19, T8S, R26E
3. Huckaby TJ Federal No. 3
1980N + 1980E
Section 19, T8S, R26E

Huckaby TJ Federal No. 1 was completed on November 8, 1982, for 2626 MCFGPD from Abo perforations 4089 to 4263 feet. Huckaby TJ Federal No. 2 was completed on March 15, 1983, for 1710 MCFGPD from Abo perforations 3962 to 4296 feet. Huckaby TJ Federal No. 3 was completed on January 8, 1983, for 2724 MCFGPD from Abo perforations 4342 to 4518 feet. A quarter section including 160 acres of Federal lease NM18031 is dedicated to each of the three wells.

As you know, many natural gas wells in the Pecos Slope Abo field in North Chaves County have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has agreed to purchase gas from some wells on the condition that the operators lay gathering lines from these wells to Transwestern metering stations. In some cases, the metering station provided by Transwestern is located off-lease. In the Huckaby area, Transwestern will provide only a single metering station for the three Huckaby wells; and that metering station will be located off-lease about 0.4 mile southeast

Peter Chester

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July 9, 1984

of the Huckaby TJ Federal well No. 3. A single gathering line will connect the three Huckaby wells to the off-lease Transwestern meter house where gas sales will take place. Yates Petroleum will install a meter house at each wellsite and Yates employees will measure the gas produced by the individual wells.

Attached is a map showing the locations of the Huckaby TJ Federal wells No. 1, 2 and 3 plus 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. 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. All necessary right-of-way will be obtained before the gathering line is installed. 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 preceding 30-day average rate.

This application is based on economic considerations. The Huckaby TJ Federal wells have already been shut-in for 15 to 20 months. Unless gas from the wells can somehow be delivered to Transwestern pipeline facilities, it now appears that the wells will remain shut-in for an indeterminate length of time. A 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 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 contact me at 748-1331.

Sincerely,



DAVID F. BONEAU
Engineering Manager

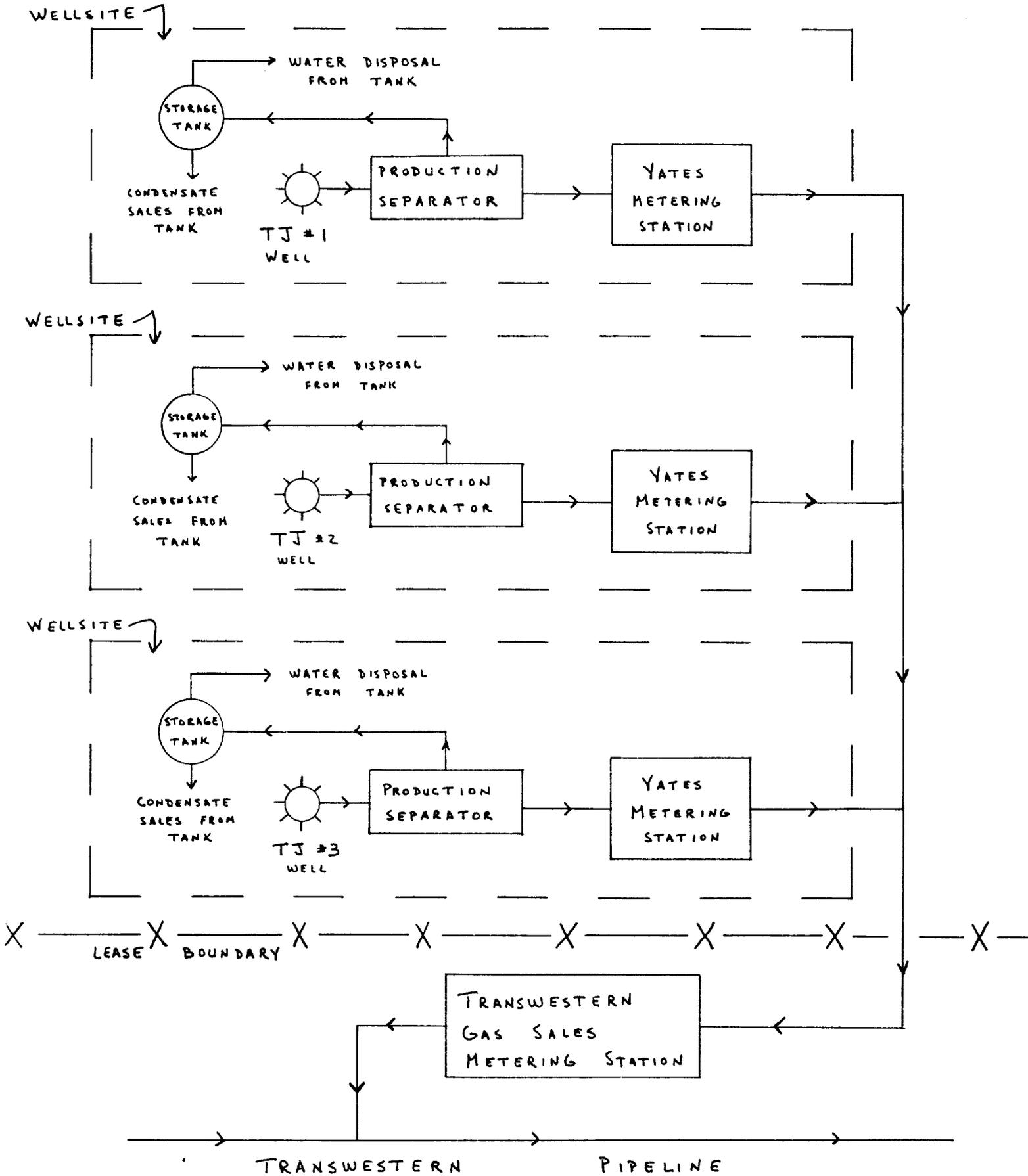
DFB/jkh

Enclosure

Schematic Diagram of Off-Lease Gas Measurement

Huckaby TJ Federal Lease

Section 18 + 19, T8S, R26E





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SEC. TREAS.

July 9, 1984

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

ATTN: Peter Chester
Engineer

Re: Ingram WY Federal No. 1

Dear Mr. Chester:

Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Ingram WY Federal well No. 1. Location of this well is 990 feet from the north line and 800 feet from the east line of Section 18, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico. The well was completed on April 3, 1983, for 1521 MCFGPD from Abo perforations 3708 to 3882 feet. The NE quarter of Section 18 is dedicated to the well involving 160 acres of Federal lease NM20940.

As you know, many natural gas wells in the Pecos Slope Abo field in North Chaves County have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has agreed to purchase gas from some wells on the condition that the operators lay gathering lines from these wells to Transwestern metering stations. In some cases, the metering station provided by Transwestern is located off-lease. In the case of Ingram WY Federal well No. 1, it will be necessary to take the gas about 0.5 mile west of the wellsite for off-lease sales measurement.

Attached is a map showing the location of the Ingram WY 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. Except for off-lease gas measurement, all other facets of production will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite. All necessary right-of-way will be obtained before the gathering line is installed. 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 preceding 30-day average rate.

Peter Chester
July 9, 1984
-2-

This application is based on economic considerations. The Ingram WY Federal No. 1 has already been shut-in for 15 months. Unless gas from the well can somehow be delivered to Transwestern pipeline facilities, it now appears that the well will remain shut-in for an indeterminate length of time. 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 contact me at 748-1331.

Sincerely,

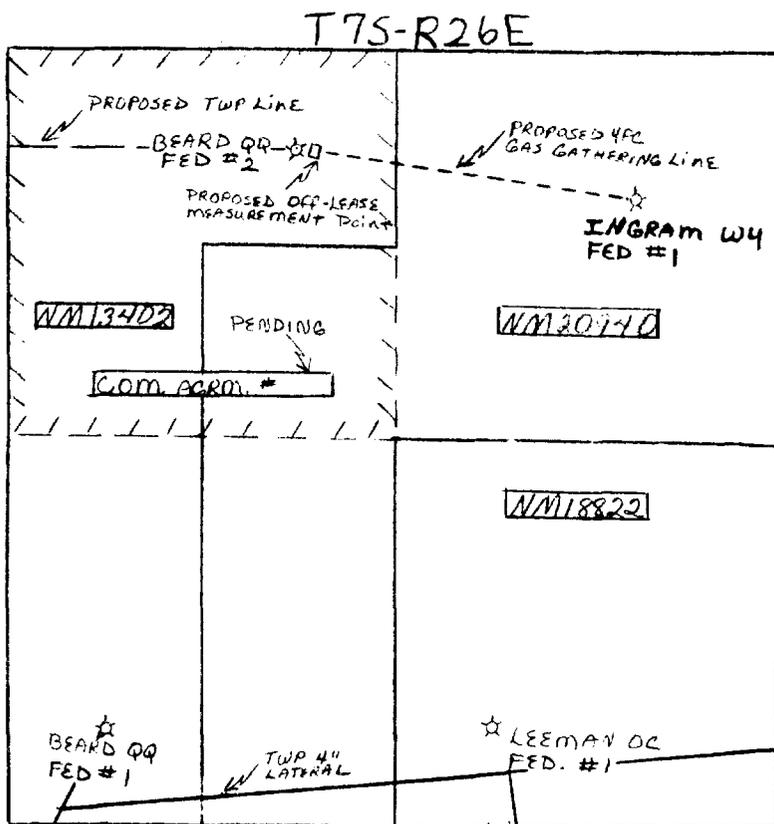


DAVID F. BONEAU
Engineering Manager

DFB/cvg

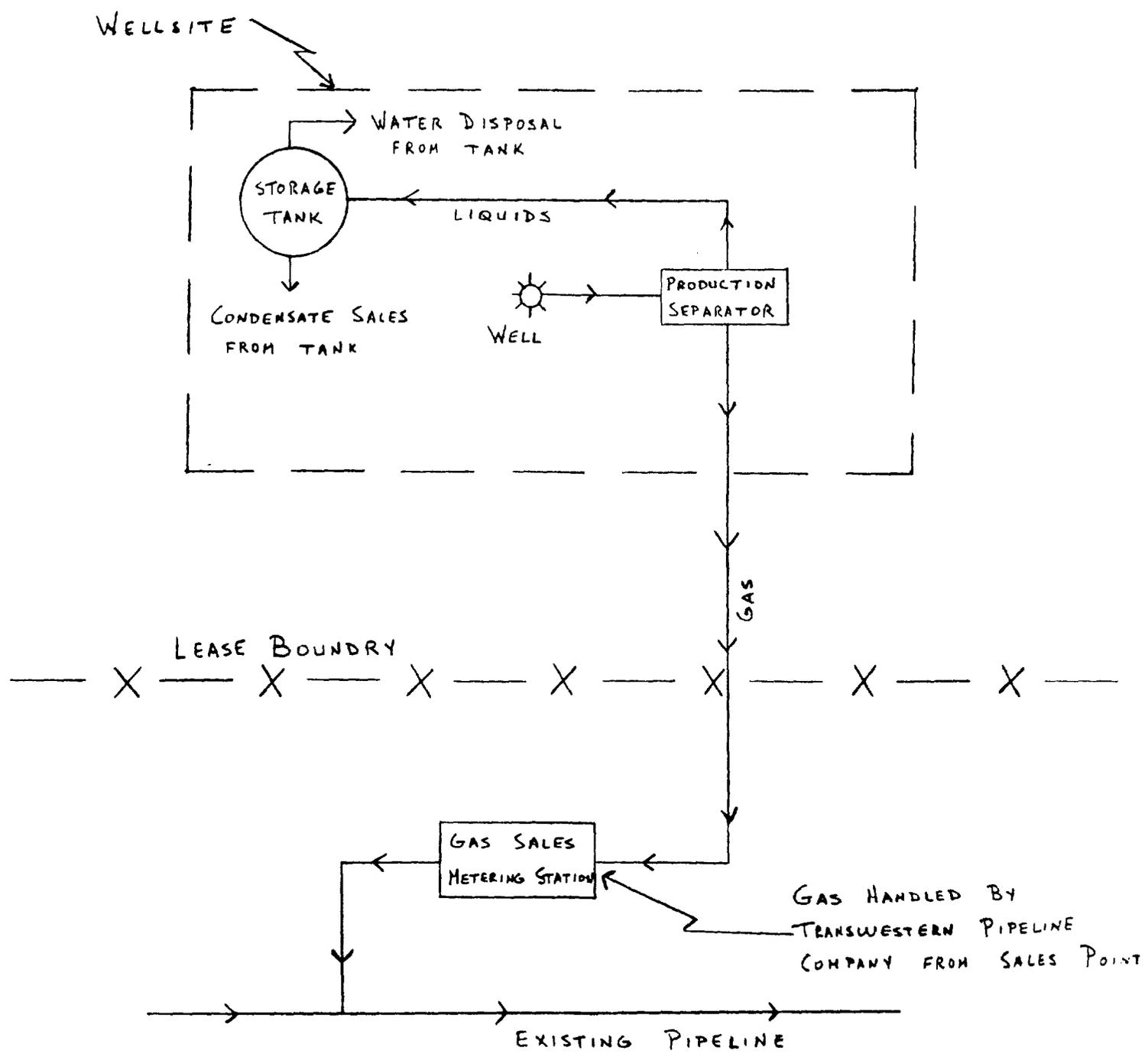
Enclosure

Ingram WY Federal No. 1



SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

Ingram WY Federal No. 1





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SEC. TREAS

July 9, 1984

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

ATTN: Peter Chester
Engineer

Re: Morton SZ Federal No. 3

Dear Mr. Chester:

Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Morton SZ Federal well No. 3. Location of this well is 860 feet from the north line and 1980 feet from the west line of Section 10, Township 8 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. The well was completed on January 15, 1983, for 2924 MCFGPD from Abo perforations 3862 to 3932 feet. The NW quarter of Section 10 is dedicated to the well involving 160 acres of Federal lease NM18483.

As you know, many natural gas wells in the Pecos Slope Abo field in North Chaves County have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has agreed to purchase gas from some wells on the condition that the operators lay gathering lines from these wells to Transwestern metering stations. In some cases, the metering station provided by Transwestern is located off-lease. In the case of Morton SZ Federal well No. 3, it will be necessary to take the gas about 0.3 mile north of the well site for off-lease sales measurement.

Attached is a map showing the location of the Morton SZ Federal well No. 3 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. 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 well site. All necessary right-of-way will be obtained before the gathering line is installed. 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 preceding 30-day average rate.

Peter Chester
July 9, 1984
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This application is based on economic considerations. The Morton SZ Federal No. 3 has already been shut-in for 17 months. Unless gas from the well can somehow be delivered to Transwestern pipeline facilities, it now appears that the well will remain shut-in for an indeterminate length of time. 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 contact me at 748-1331.

Sincerely,

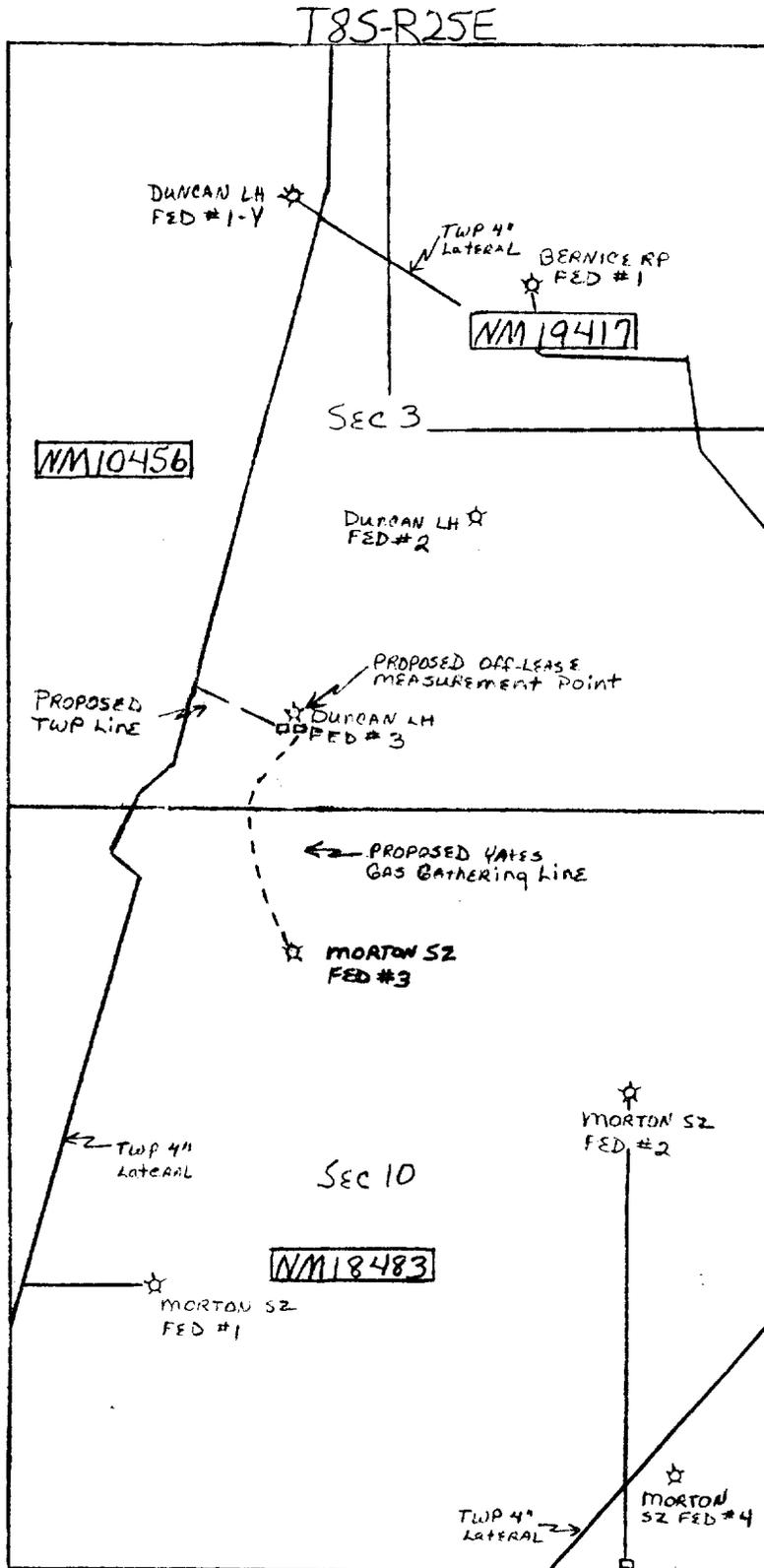


DAVID F. BONEAU
Engineering Manager

DFB/cvg

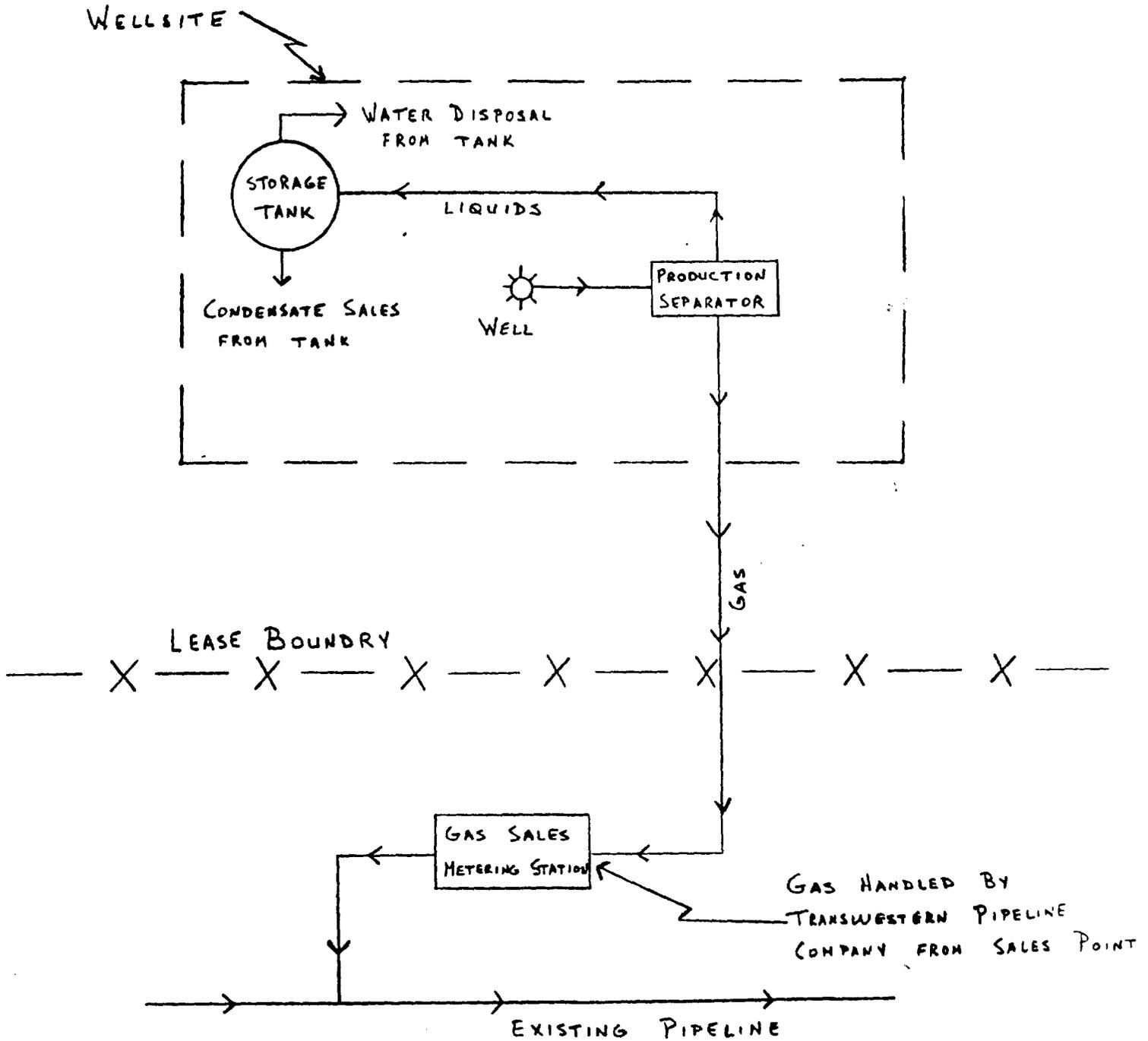
Enclosure

Morton SZ Federal No. 3



SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

Morton SZ Federal No. 3



01/13



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

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B. W. HARPER
SEC. TREAS.

July 9, 1984

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

ATTN: Peter Chester
Engineer

Re: Thorpe MI Federal No. 9

Dear Mr. Chester:

Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Thorpe MI Federal well No. 9. Location of this well is 1880 feet from the north line and 660 feet from the west line of Section 22, Township 7 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. The well was completed on February 22, 1983, for 1522 MCFGPD from Abo perforations 3618 to 3784 feet. The NW quarter of Section 22 is dedicated to the well involving 160 acres of Federal lease NM28162.

As you know, many natural gas wells in the Pecos Slope Abo field in North Chaves County have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has agreed to purchase gas from some wells on the condition that the operators lay gathering lines from these wells to Transwestern metering stations. In some cases, the metering station provided by Transwestern is located off-lease. In the case of Thorpe MI Federal well No. 9, it will be necessary to take the gas about 0.4 mile southeast of the well site for off-lease sales measurement.

Attached is a map showing the location of the Thorpe MI Federal well No. 9 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. 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 well site. All necessary right-of-way will be obtained before the gathering line is installed. 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 preceding 30-day average rate.

Peter Chester

July 9, 1984

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This application is based on economic considerations. The Thorpe MI Federal No. 9 has already been shut-in for 16 months. Unless gas from the well can somehow be delivered to Transwestern pipeline facilities, it now appears that the well will remain shut-in for an indeterminate length of time. 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 contact me at 748-1331.

Sincerely,

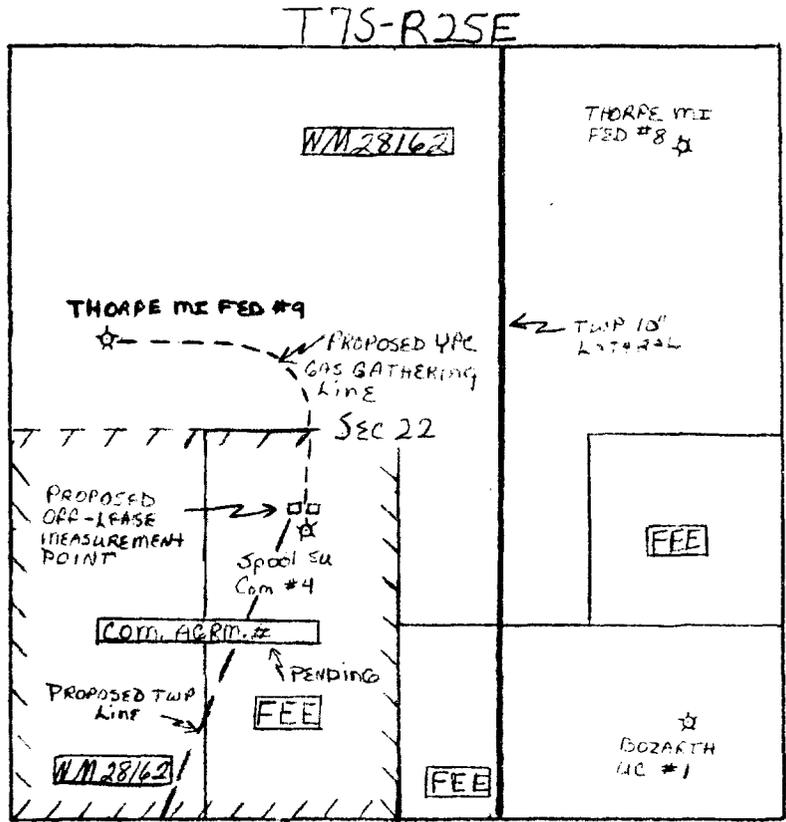


DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

Thorpe MI Federal No. 9



SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

Thorpe MI Federal No. 9

