



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

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

January 7, 1988

Bureau of Land Management
P. O. Drawer 1857
Roswell, New Mexico 88201

ATTN: Peter Chester

RE: Off-Lease Measurement

Dear Mr. Chester:

Yates Petroleum asks that you approve the enclosed applications for off-lease measurement at seven gas wells in Chaves County that produce Federal minerals. The seven wells are:

1. Caudill "RZ" Com #7	K 17-6S-26E
2. Crosby "TV" Federal #1	A 15-8S-25E
3. Filaree "AEL" Federal #1	O 33-8S-26E
4. Huckaby "TJ" Federal #5	K 19-8S-26E
5. Sacra "SA" #7Z	P 22-6S-25E
6. Wheeler "AEE" Federal #1	P 25-7S-24E
7. Zane "ABS" Federal #1	O 15-9S-26E

Yates has many completed gas wells shutin waiting on a pipeline connection. Recently, Transwestern Pipeline Company agreed to transport gas from Yates wells provided Yates delivers the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales while Yates will lay gathering lines from the wells to the Transwestern metering stations. In some cases, the Transwestern meter is located on a nearby lease and it will be necessary to take the gas off-lease for sales measurement. This is the situation for the seven wells listed above. All necessary rights-of-way will be obtained before installation of the 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. Except for off-lease gas measurement, all other facets of production handling will remain the same as for existing wells nearby. Any condensate produced will be separated, stored, measured and sold at the wellsite.

Peter Chester
January 7, 1988
-2-

Attached as part of these applications for approval of off-lease measurement are:

1. Table 1 -- Basic Data on Each Well
2. Table 2 -- Leases Involved in Each Well
3. Figure 1 -- Schematic Diagram of Production Equipment
4. Sundry Notice and map for each well

I ask that your office send Yates a signed copy of each Sundry Notice to signify your approval of these applications for off-lease measurement.

You should approve these applications because of economic conditions. The proposed arrangement is a good compromise that has worked for some Pecos Slope Abo wells since 1983. Production of gas from these wells benefits the operator, the pipeline, the royalty owners, the taxing authorities and the public. I believe off-lease measurement is a proven way to handle a serious problem with shutin production in Chaves County. Yates Petroleum Corporation respectfully requests your approval of these applications.

Please call me if you need further information.

Sincerely,



DAVID F. BONEAU
Engineering Manager

DFB/cvg

Attachments

Table 1
Summary of Basic Data on Wells Requiring Off-Lease Measurement

Well	Spacing Unit	Lease (s) In Spacing Unit	Completion Date	Potential Mcf/D	Producing Formation	Perforations (Feet)
1. Caudill "RZ" Com #7	SW/4 17-6S-26E	80A Fee 40A KGS 40A Fee	12-29-84	2273	Abo	3754--3972
2. Crosby "TV" Federal #1	NE/4 15-8S-25E	160A NM 27061	1-24-83	877	Abo	3805--4024
3. Filaree "AEL" Federal #1	SE/4 33-8S-26E	160A NM 29623	4-27-87	2493	Abo	4750--4756
4. Huckaby "TJ" Federal #5	SW/4 19-8S-26E	160A NM 18031	4-19-83	170	Abo	4164--4488
5. Sacra "SA" #7Z	SE/4 22-6S-25E	80A Fee 80A NM 20052	6-30-83	2085	Abo	3651--3706
6. Wheeler "AEE" Federal #1	SE/4 25-7S-24E	160A NM 29821	5-18-87	1200	Abo	3652--3656
7. Zane "ABS" Federal #1	SE/4 15-9S-26E	160A NM 27791	7-28-86	2461	Abo	4546--4849

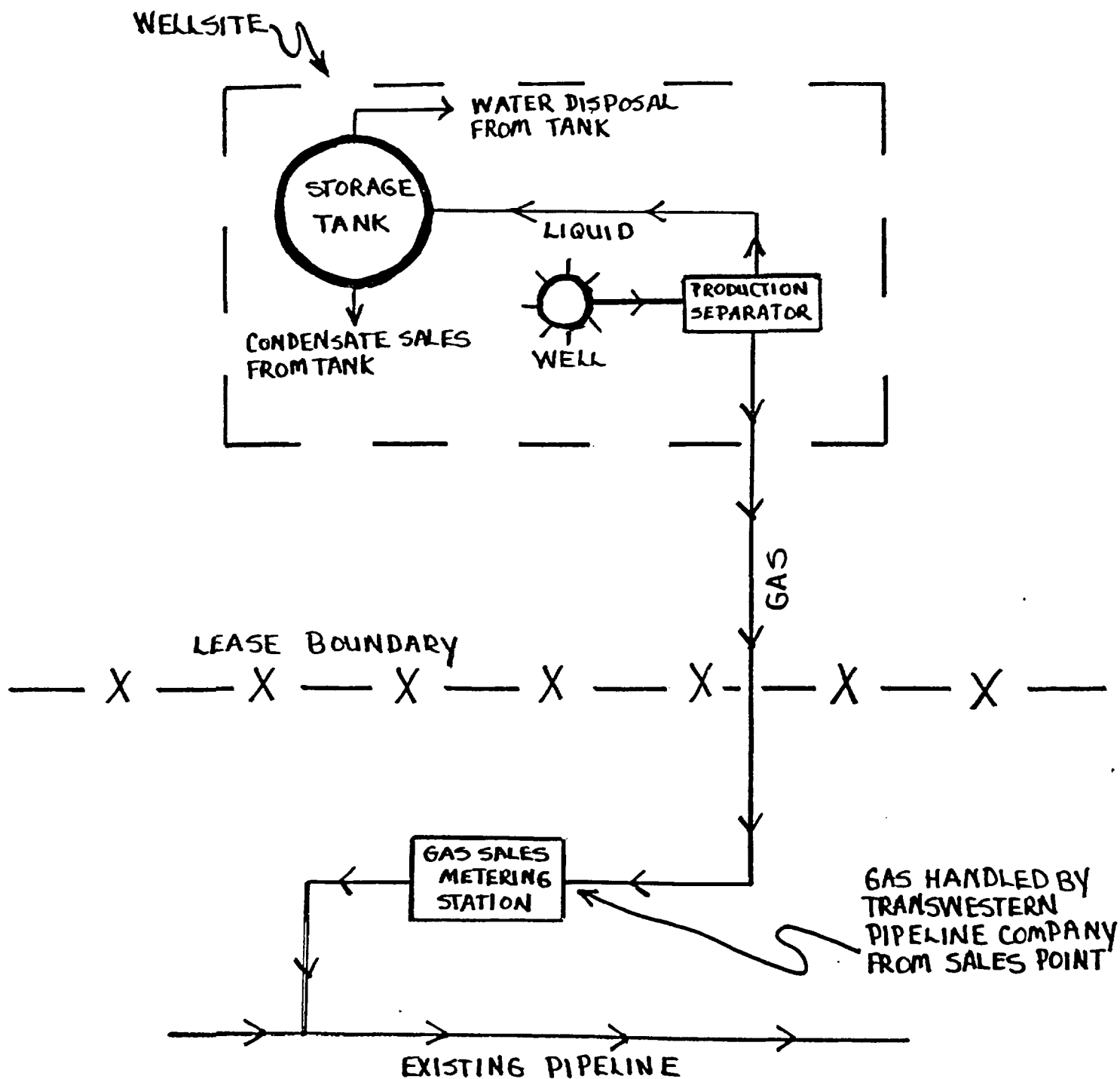
Table 2

Summary of Lands Involved in Off-Lease Measurements

Well	Location	Lease Containing Subject Well	Other Leases in Same 160 Acres	Lease Containing Measurement Point	Other Leases Crossed by Gathering Line
1. Caudill "RZ" Com #7	1980S + 1980W 17-6S-26E	Fee	40A KGS 40A Fee	Fee	None
2. Crosby "TV" Federal #1	660N + 660E 15-8S-25E	Federal NM 27061	None	Federal NM 18483	None
3. Filaree "AEL" Federal #1	660S + 1650E 33-8S-26E	Federal NM 29623	None	Federal NM 16790	Federal NM 29211
4. Huckaby "TJ" Federal #5	1980S + 1980W 19-8S-26E	Federal NM 18031	None	Fee	None
5. Sacra "SA" #7Z	660S + 660E 22-6S-25E	Fee	Federal NM 20052	Federal NM 10588	None
6. Wheeler "AEE" Federal #1	660S + 660E 25-7S-24E	Federal NM 29821	None	State LG 4352	None
7. Zane "ABS" Federal #1	660S + 1980E 15-9S-26E	Federal NM 27791	None	Federal NM 29171	None

SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

Figure 1



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

page 3-6
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. 40A KGS NM 54990
2. NAME OF OPERATOR Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR 105 South 4th Street, Artesia, NM 88210		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1980S + 1980W Sec. 17-6S-26E		8. FARM OR LEASE NAME Caudill "RZ" Com
14. PERMIT NO. API #30-005-62214		9. WELL NO. #7
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3672.1 GR		10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 17-6S-26E
		12. COUNTY OR PARISH Chaves
		13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐

FRACTURE TREAT ☐

SHOOT OR ACIDIZE ☐

REPAIR WELL ☐

(Other) Off Lease Measurement ☒

PULL OR ALTER CASING ☐

MULTIPLE COMPLETE ☐

ABANDON* ☐

CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐

FRACTURE TREATMENT ☐

SHOOTING OR ACIDIZING ☐

(Other) ☐

REPAIRING WELL ☐

ALTERING CASING ☐

ABANDONMENT* ☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This request seeks approval for off-lease measurement of natural gas from the subject well. Transwestern Pipeline Company agreed to transport gas from this well if Yates would build a gathering line to deliver the gas to existing Transwestern pipeline facilities. The gas sales meter will be read and maintained by Transwestern, but the meter is located nearby off-lease (see attached map). Yates will maintain the gathering flow lines in a safe condition and will pay royalty due on gas lost to leaks or failures based on the preceeding 30-day average rate. Yates will obtain all necessary rights-of-way before installing flow lines. All separation and liquid storage and sales facilities will be located on the originating lease. Yates believes that off-lease measurement is necessary for this well as the only practical way to bring this gas to market with attendant economic benefit to working interest owners, royalty owners and the public through production taxes.

18. I hereby certify that the foregoing is true and correct

SIGNED Dave Boreau

TITLE Engineering Manager

DATE January 7, 1988

(This space for Federal or State office use)

APPROVED BY

TITLE

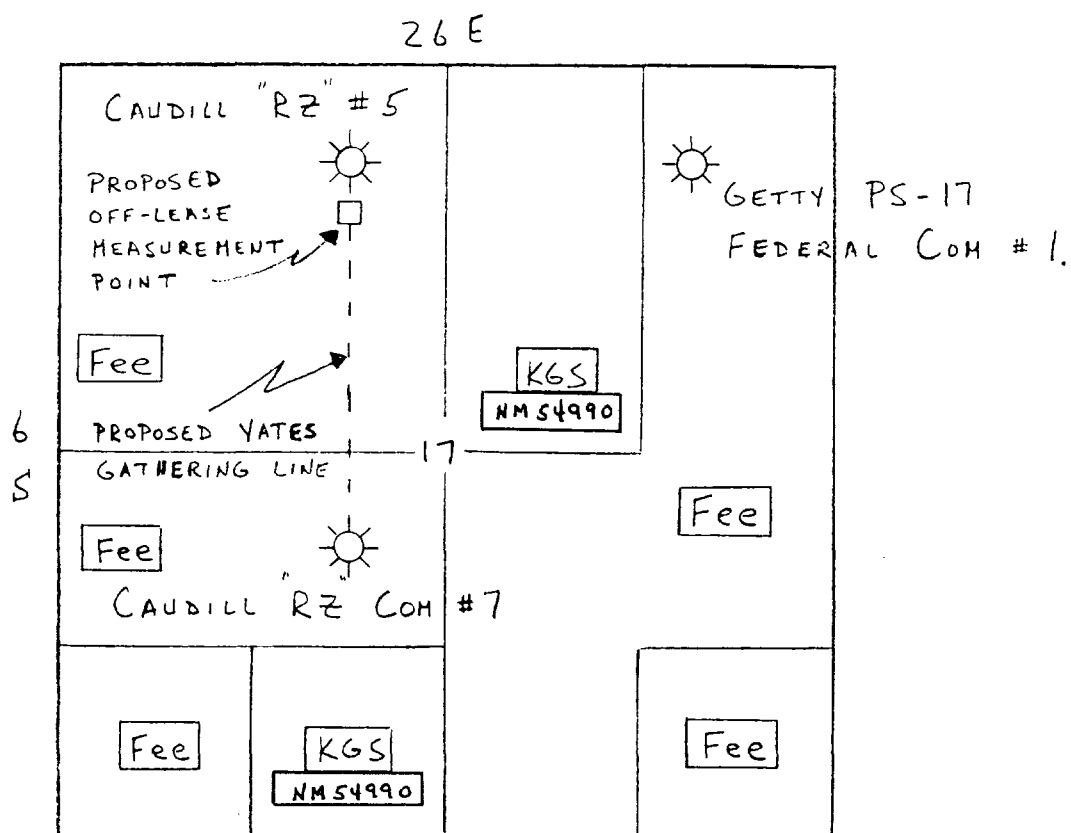
DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

CAUDILL RZ COM #7

OFF-LEASE MEASUREMENT



UNITED STATES
DEPARTMENT OF THE INTERIOR
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page 3-8
Budget Bureau No. 1004-0135
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SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. Federal NM 27061	
2. NAME OF OPERATOR Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. ADDRESS OF OPERATOR 105 South 4th Street, Artesia, NM 88210		7. UNIT AGREEMENT NAME	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 660N + 660E Sec. 15-8S-25E		8. FARM OR LEASE NAME Crosby "TV" Federal	
14. PERMIT NO. API #30-005-61618		9. WELL NO. #1	
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3599.3 GR		10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo	
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 15-8S-25E	
		12. COUNTY OR PARISH Chaves	13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	
(Other) Off Lease Measurement <input checked="" type="checkbox"/>		(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

17. 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

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SIGNED Dave Bouleau

TITLE Engineering Manager

DATE January 7, 1988

(This space for Federal or State office use)

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

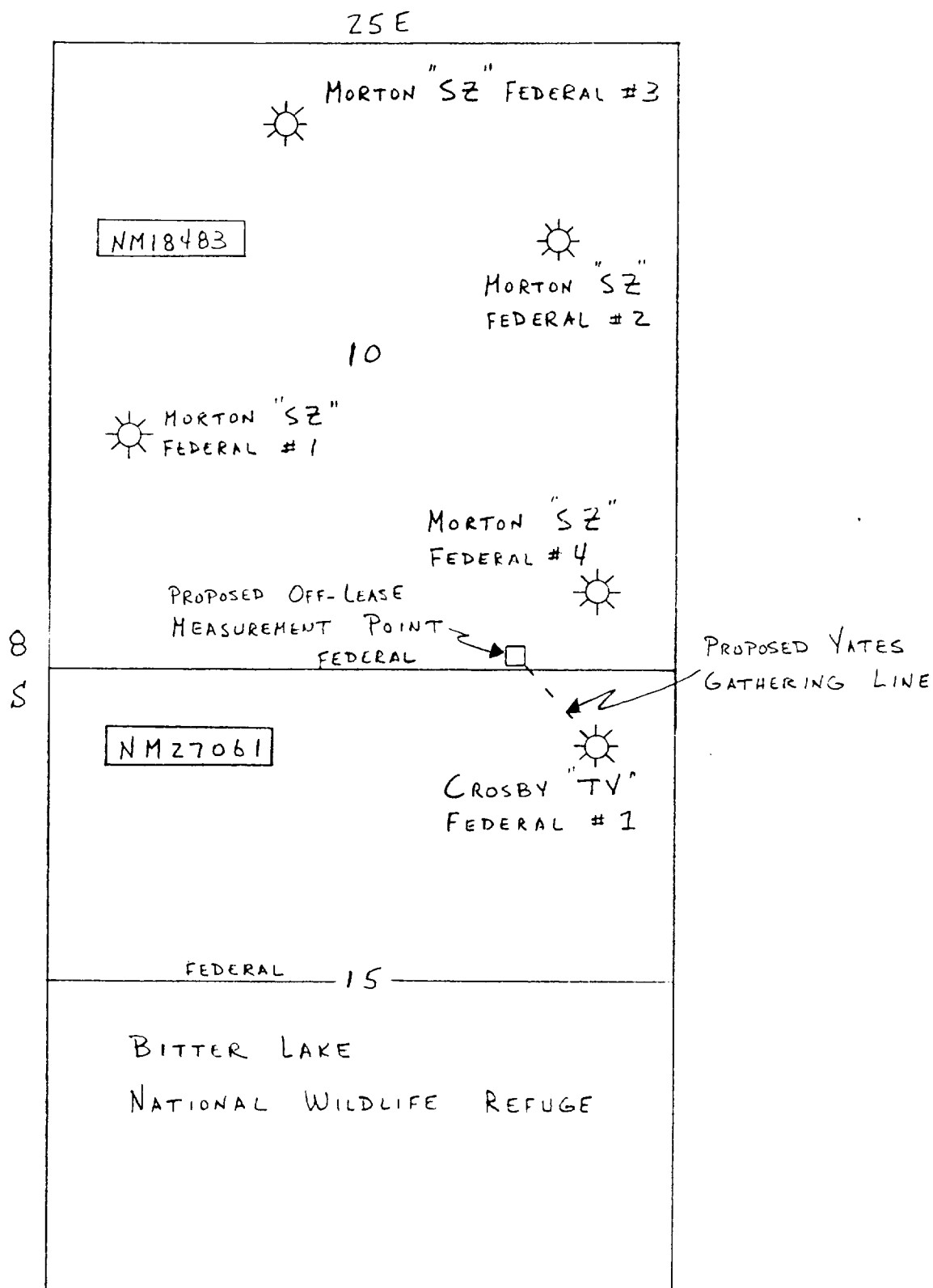
TITLE _____

DATE _____

*See Instructions on Reverse Side

CROSBY "TV" FEDERAL # 1

OFF-LEASE MEASUREMENT



Form 3160-5
November 1983)
Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

Federal NM 29623

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Filaree "AEL" Federal

9. WELL NO.

#1

10. FIELD AND POOL, OR WILDCAT

Pecos Slope Abo

11. SEC., T., R., M., OR BLK. AND
SURVEY OR AREA

33-8S-26E

12. COUNTY OR PARISH

Chaves

13. STATE

NM

1. OIL ☐ GAS ☒ OTHER ☐
WELL WELL

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

105 South 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface

660S + 1650E Sec. 33-8S-26E

14. PERMIT NO.

API #30-005-62486

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

3850.1' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐

FRACTURE TREAT ☐

SHOOT OR ACIDIZE ☐

REPAIR WELL ☐

(Other) Off Lease Measurement ☒

PULL OR ALTER CASING ☐

MULTIPLE COMPLETE ☐

ABANDON* ☐

CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐

FRACTURE TREATMENT ☐

SHOOTING OR ACIDIZING ☐

(Other) ☐

REPAIRING WELL ☐

ALTERING CASING ☐

ABANDONMENT* ☐

(NOTE: Report results of multiple completion on Well
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TITLE Engineering Manager

DATE January 7, 1988

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APPROVED BY _____

TITLE _____

DATE _____

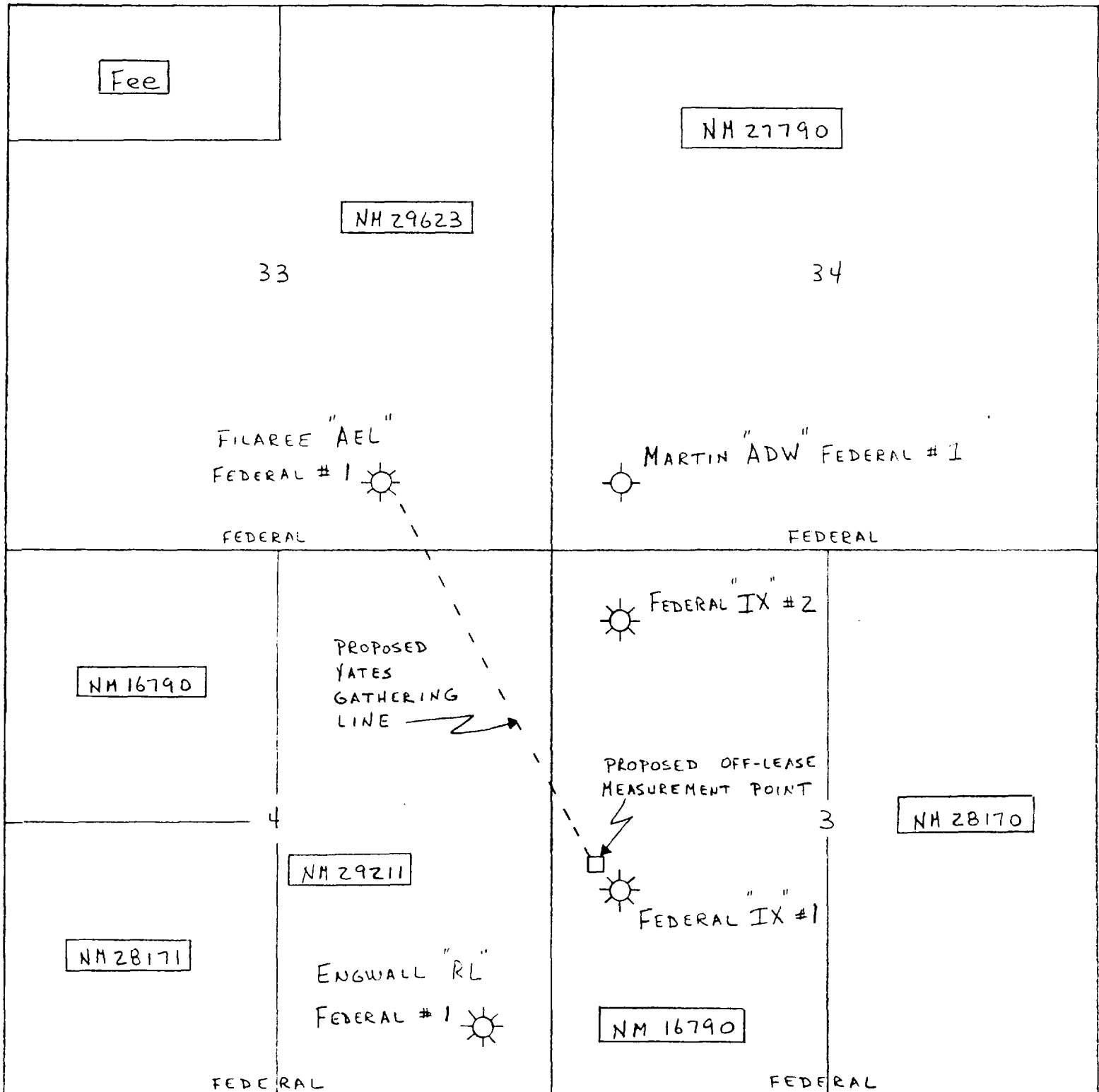
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

FILAREE AEL FEDERAL #1

OFF-LEASE MEASUREMENT

26E



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
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page 3-12
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. Federal NM 18031
2. NAME OF OPERATOR Yates Petroleum Corp.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR 105 South 4th Street, Artesia, NM 88210		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1980S + 1980W Sec. 19-8S-26E		8. FARM OR LEASE NAME Huckaby "TJ" Federal
14. PERMIT NO. API #30-005-61952		9. WELL NO. #5
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3652' GR		10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 19-8S-26E
		12. COUNTY OR PARISH Chaves
		18. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL

PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANS

(Other) Off Lease Measurement

SUBSEQUENT REPORT OF:

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

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18. I hereby certify that the foregoing is true and correct

SIGNED Dave Bonneau

TITLE Engineering Manager

DATE January 7, 1988

(This space for Federal or State office use)

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

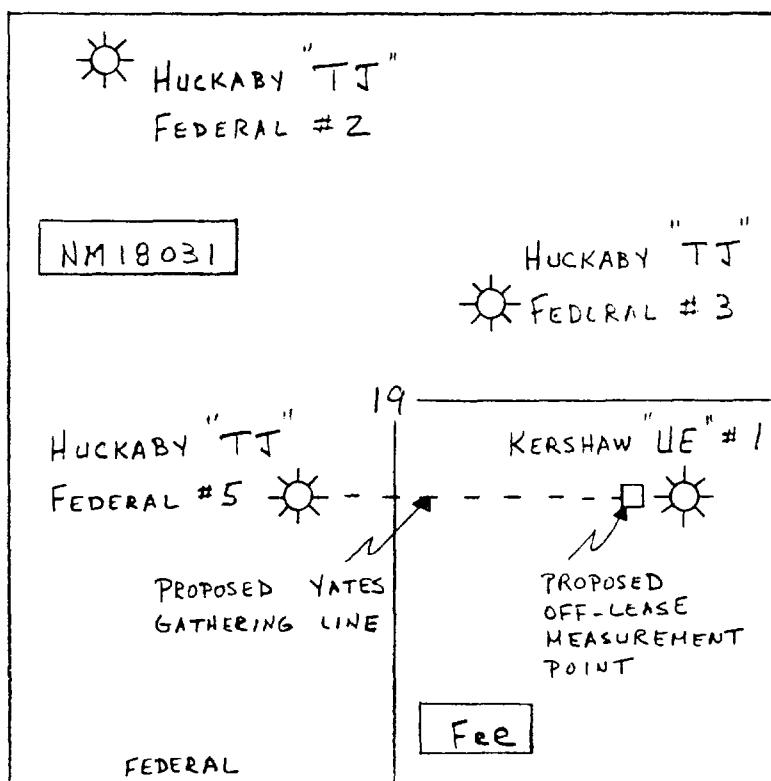
*See Instructions on Reverse Side

HUCKABY "TJ" FEDERAL #5

OFF-LEASE MEASUREMENT

26 E

8
S



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

page 3-14
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

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1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. Federal NM 20052
2. NAME OF OPERATOR Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR 105 South 4th Street, Artesia, NM 88210		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 660S + 660E Sec. 22-6S-25E		8. FARM OR LEASE NAME Sacra "SA"
14. PERMIT NO. API #30-005-61899		9. WELL NO. #7Z
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3787.6' GR		10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 22-6S-25E
		12. COUNTY OR PARISH Chaves
		18. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) Off Lease Measurement <input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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CONDITIONS OF APPROVAL, IF ANY:

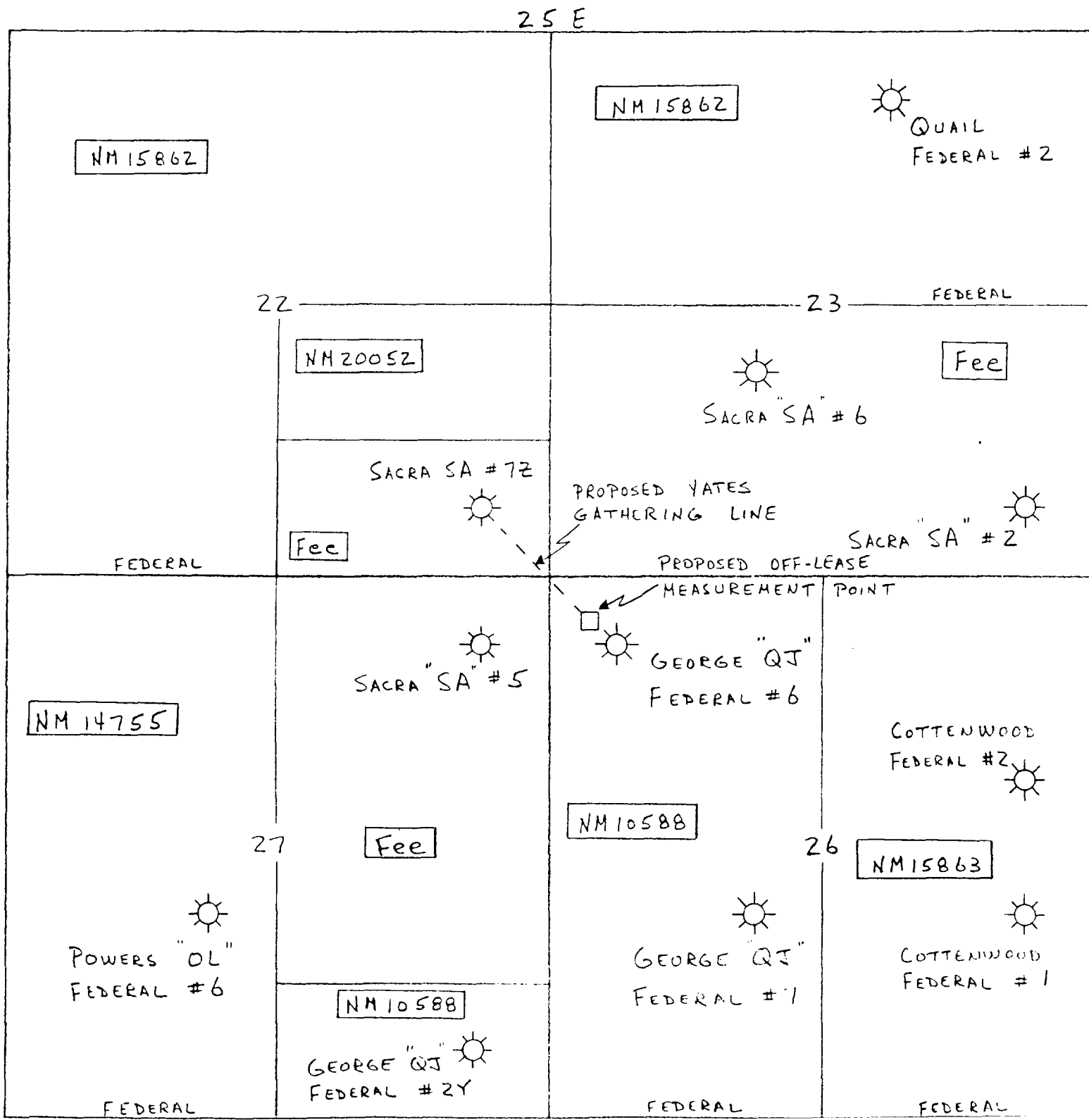
TITLE _____

DATE _____

*See Instructions on Reverse Side

SACRA "SA" #7Z

OFF-LEASE MEASUREMENT



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
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2. NAME OF OPERATOR Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. ADDRESS OF OPERATOR 105 South 4th Street, Artesia, NM 88210		7. UNIT AGREEMENT NAME	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 660S + 660E Sec. 25-7S-24E		8. FARM OR LEASE NAME Wheeler "AEE" Federal	
14. PERMIT NO. API #30-005-62478		9. WELL NO. #1	
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3770.9' GR		10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo	
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 25-7S-24E	
		12. COUNTY OR PARISH Chaves	13. STATE NM

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NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	(Other) <input type="checkbox"/>
(Other) Off Lease Measurement <input checked="" type="checkbox"/>		(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

17. 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

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18. I hereby certify that the foregoing is true and correct

SIGNED Dave Bureau

TITLE Engineering Manager

DATE January 7, 1988

(This space for Federal or State office use)

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

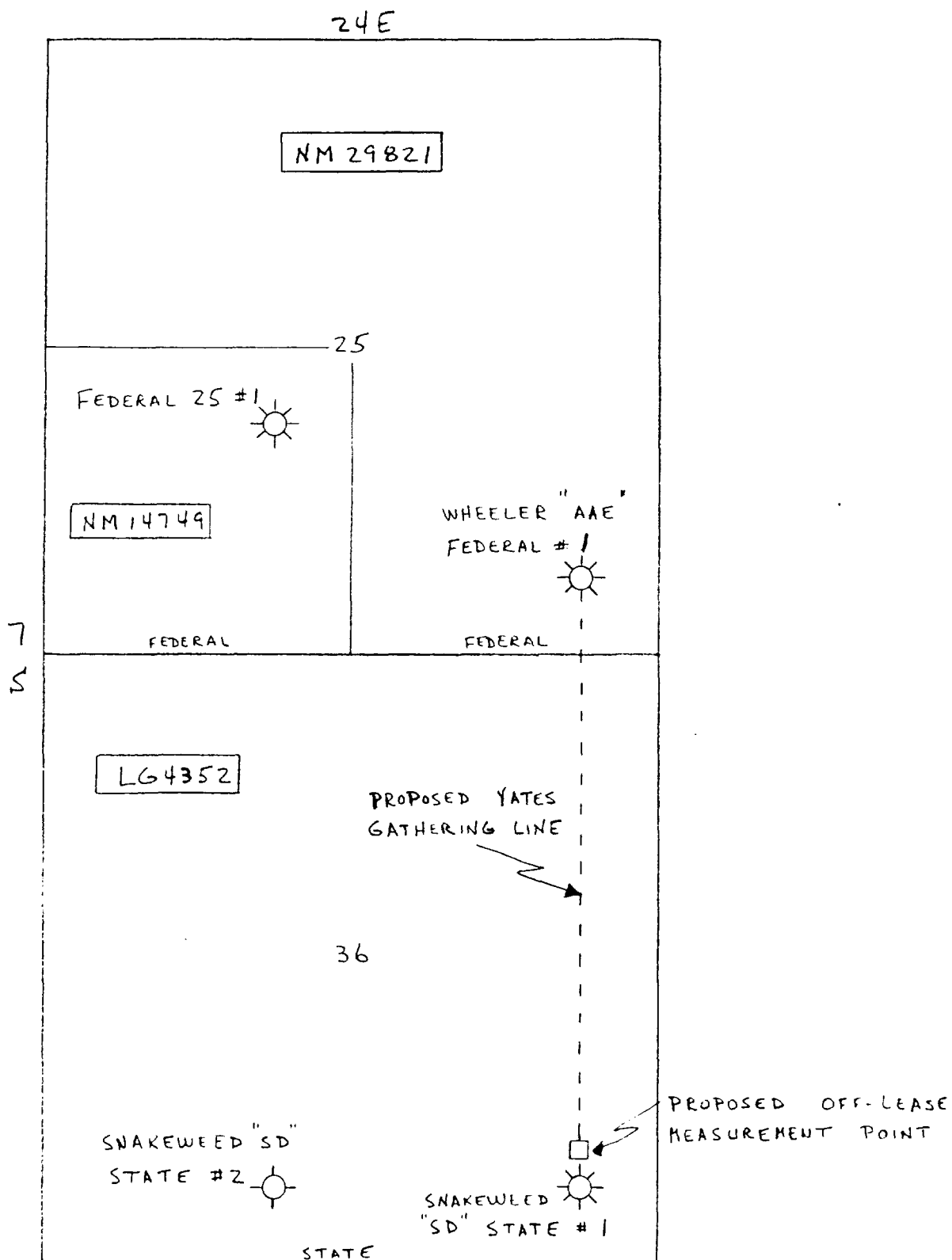
TITLE _____

DATE _____

*See Instructions on Reverse Side

WHEELER "AAE" FEDERAL # 1

OFF - LEASE MEASUREMENT



Form 3160-5
November 1983)
Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. Fed NM 27791	
2. NAME OF OPERATOR Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. ADDRESS OF OPERATOR 105 South 4th Street, Artesia, NM 88210		7. UNIT AGREEMENT NAME	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 660S + 1980E Sec. 15-9S-26E		8. FARM OR LEASE NAME Zane "ABS" Federal	
14. PERMIT NO. API #30-005-62257		9. WELL NO. #1	
15. ELEVATIONS (Show whether DP, RT, GR, etc.) 3775' GR		10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo	
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 15-9S-26E	
		12. COUNTY OR PARISH Chaves	13. STATE NM

16. **Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data**

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐

FRACTURE TREAT ☐

SHOOT OR ACIDIZE ☐

REPAIR WELL ☐

(Other) Off Lease Measurement ☒

PULL OR ALTER CASING ☐

MULTIPLE COMPLETE ☐

ABANDON* ☐

CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐

FRACTURE TREATMENT ☐

SHOOTING OR ACIDIZING ☐

(Other) ☐

REPAIRING WELL ☐

ALTERING CASING ☐

ABANDONMENT* ☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. **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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This request seeks approval for off-lease measurement of natural gas from the subject well. Transwestern Pipeline Company agreed to transport gas from this well if Yates would build a gathering line to deliver the gas to existing Transwestern pipeline facilities. The gas sales meter will be read and maintained by Transwestern, but the meter is located nearby off-lease (see attached map). Yates will maintain the gathering flow lines in a safe condition and will pay royalty due on gas lost to leaks or failures based on preceeding 30-day average rate. Yates will obtain all necessary rights-of-way before installing flow lines. All separation and liquid storage and sales facilities will be located on the originating lease. Yates believes that off-lease measurement is necessary for this well as the only practical way to bring this gas to market with attendant economic benefit to working interest owners, royalty owners and the public through production taxes.

18. I hereby certify that the foregoing is true and correct

SIGNED Dave Boueau

TITLE Engineering Manager

DATE January 7, 1988

(This space for Federal or State office use)

APPROVED BY _____

TITLE _____

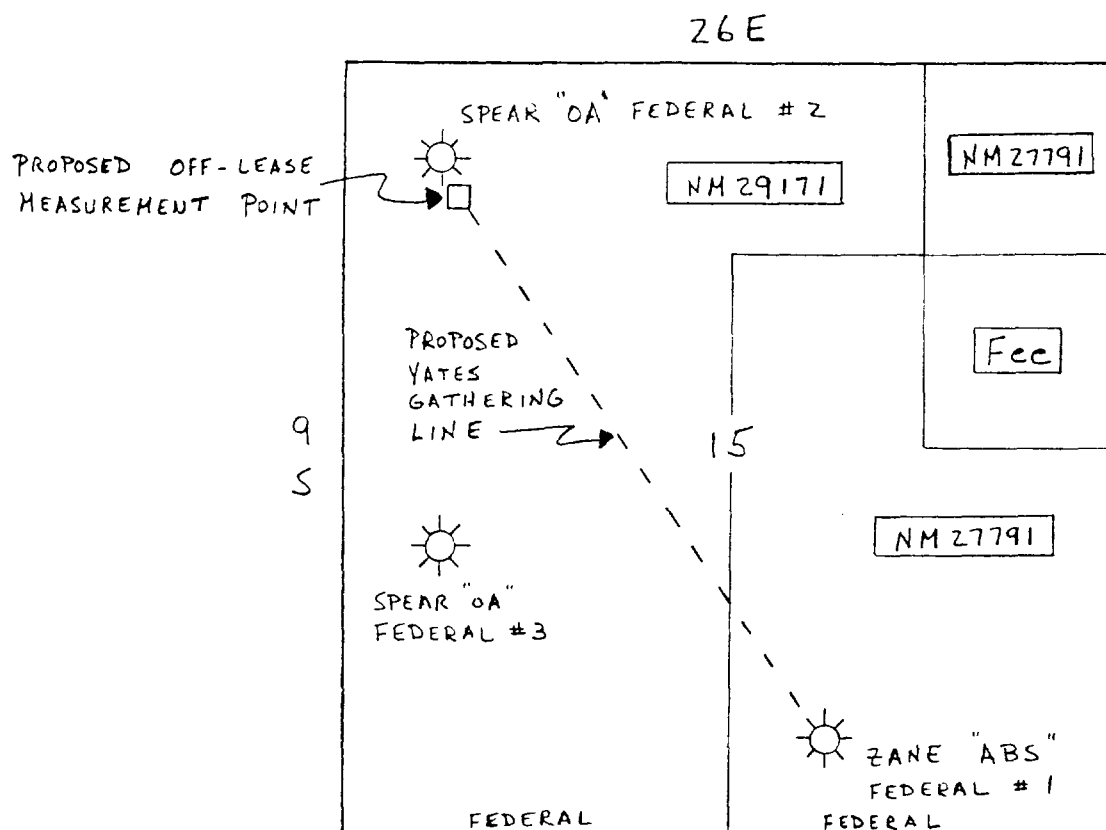
DATE _____

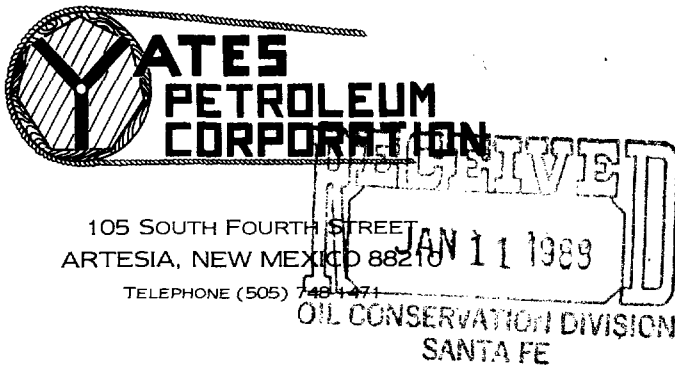
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

ZANE "ABS" FEDERAL # 1

OFF - LEASE MEASUREMENT





105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-4471

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

January 7, 1988

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

ATTN: David Catanach

RE: Off-Lease Measurement

Dear Mr. Catanach:

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

- | | |
|------------------------------|-------------|
| 1. Caudill "RZ" Com #7 | K 17-6S-26E |
| 2. Crosby "TV" Federal #1 | A 15-8S-25E |
| 3. Filaree "AEL" Federal #1 | O 33-8S-26E |
| 4. Huckaby "TJ" Federal #5 | K 19-8S-26E |
| 5. Sacra "SA" #7Z | P 22-6S-25E |
| 6. Sacra "SA" #9 | M 19-6S-26E |
| 7. Sandlewood "AEW" State #1 | N 31-8S-27E |
| 8. Snell "QZ" #1 | C 31-6S-25E |
| 9. Wheeler "AEE" Federal #1 | P 25-7S-24E |
| 10. Zane "ABS" Federal #1 | O 15-9S-26E |

Transwestern Pipeline Company has agreed to transport gas from shutin Yates gas wells provided Yates delivers the gas to existing Transwestern pipeline facilities. Transwestern will install, read and maintain metering equipment for gas sales while Yates will lay gathering lines from the wells to the metering stations. The Transwestern metering stations for the ten wells above are located off-lease. All flow lines will be maintained by Yates in a safe condition and any leaks or failures will be reported to the NMOCD.

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

David Catanach
January 7, 1988

-2-

Exhibit 2 presents details of the plans for off-lease measurement. There is a 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 seven wells where the Federal government owns some or all of the mineral rights. Exhibit 3 contains a copy of the request sent to the BLM office in Roswell.

This request for off-lease measurement approval is based on economic considerations. Some of these wells have been shut in for over four years and have produced no revenue for anyone. Production from the wells obviously benefits the owners of the wells, but the public shares the direct benefits through government royalties and production taxes. Some Pecos Slope Abo wells have produced since 1983 via off-lease measurement with no apparent problems. Off-lease measurement for these wells is a reasonable compromise to help sell some New Mexico gas.

Yates Petroleum Corporation respectfully requests your approval of this application. If additional information is required, please contact me at 748-1471.

Sincerely,

A handwritten signature in cursive script that reads "Dave Boneau".

DAVID F. BONEAU
Engineering Manager

DFB/cvg

Attachments

Exhibit 1

Summary of Basic Data on Wells Requiring Off-Lease Measurement

Well	Spacing Unit		Lease (s)		Completion Date	Potential Mcf/D	Producing Formation	Perforations (Feet)
			In	Spacing Unit				
1. Caudill "RZ" Com #7	SW/4	17-6S-26E	80A Fee 40A KGS 40A Fee		12-29-84	2273	Abo	3754--3972
2. Crosby "IV" Federal #1	NE/4	15-8S-25E	160A NM 27061		1-24-83	877	Abo	3805--4024
3. Pillaree "AEL" Federal #1	SE/4	33-8S-26E	160A NM 29623		4-27-87	2493	Abo	4750--4756
4. Huckaby "TJ" Federal #5	SW/4	19-8S-26E	160A NM 18031		4-19-83	170	Abo	4164--4488
5. Sacra "SA" #7Z	SE/4	22-6S-25E	80A Fee 80A NM 20052		6-30-83	2085	Abo	3651--3706
6. Sacra "SA" #9	SW/4	19-6S-26E	160A Fee		3-29-83	725	Abo	3790-4038
7. Sandlewood "AEW" State #1	SW/4	31-8S-27E	160A LG 4916		11-23-87	784	Penn	6247--6270
8. Snell "QZ" #1	NW/4	31-6S-25E	160A Fee		8-27-84	1648	Abo	3626--3820
9. Wheeler "AEE" Federal #1	SE/4	25-7S-24E	160A NM 29821		5-18-87	1200	Abo	3652--3656
10. Zane "ABS" Federal #1	SE/4	15-9S-26E	160A NM 27791		7-28-86	2461	Abo	4546--4849

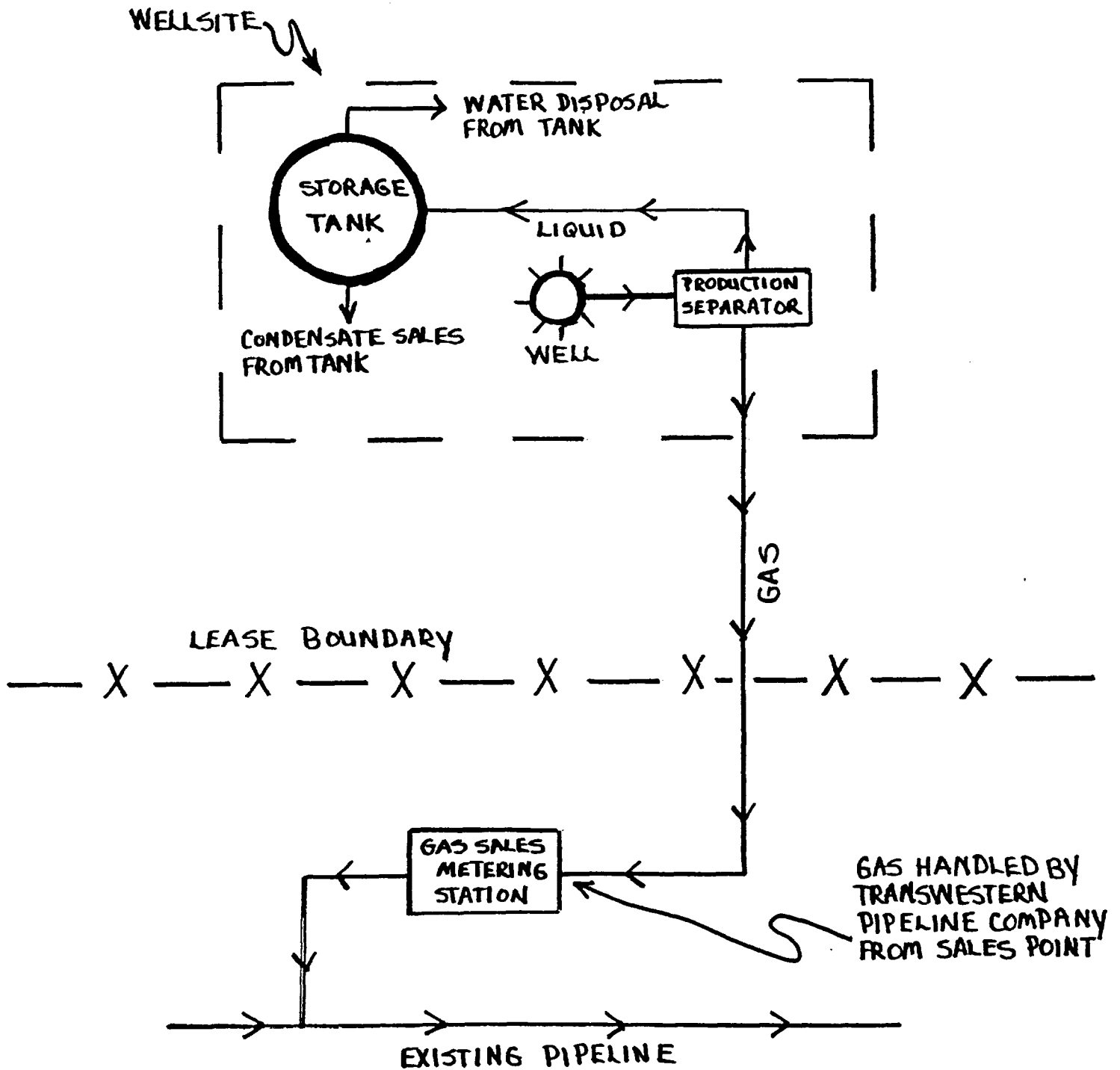
Contents of Exhibit 2

	<u>Page</u>
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 Caudill "RZ" Com #1	2-4
4. Map of Area around Crosby "TV" Federal #1	2-5
5. Map of Area around Filaree "AEL" Federal #1	2-6
6. Map of Area around Huckaby "TF" Federal #5	2-7
7. Map of Area around Sacra "SA" #7Z	2-8
8. Map of Area around Sacra "SA" #9	2-9
9. Map of Area around Sandlewood "AEW" State #1	2-10
10. Map of Area around Snell "QZ" #1	2-11
11. Map of Area around Wheeler "AEE" Federal #1	2-12
12. Map of Area around Zane "ABS" Federal #1	2-13

Summary of Lands Involved in Off-Lease Measurements

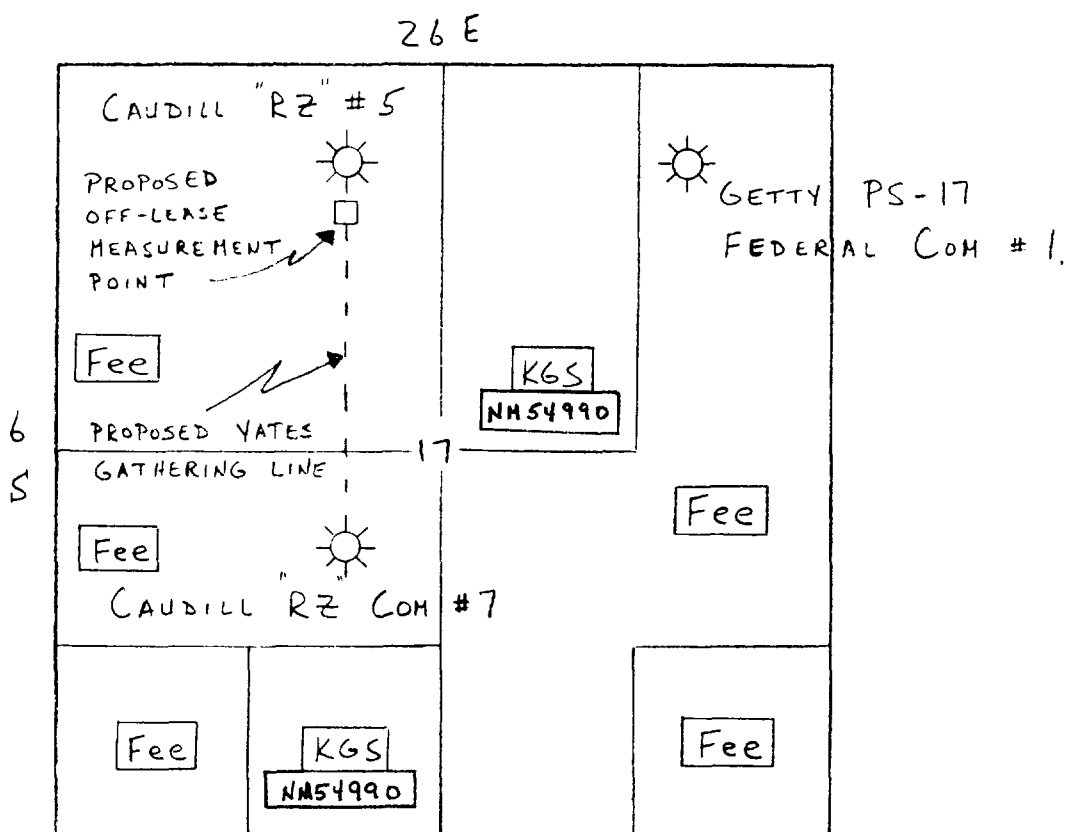
Well	Location	Lease Containing Subject Well	Other Leases in Same 160 Acres	Lease Containing Measurement Point	Other Leases Crossed by Gathering Line
1. Caudill "RZ" Com #7	1980S + 1980W 17-6S-26E	Fee	40A KGS 40A Fee	Fee	None
2. Crosby "TV" Federal #1	660N + 660E 15-8S-25E	Federal NM 27061	None	Federal NM 18483	None
3. Filaree "AEL" Federal #1	660S + 1650E 33-8S-26E	Federal NM 29623	None	Federal NM 16790	Federal NM 29211
4. Huckaby "TJ" Federal #5	1980S + 1980W 19-8S-26E	Federal NM 18031	None	Fee	None
5. Sacra "SA" #7Z	660S + 660E 22-6S-25E	Fee	Federal NM 20052	Federal NM 10588	None
6. Sacra "SA" #9	660S + 660W 19-6S-26E	Fee	None	Federal NM 25473	None
7. Sandlewood "AEW" State #1	660S + 1980W 31-8S-27E	State LG 4916	None	State L 6406	State L 5441
8. Snell "QZ" #1	660N + 1980W 31-6S-25E	Fee	None	Fee	None
9. Wheeler "AEE" Federal #1	660S + 660E 25-7S-24E	Federal NM 29821	None	State LG 4352	None
10. Zane "ABS" Federal #1	660S + 1980E 15-9S-26E	Federal NM 27791	None	Federal NM 29171	None

SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT



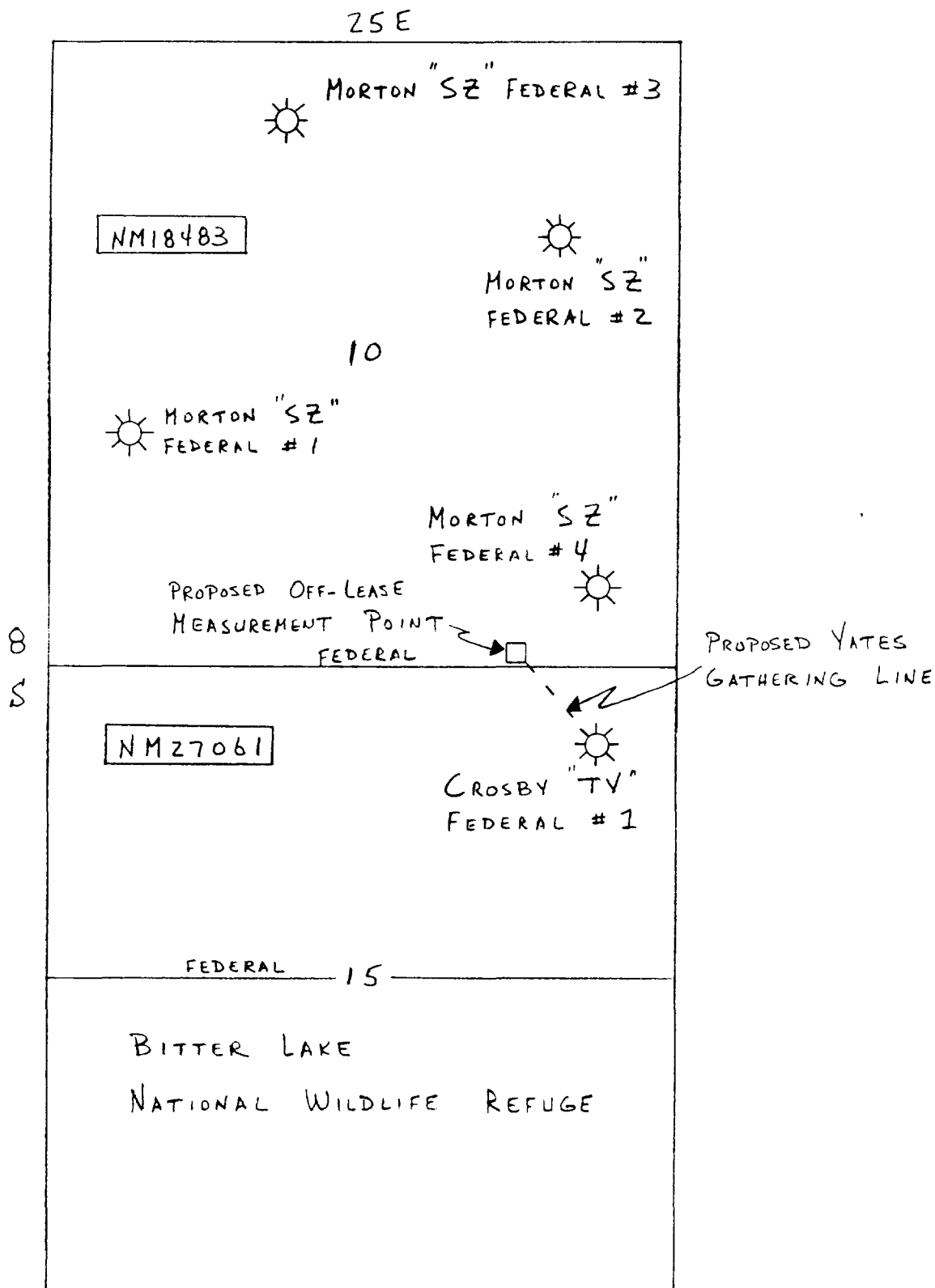
CAUDILL RZ COM #7

OFF-LEASE MEASUREMENT



CROSBY "TV" FEDERAL # 1

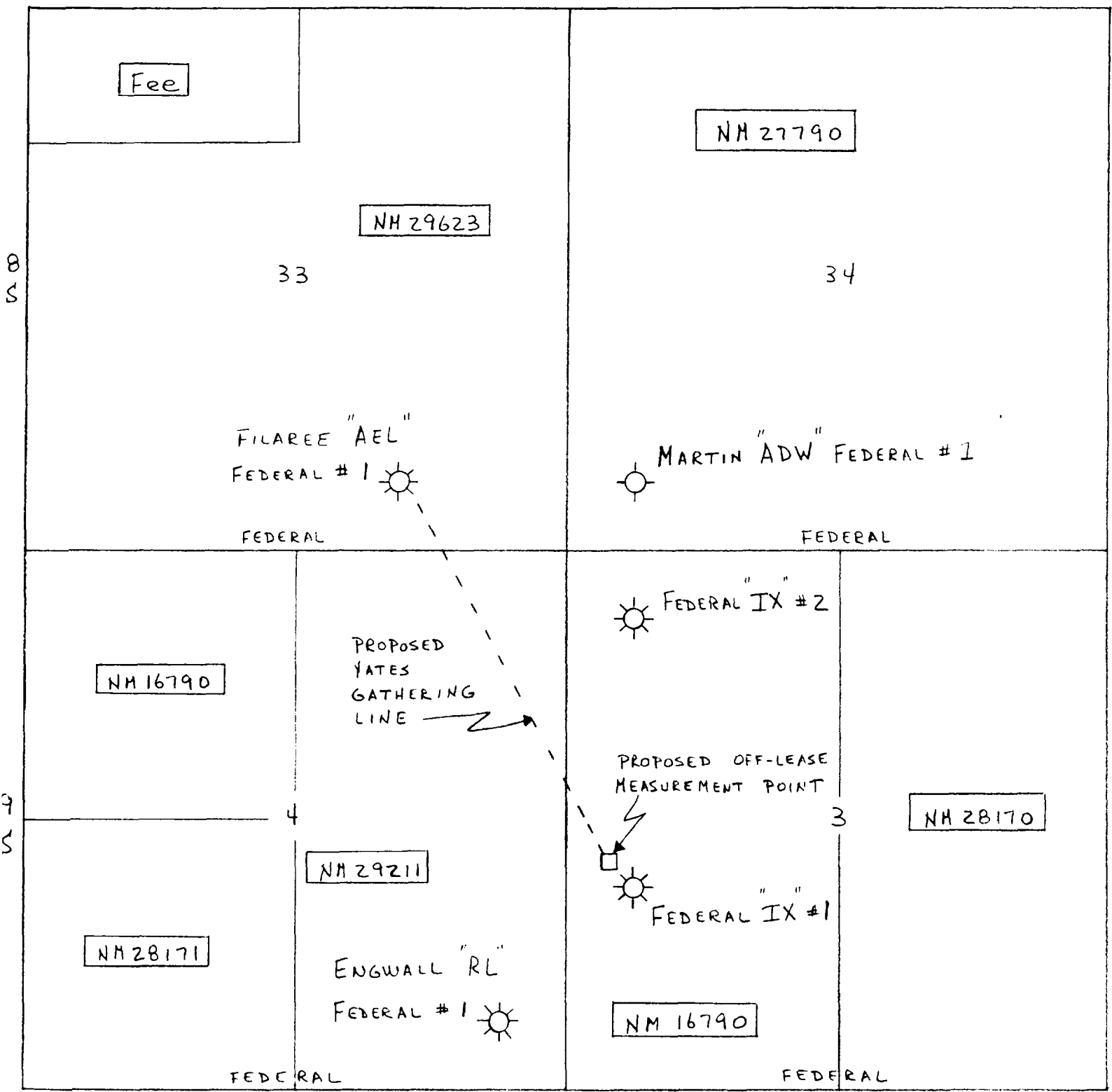
OFF-LEASE MEASUREMENT



FILAREE AEL FEDERAL # 1

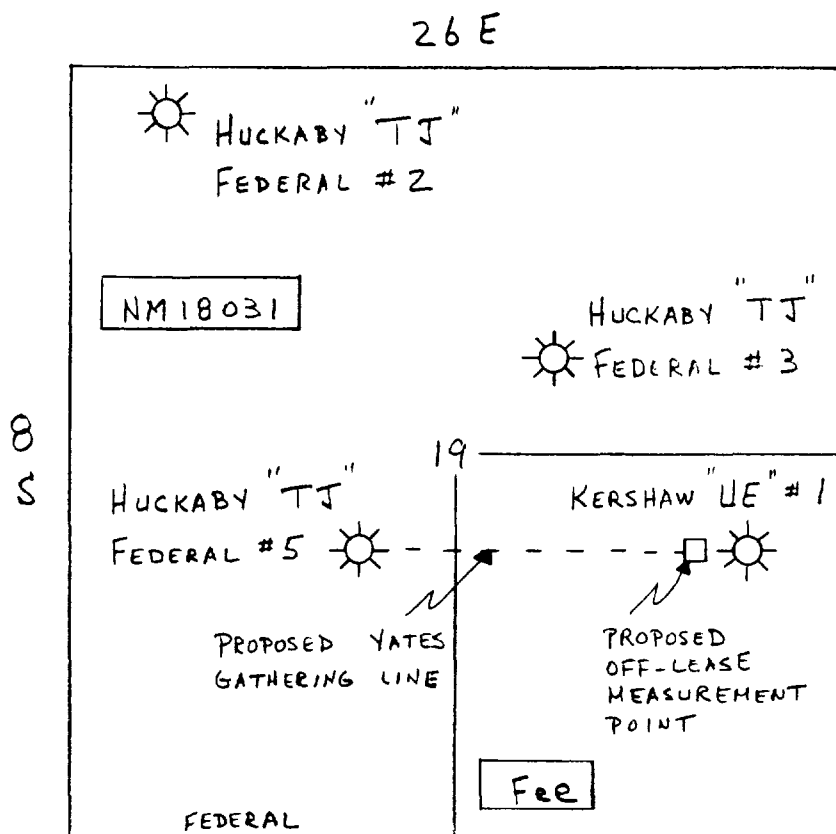
OFF-LEASE MEASUREMENT

26E



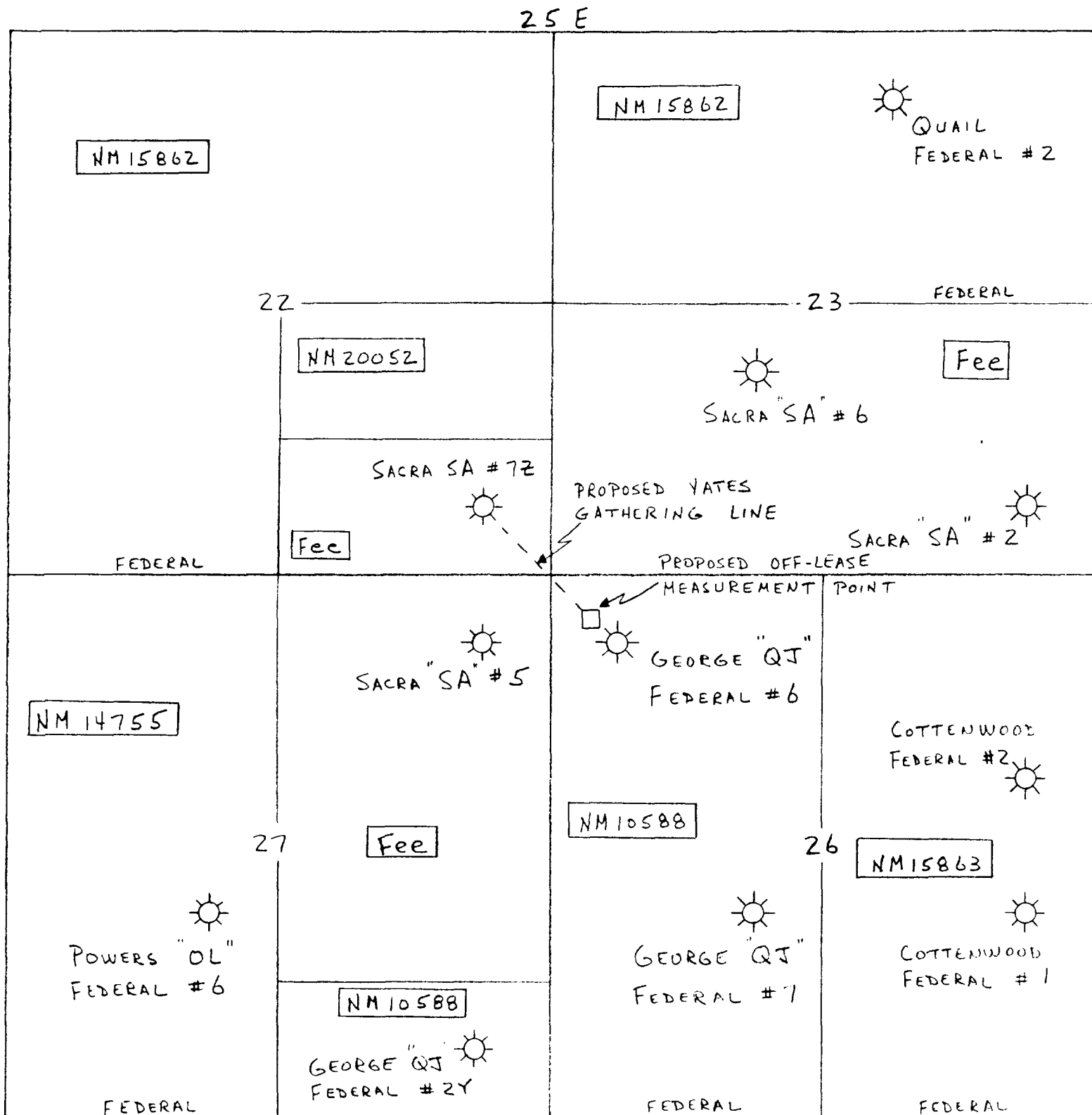
HUCKABY "TJ" FEDERAL #5

OFF-LEASE MEASUREMENT



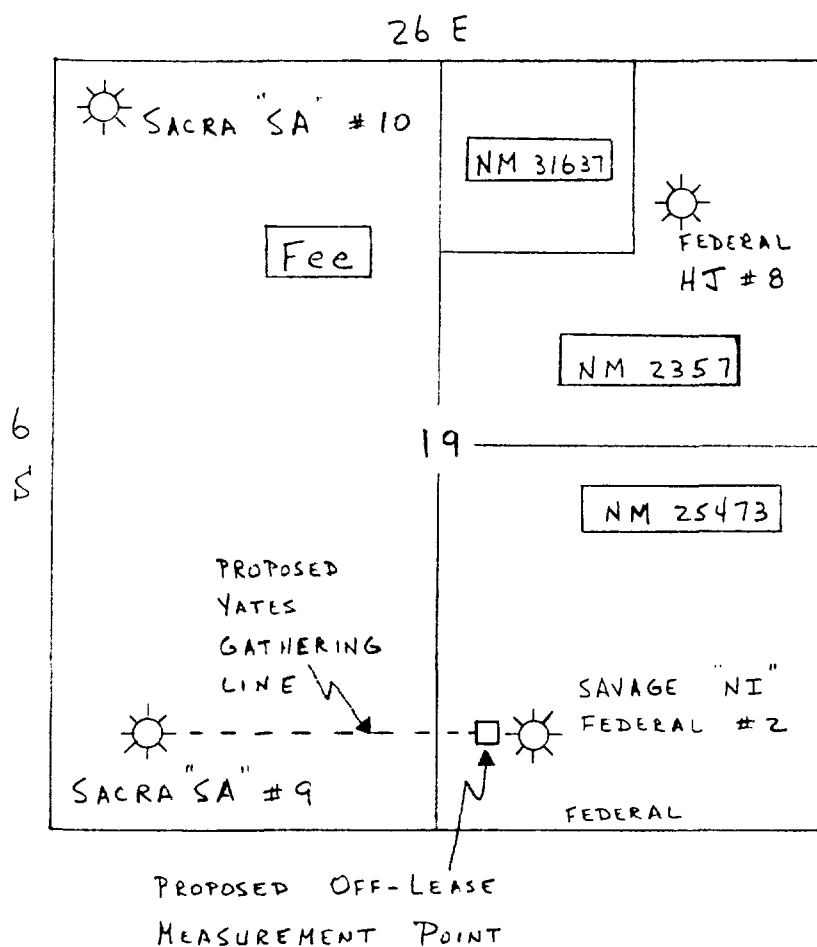
SACRA "SA" #7Z

OFF-LEASE MEASUREMENT



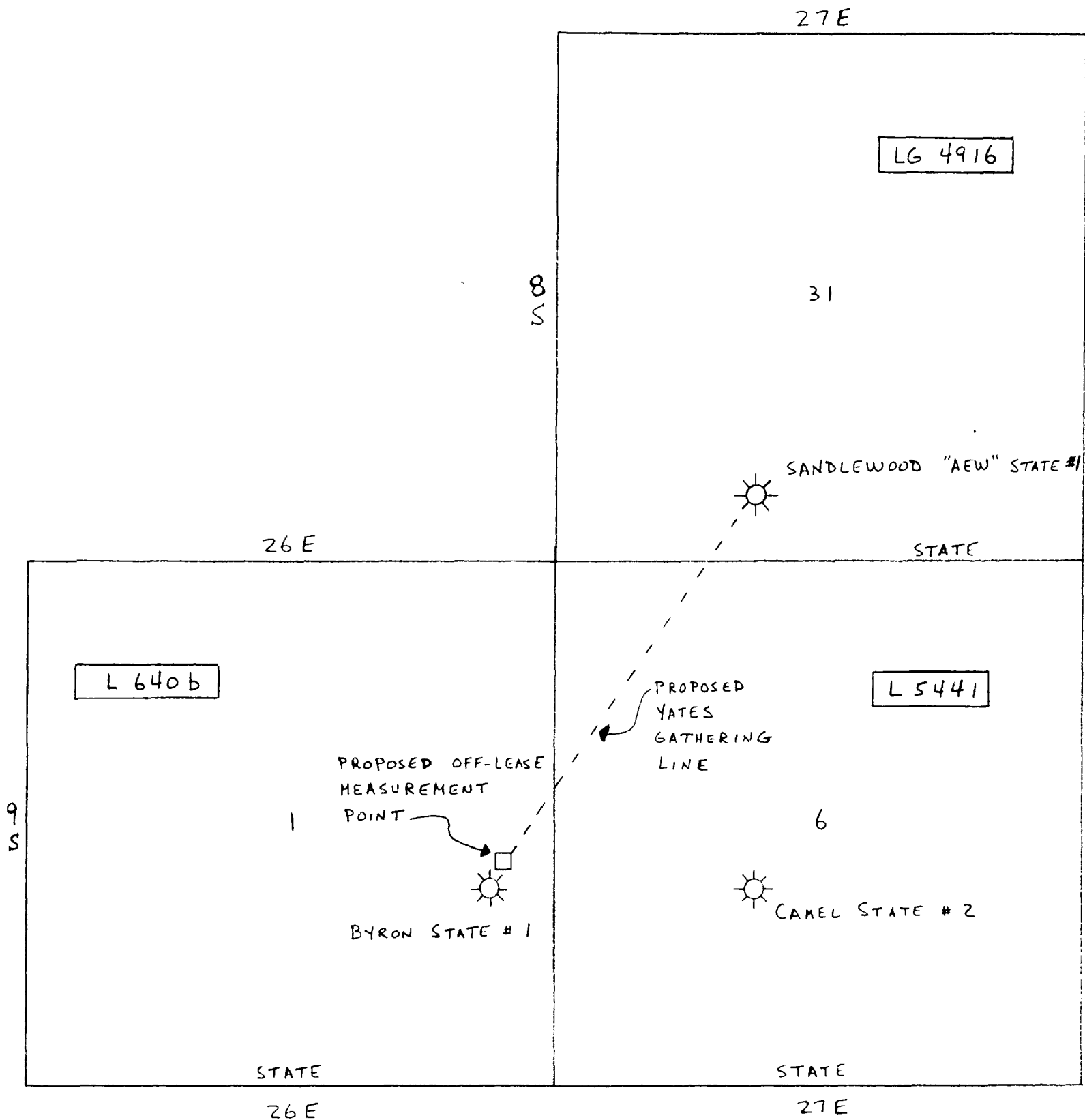
SACRA "SA" #9

OFF-LEASE MEASUREMENT



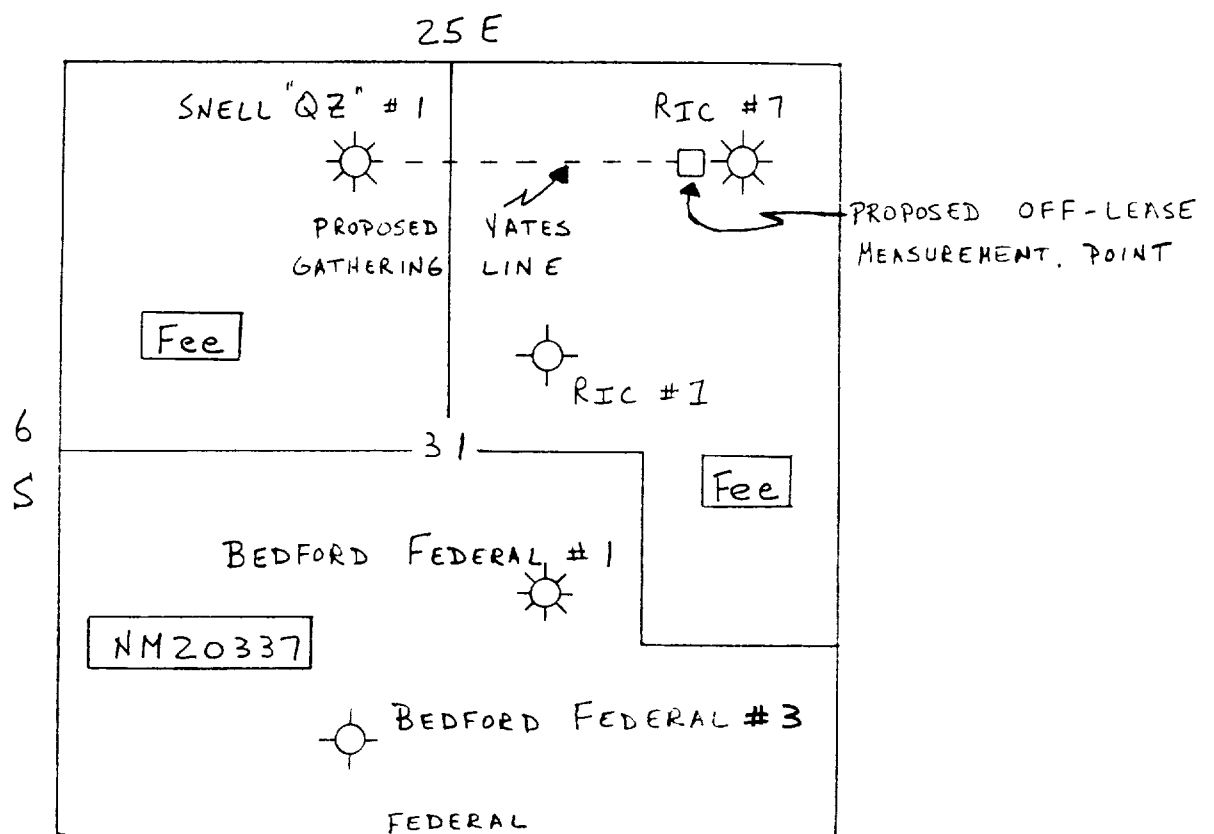
SANDLEWOOD "AEW" STATE # 1

OFF - LEASE MEASUREMENT



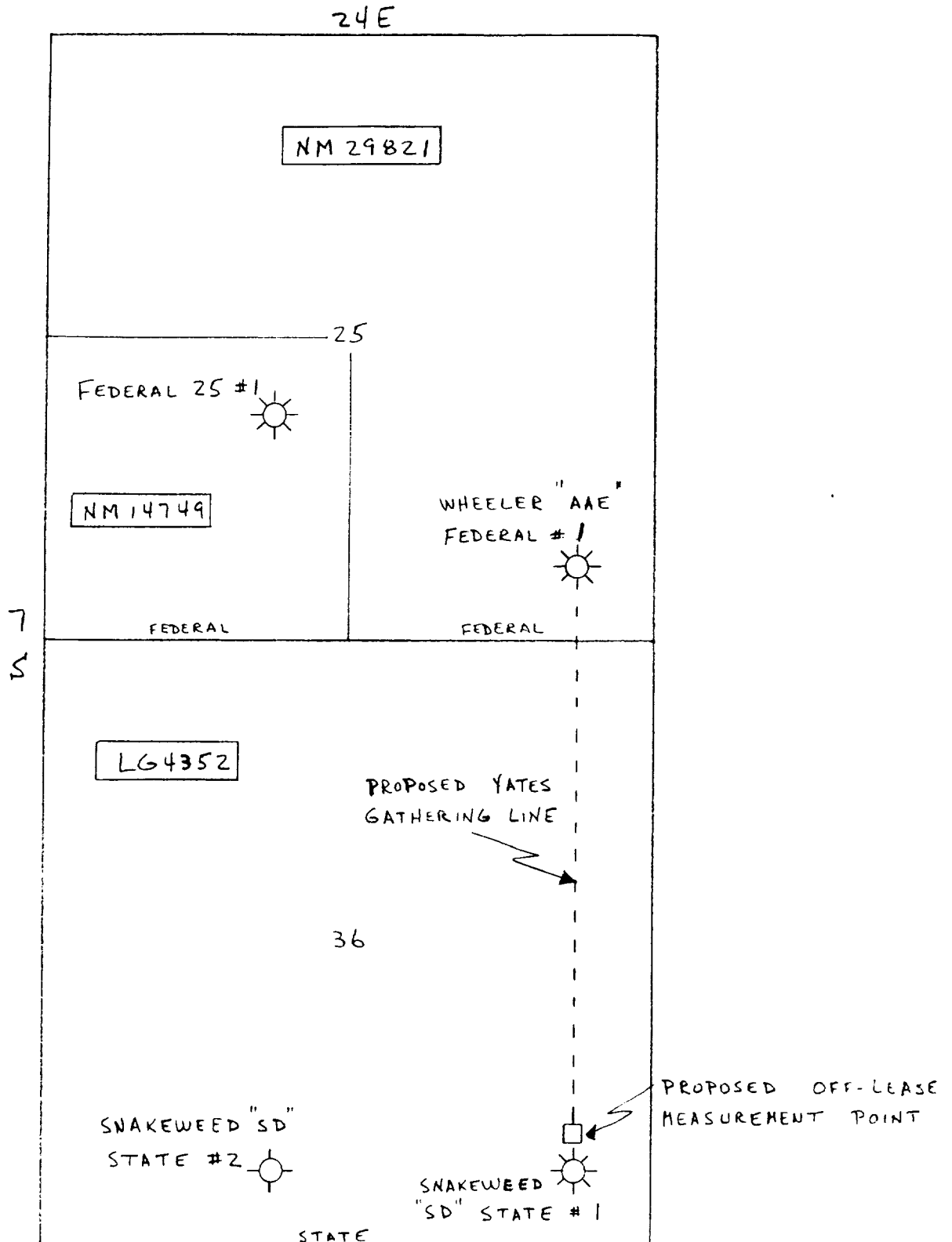
SNELL "QZ" #1

OFF-LEASE MEASUREMENT



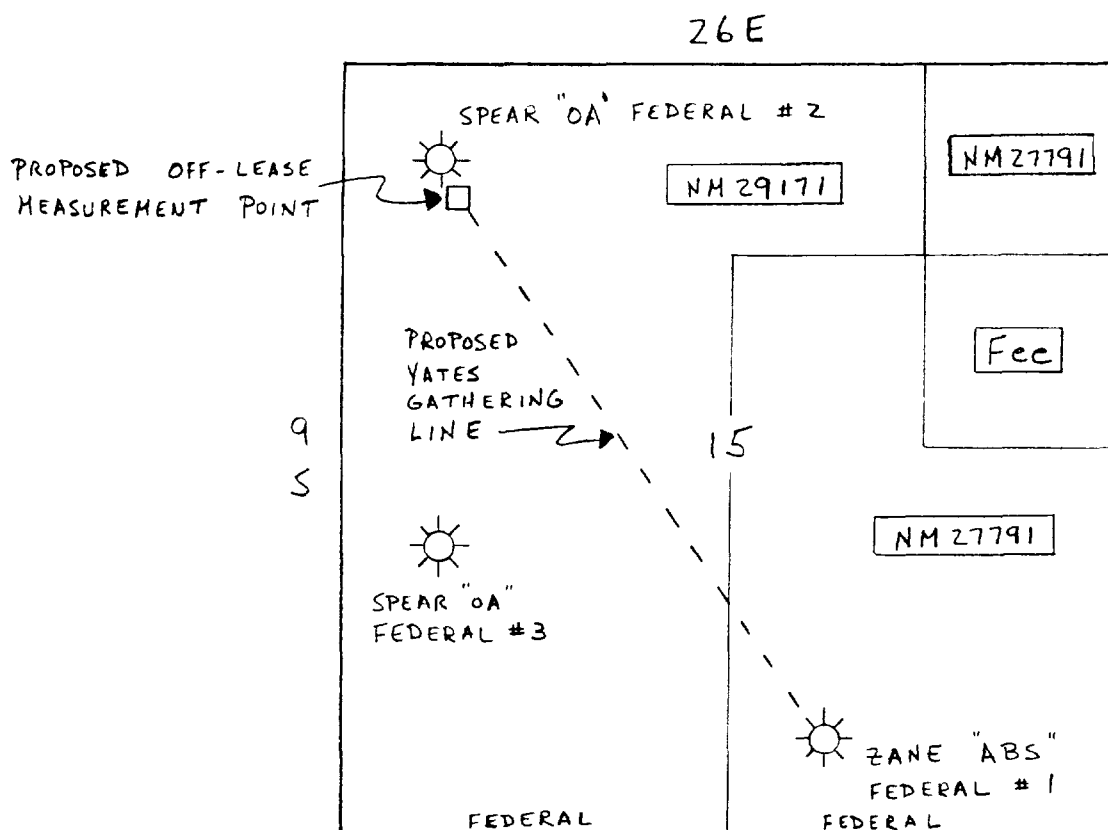
WHEELER "AAE" FEDERAL # 1

OFF-LEASE MEASUREMENT



ZANE "ABS" FEDERAL # 1

OFF - LEASE MEASUREMENT





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

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

File - OLM-7

February 15, 1988

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

ATTN: David Catanach

RE: Off-Lease Measurement

Dear Mr. Catanach:

I enclose for your files a copy of the letter I sent to Floyd Prando of the State Land Office concerning off-lease measurement on the Sandlewood "AEW" State #1 in Unit M of Section 31-8S-27E in Chaves County, New Mexico.

Thank you for helping in this matter.

Sincerely,

Dave Boneau

DAVID F. BONEAU
Engineering Manager

DFB/cvg

Attachment

