



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

June 25, 1984

OFF-LEASE STORAGE ORDER
OLS-148

Yates Petroleum Corp.
207 South Fourth Street
Artesia, NM 88210

Attention: Johnny M. Morgan

As an exception to the requirements of Rule 309-A of the Division Rules and Regulations, and pursuant to the provisions of Rule 309-C, the above-named company is hereby authorized off-lease storage for the Penrose Draw pool production from the following lease:

Lease Name: Bonnie "YM" Lease
Description: Sec. 6, T-18S, R-25E, Eddy County, NM

The aforesaid production is to be transported prior to measurement to its own tank battery to be located in Unit O, Section 26, Township 18 South, Range 25 East on the Babcock "IR" Lease.

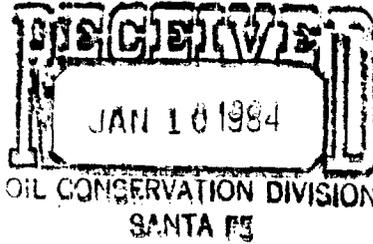
NOTE: This installation shall be operated in accordance with the provisions of Rules 309-A and 309-B of the Division Rules and Regulations, and there shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each of the above leases.

DONE at Santa Fe, New Mexico, on this 25 day of June, 1984.

JOE D. RAMEY, Director



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.

Jan. 9, 1984

Mr. Joe Ramey, Secretary-Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Subject: Off Lease Storage Penasco Draw (Yeso, San Andres) Field.

Dear Sir,

Under provisions of NMOCD Rule 309C, Yates Petroleum Corporation seeks administrative approval for an exception to NMOCD 309A, whereby production from our Bonnie "YM" Lease, located in the SE/4, SW/4, Section 26-T18S-R25E, may be transported by pipeline prior to measurement to an individual tank battery located on our Babcock "IR" lease, located in the SW/4, SE/4, Section 26-T18S-R25E.

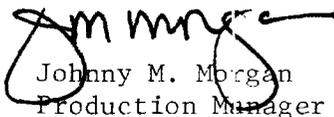
Both leases concerned have only Yeso, San Andres completions with sour crude and gas production.

1. Commingling of production will not result.
2. There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.
3. Yates Petroleum Corporation is the operator for all leases concerned.
4. Ownership Plats of the leases are attached.

This exception is asked for in order to utilize existing water and gas lines and to lessen the environmental impact with respect to safety, fire hazard, noise and air pollution.

Yours Truly,

YATES PETROLEUM CORPORATION


Johnny M. Morgan
Production Manager

Attachments

rjm