

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

OIL CONSERVATION DIVISION  
S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 28, 1992

New Mexico Energy, Minerals &  
Natural Resources Department  
Oil Conservation Division  
State Land Office Building  
P.O. Box 2088  
Santa Fe, NM 87504

*North Dagger Draw  
Upper Perm*

ATTN: Mr. William LeMay  
Director

RE: Ross "EG" Com #1, 3, 4, 6, 7, 8, 10,  
Sec. 19-T19S-R25E

Patriot "AIZ" Com #1  
990'FSL & 660'FWL  
Unit M Sec. 20-T19S-R25E

Voight "AJD" Com. #1  
660'FNL & 660'FWL  
Unit D Sec. 29-T29S-R25E

Surface Commingling  
Lease Commingling  
Off-Lease Storage  
Rule 303-B, 309-B, 309-C  
North Dagger Draw-Upper  
Pennsylvanian Pool  
Eddy County, New Mexico

*T. J. J.*

Dear Mr. LeMay:

Yates Petroleum respectfully requests administrative approval to commingle production from nine wells drilled on two leases into a common tank battery and to permit the production from one lease to be transported prior to measurement to another lease for storage there on. It is proposed to commingle the production from the Patriot AIZ Com #1, the Ross EG Fed Com #1, 3, 4, 6, 7, 8, 10 and the Voight AJD Com. #1 into a common storage facility located on the Ross EG Fed Com #3 location. A map labeled **Attachment I** is enclosed for your information.

The purpose of this off lease storage and surface commingling is to reduce operating costs for storage and treating and thereby extend 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 well. Because working interests and royalty interests are different, each of the well's production will be metered separately prior to surface commingling. The production in all five wells will be from the same producing zone which is the Lower Canyon Dolomite. In accordance with the referenced Rules 303-B, 309-B and 309-C, the following diagrams, maps and well data are submitted for your information.

**Attachment II** - A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities."

**Attachment III** - Plats of the leases showing the wells and the formations in which they are completed or are proposed to be completed.

**Attachment IV** - Notice to lease interest owners of the proposal to commingle production.

**Attachment V** - Oil analysis from Lower Canyon Formation.

**Attachment VI** - Notification to the Bureau of Land Management for proposed off-lease storage.

Yates Petroleum appreciates your cooperation in this matter. If you should need further information please contact me.

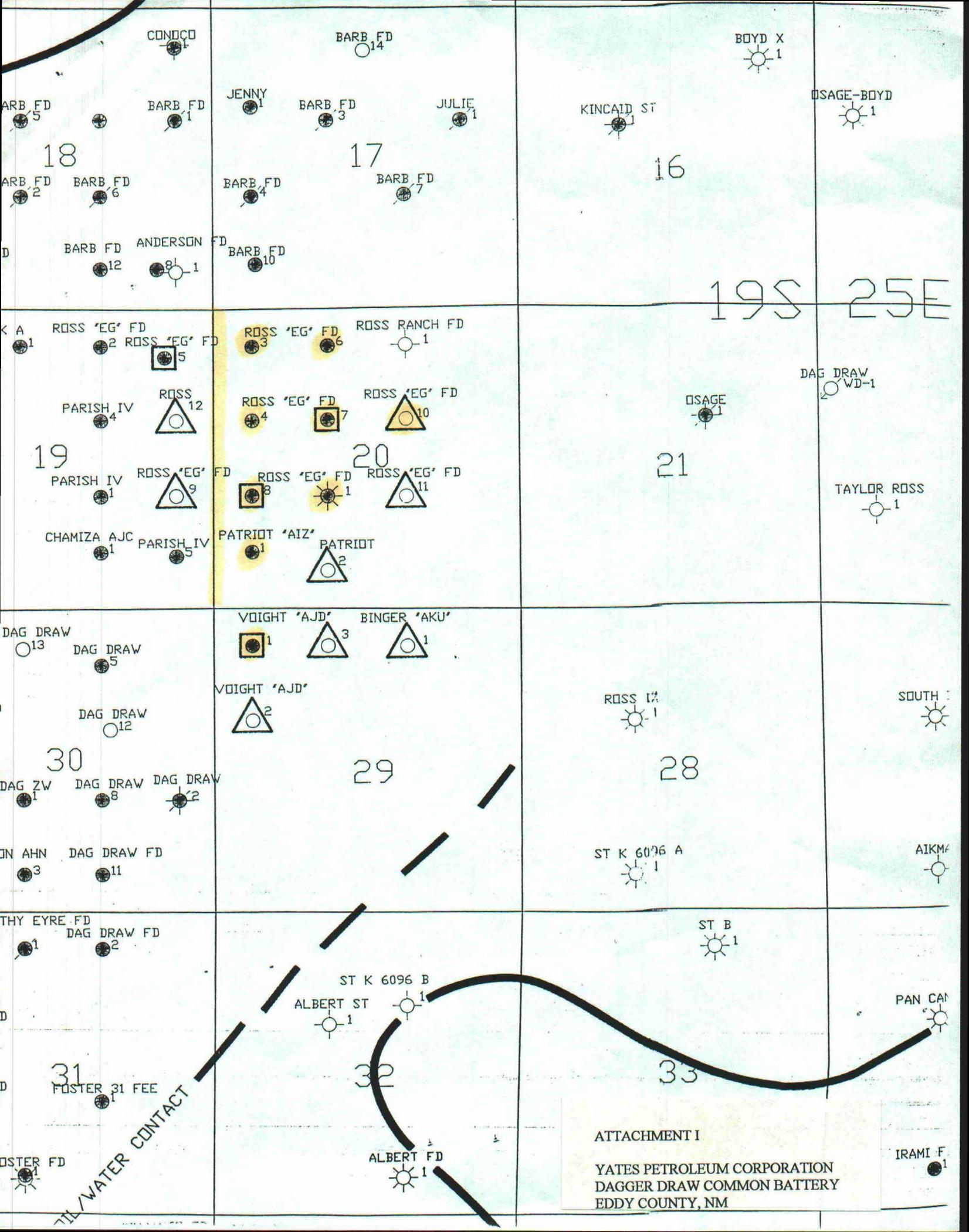
Sincerely,

A handwritten signature in cursive script that reads "Paul Ragsdale".

Paul Ragsdale  
Petroleum Engineer

PR/th

Attachments

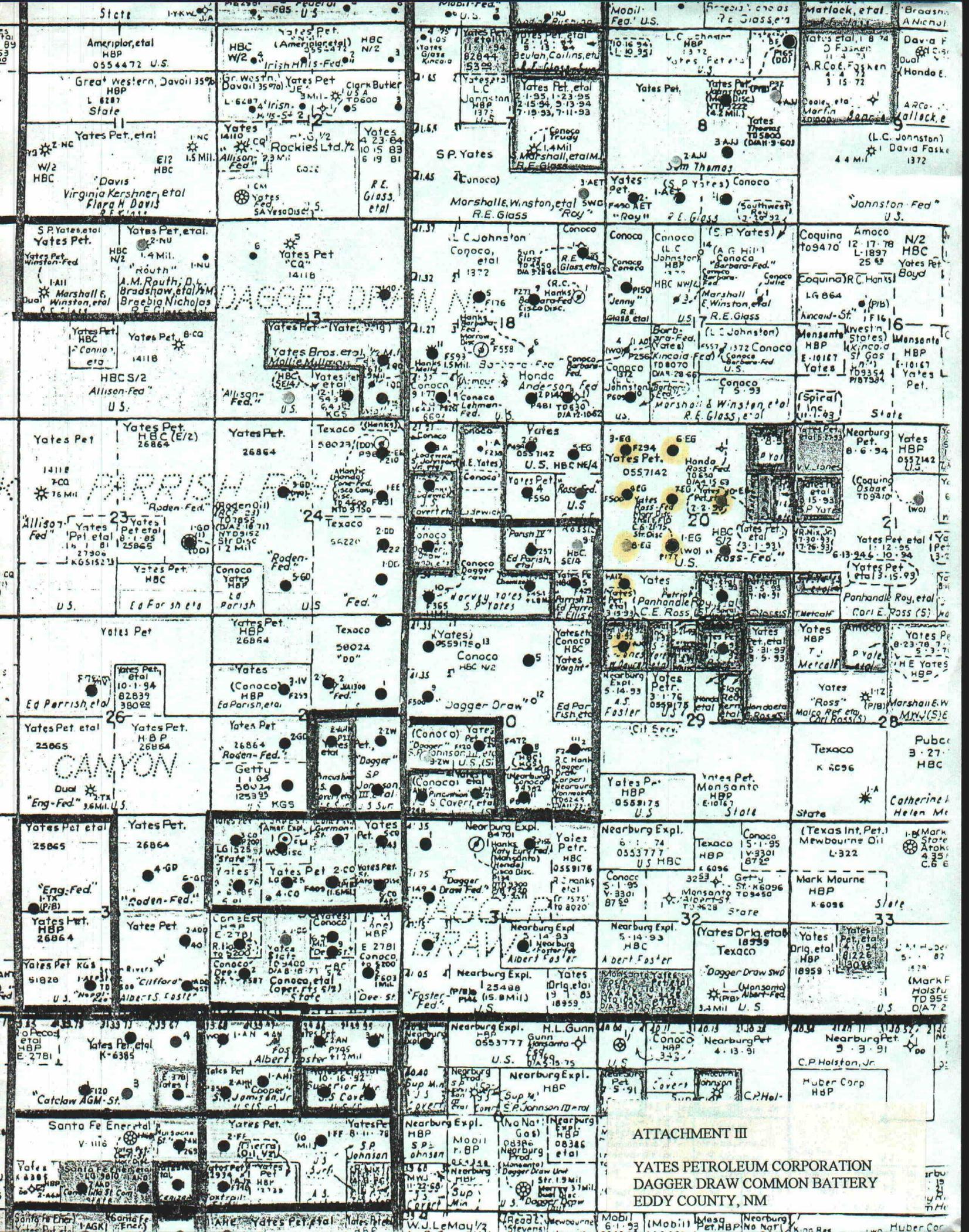


19S 25E

ATTACHMENT I  
 YATES PETROLEUM CORPORATION  
 DAGGER DRAW COMMON BATTERY  
 EDDY COUNTY, NM

TIL/WATER CONTACT

IRAMI F 1



ATTACHMENT III  
 YATES PETROLEUM CORPORATION  
 DAGGER DRAW COMMON BATTERY  
 EDDY COUNTY, NM

**ATTACHMENT IV**

**Copy of Notification of Interest Owners**

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July 28, 1992

Nearburg Producing Company  
1 Petroleum Center Building, Suite 100  
3300 North A Street  
Midland, TX 79705

Dear Interest Owner,

Yates Petroleum is requesting your approval for off-lease storage and surface commingling of production from the following wells:

**Patriot AIZ Com #1**  
**Sec 20-T19S-R25E**  
**990' FSL and 660' FWL**

**Ross EG Fed Com #1, 3, 4, 6, 7, 8, 10**  
**Sec 20-T19S-R25E**

**Voight AJD Com #1**  
**Sec 29-T19S-R25E**  
**660' FNL and 660' FWL**

The purpose of this off-lease storage and surface commingling is to reduce operating costs for storage and treating and thereby extend the economic life of each well. Without approval for utilizing the already existing battery facilities on an adjacent lease, separate facilities would have to be constructed for each of these wells. This would increase operating costs and shorten the economic life of each of the wells.

Because interests for the proposed wells are different from those from the lease where the proposed storage facilities are located, oil from each of the nine wells will be measured by positive displacement, temperature compensated, metering 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.

We would appreciate your returning an approved copy of this letter to us by August 15, 1992 in the enclosed self-addressed envelope. If we do not hear from you by that date, we will assume that you have no objections to our proposal, and will request approval from the Bureau of Land Management and the New Mexico Oil Conservation Division for this proposed off-lease storage and surface commingling.

Yours very truly,

*Paul Ragsdale TH*

Paul Ragsdale  
Petroleum Engineer

PR/th

Enclosure

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July 28, 1992

John Lodewick  
3305 Wentwood  
Dallas, TX 75225

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July 28, 1992

Yates Petroleum Corporation  
105 S. 4th Street  
Artesia, NM 88210

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105 S. 4th Street  
Artesia, NM 88210

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John A. Yates  
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Artesia, NM 88210

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Yates Drilling Company  
105 S. 4th Street  
Artesia, NM 88210

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Myco Industries, Inc.  
105 S. 4th Street  
Artesia, NM 88210

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Paul Ragsdale  
Petroleum Engineer

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July 28, 1992

Panhandle Royalty Corporation  
Suite 210  
5400 N. W. Grand Blvd.  
Oklahoma City, OK 73112

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July 28, 1992

Bank of California Trust #22110430  
550 South Flower Street  
Los Angeles, CA 90017

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Mrs. Frances B. Bunn  
P. O. Box 939  
Los Angeles, CA 90017

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July 28, 1992

Max Coll II  
P. O. Box EE  
Santa Fe, NM 87502

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RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 28, 1992

Elizabeth M. Webster  
Rd. #5 Mountain View  
Princeton, NJ 08540

Dear Interest Owner,

Yates Petroleum is requesting your approval for off-lease storage and surface commingling of production from the following wells:

**Patriot AIZ Com #1  
Sec 20-T19S-R25E  
990' FSL and 660' FWL**

**Ross EG Fed Com #1, 3, 4, 6, 7, 8, 10  
Sec 20-T19S-R25E**

**Voight AJD Com #1  
Sec 29-T19S-R25E  
660' FNL and 660' FWL**

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Yours very truly,

Paul Ragsdale  
Petroleum Engineer

PR/th

Enclosure

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  
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RANDY G. PATTERSON  
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DENNIS G. KINSEY  
TREASURER

July 28, 1992

Patricia Lodewick  
511 Newell  
Dallas, TX 75223

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Petroleum Engineer

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DENNIS G. KINSEY  
TREASURER

July 28, 1992

S. P. Yates  
105 S. 4th Street  
Artesia, NM 88210

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Yours very truly,

A handwritten signature in black ink that reads 'Paul Ragsdale TH'. The signature is written in a cursive style with a distinct 'TH' at the end.

Paul Ragsdale  
Petroleum Engineer

PR/th

Enclosure

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1912 - 1985  
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TREASURER

July 28, 1992

First Roswell Company, Ltd.  
P. O. Box 1797  
Roswell, NM 88201

Dear Interest Owner,

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TREASURER

July 28, 1992

Harvey E. Yates Company  
P. O. Box 1933  
Roswell, NM 88201

Dear Interest Owner,

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Paul Ragsdale  
Petroleum Engineer

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TREASURER

July 28, 1992

Richard B. Lodewick  
2100 W. Wadley #21  
Midland, TX 79705

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Petroleum Engineer

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TREASURER

July 28, 1992

Marathon Oil Company  
P. O. Box 552  
Midland, TX 79702

Dear Interest Owner,

Yates Petroleum is requesting your approval for off-lease storage and surface commingling of production from the following wells:

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DENNIS G. KINSEY  
TREASURER

July 28, 1992

Conoco, Inc.  
P. O. Box 1959  
Midland, TX 79702

Dear Interest Owner,

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TREASURER

July 28, 1992

Bank of California Trust #20450  
550 South Flower Street  
Los Angeles, CA 90017

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Paul Ragsdale  
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July 28, 1992

Ernie Bello  
3325 Ala Akulikuii  
Honolulu, HI 96818

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July 28, 1992

David Goodnow  
230 Ridgefield Rd.  
Wilton, CT 06897

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July 28, 1992

E. G. Holden Testamentary Trust  
2524 Union Street  
San Francisco, CA 94123

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July 28, 1992

Betsy H. Keller  
2524 Union Street  
San Francisco, CA 94123

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DENNIS G. KINSEY  
TREASURER

July 28, 1992

Estate of William Oliver  
c/o Pat Fisher  
P. O. Box 241  
Dallas, TX 75221

Dear Interest Owner,

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Sec 20-T19S-R25E  
990' FSL and 660' FWL**

**Ross EG Fed Com #1, 3, 4, 6, 7, 8, 10  
Sec 20-T19S-R25E**

**Voight AJD Com #1  
Sec 29-T19S-R25E  
660' FNL and 660' FWL**

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Yours very truly,

A handwritten signature in black ink that reads 'Paul Ragsdale TH'. The signature is written in a cursive style with a large 'P' and 'R'.

Paul Ragsdale  
Petroleum Engineer

PR/th

Enclosure

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  
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PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 28, 1992

Dr. Isaac A. Kawasaki  
1232 S. King Street  
Honolulu, HI 96814

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Paul Ragsdale  
Petroleum Engineer

PR/th

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TREASURER

July 28, 1992

Vernon Munroe  
Apt. 8 South  
139 E. 66th Street  
New York, NY 10021

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July 28, 1992

Space Building Corp.  
250 Cape Highway  
Route 44  
East Taunton, MA 02718

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TREASURER

July 28, 1992

Sanford J. Hodge III  
2012 Shell Ave.  
Midland, TX 79705

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July 28, 1992

Charles Cline Moore  
138 Harvard Ave.  
Mill Valley, CA 94941

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July 28, 1992

Adolph P. Schuman  
2701 16th Street  
San Francisco, CA 94104

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July 28, 1992

Jon F. Coll  
P. O. Box 1818  
Roswell, NM 88201

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July 28, 1992

Frederick Van Vranken  
665 5th Ave., 10th Floor  
New York, NY 10022

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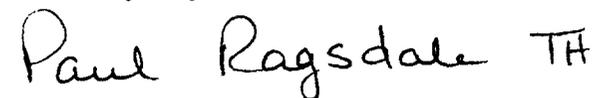
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J. W. Gendron  
2989 Eucalyptus  
Santa Barbara, CA 93108

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July 28, 1992

Bank of California Trust #20651  
550 South Flower Street  
Los Angeles, CA 90017

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July 28, 1992

Marshall & Winston  
P. O. Box 50880  
Midland, TX 79710

Dear Interest Owner,

Yates Petroleum is requesting your approval for off-lease storage and surface commingling of production from the following wells:

**Patriot AIZ Com #1**  
**Sec 20-T19S-R25E**  
**990' FSL and 660' FWL**

**Ross EG Fed Com #1, 3, 4, 6, 7, 8, 10**  
**Sec 20-T19S-R25E**

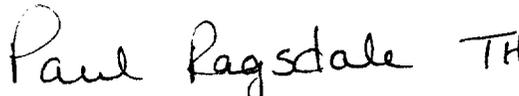
**Voight AJD Com #1**  
**Sec 29-T19S-R25E**  
**660' FNL and 660' FWL**

The purpose of this off-lease storage and surface commingling is to reduce operating costs for storage and treating and thereby extend the economic life of each well. Without approval for utilizing the already existing battery facilities on an adjacent lease, separate facilities would have to be constructed for each of these wells. This would increase operating costs and shorten the economic life of each of the wells.

Because interests for the proposed wells are different from those from the lease where the proposed storage facilities are located, oil from each of the nine wells will be measured by positive displacement, temperature compensated, metering 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.

We would appreciate your returning an approved copy of this letter to us by August 15, 1992 in the enclosed self-addressed envelope. If we do not hear from you by that date, we will assume that you have no objections to our proposal, and will request approval from the Bureau of Land Management and the New Mexico Oil Conservation Division for this proposed off-lease storage and surface commingling.

Yours very truly,

  
Paul Ragsdale  
Petroleum Engineer

PR/th

Enclosure

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

July 28, 1992

Coquina Oil Corporation  
P. O. Box 4554, Dept. 1011  
Houston, TX 72210-4554

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**Patriot AIZ Com #1**  
**Sec 20-T19S-R25E**  
**990' FSL and 660' FWL**

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**Voight AJD Com #1**  
**Sec 29-T19S-R25E**  
**660' FNL and 660' FWL**

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Yours very truly,

Paul Ragsdale  
Petroleum Engineer

PR/th

Enclosure



## CORE LABORATORIES

2001 Commerce Drive  
P.O. Box 4337  
Midland, Texas  
79704  
(805) 694-7760

Page 1 of 17  
File RFLM 90017  
State CO #2

Date Sampled: December 1, 1989

FORMATION CHARACTERISTICS

Formation Name	Canyon
Date First Well Completed	N/A
Original Reservoir Pressure	3010 psig @ 7572 ft.
Original Produced Gas/Liquid Ratio	N/A SCF/Bbl
Production Rate	N/A Bbls/Day
Separator Pressure and Temperature	N/A psig N/A °F.
Liquid Gravity at 60°F.	N/A °API
Datum	N/A ft. Subsea

WELL CHARACTERISTICS

Elevation	3618 ft. KB, 3605 ft. CL
Total Depth	9427 ft. TD 8800 ft. PBDT
Producing Interval	7751-7843 ft.
Tubing Size and Depth	2 7/8 In. to 7699 ft.
Open Flow Potential	409 DOPD, 817 MCFD, 979 BWPD
Last Reservoir Pressure	2000 psig @ N/A ft.
Date	N/A
Reservoir Temperature	130°F. @ 7565 ft.
Status of Well	N/A
Pressure Gauge	N/A

SAMPLING CONDITIONS

Flowing Tubing Pressure	331 psig
Flowing Bottom Hole Pressure	931 psig
Primary Separator Pressure	67 psig
Primary Separator Temperature	100°F.
Secondary Separator Pressure	29 psig
Secondary Separator Temperature	108°F.
Field Stock Tank Liquid Gravity	44.5°API @ 60°F.
Primary Separator Gas Production Rate	709.711 MSCF/Day
Pressure Base	15.025 psia
Temperature Base	60°F.
Compressibility Factor (Fpv)	1.000
Gas Gravity (Laboratory)	0.737
Gas Gravity Factor (Fg)	1.000
Stock Tank Liquid Production Rate @ 60°F.	735.55 Bbls/Day
Primary Separator Gas/Stock Tank Liquid Ratio	965 SCF/Bbl

Sampled by  
REMARKS:

Testeller Inc.

YATES PETROLEUM CORPORATION  
DAGGER DRAW COMMON BATTERY  
EDDY COUNTY, NEW MEXICO

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

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DENNIS G. KINSEY  
TREASURER

ATTACHMENT VI

July 28, 1992

Bureau of Land Management  
P.O. Box 1778  
Carlsbad, NM 88220

ATTN: Mr. Richard Manus  
Area Manager

RE: Ross "EG" Com #1, 3, 4, 6, 7, 8, 10  
Sec. 19-T19S-R25E

Patriot "AIZ" Com #1  
990'FSL & 660'FWL  
Unit M Sec. 20-T19S-R25E

Voight "AJD" Com #1  
660'FNL & 660'FWL  
Unit D Sec. 29-T29S-R25E

Off Lease Storage & Surface Commingling  
North Dagger Draw - Upper Pennsylvanian  
Pool  
Eddy County, New Mexico

Dear Mr. Manus:

Yates Petroleum Corporation formally requests approval to commingle production on the surface from nine wells in the referenced North Dagger Draw Pool which would require off-lease storage and off-lease measurement for two of the wells. A detailed explanation, including maps and diagrams is enclosed for your information.

The proposal is to build a battery on the location of the Ross EG Federal Com #3 located 1980 FSL and 1980 FWL of Section 20, Township 19 South, Range 25 East, (marked in red on Attachment 1), and then commingle the production from the Ross EG Federal Com #1, 3, 4, 6, 7, 8, 10, the Voight AJD Com #1 and the Patriot AIZ Com #1 (marked in blue on Attachment I). Although the production will be commingled into a common battery, each individual well's production will be measured separately by positive displacement, temperature compensated metering equipment prior to commingling. This will ensure that all production from each well will be accounted for equitably. Attachment II is a diagram of the proposed metering facilities and the consolidated tank batteries, and identifies all equipment utilized.

Attachment III is a map showing the lease numbers and location of all leases and wells that will be connected to the proposed off-lease facility. The communitized leases are outlined in red.

This proposal is a result of the continuous development of our leases in the Dagger Draw Pool. The purpose of the off-lease storage and surface commingling is to reduce operating costs and capital costs for

storage and thereby extend the economic life of the well. We anticipate that each of these wells will produce on a daily average basis 200-300 BOPD, 500-600 BWPD and 500-750 MCFD. The oil will be stored in tanks and then sold and pipelined to a refinery, the water will be gathered in the Yates Water Disposal System and eventually be injected into disposal wells, and the gas will be gathered into a gas gathering system and then sold. All of these produced fluids will be metered before commingling. It is anticipated that by commingling production into consolidated battery a savings of \$50,000 per well will be realized.

Therefore, we respectfully request the approval to commingle these wells into a consolidated battery and utilize off-lease storage and measurement. If you need any further information please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Paul Ragsdale". The signature is written in black ink and is positioned above the printed name and title.

Paul Ragsdale  
Petroleum Engineer

PR/th

Attachments

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**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. <p align="center">NM0557142</p>
2. Name of Operator YATES PETROLEUM CORPORATION (505) 748-1471	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 105 South 4th St., Artesia, NM 88210	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 660' FWL of Section 20-T19S-R25E (Unit D)	8. Well Name and No. Ross EG Federal #3
9. API Well No. 30-015-25903	10. Field and Pool, or Exploratory Area North Dagger Draw Upper Penn
11. County or Parish, State Eddy Co., NM	11. County or Parish, State

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent  <input type="checkbox"/> Subsequent Report  <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>Off Lease Storage &amp; measurement &amp; surface commingling</u> <input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>

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

Please see attached form for off-lease storage and measurement and surface commingling for the list of attached wells.

The battery is located at the Ross EG Federal #3 location.

Please see map and site facility diagram.

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

Signed Rusty Klein Title Production Clerk Date Jan. 12, 1994

(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.