

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

January 14, 1994

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

ATTENTION: Mr. William LeMay
Director

RE: Surface Commingling, Lease Commingling
and Off-Lease Storage
South Dagger Draw Upper Penn Pool
Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation respectfully requests administrative approval to commingle production from several wells into a common tank battery and to permit production from each well to be transported prior to measurement to another well for storage thereon. It is proposed to add the following well to existing Order Number CTB-359:

Hillview AHE Federal Com #12
1980' FSL and 660' FEL
Section 23-T20S-R24E
Eddy County, New Mexico
SCR 70 (A)

The production from the well will be commingled into a common storage facility located on the Hillview AHE Federal Com #2 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 for the proposed wells are different from the well where the proposed storage facilities are located, oil from each of the 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. The production in the wells will be from the same producing zone which is the Canyon.

In accordance with the Oil Conservation Division's Rules 303-B, 309-B and 309-C, the following diagrams and maps 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".

Off-Lease Storage, Etc.:
Page 2
January 14, 1994

Attachment III Notification of working interest owners of the proposal to commingle production.

Attachment IV Notification to the Bureau of Land Management.

Yates Petroleum Corporation appreciates your cooperation in this matter. If you should have any questions or need further information, please give me a call at 505-748-1471.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Rusty Klein".

Rusty Klein
Production Clerk

RK/pbs

Attachments

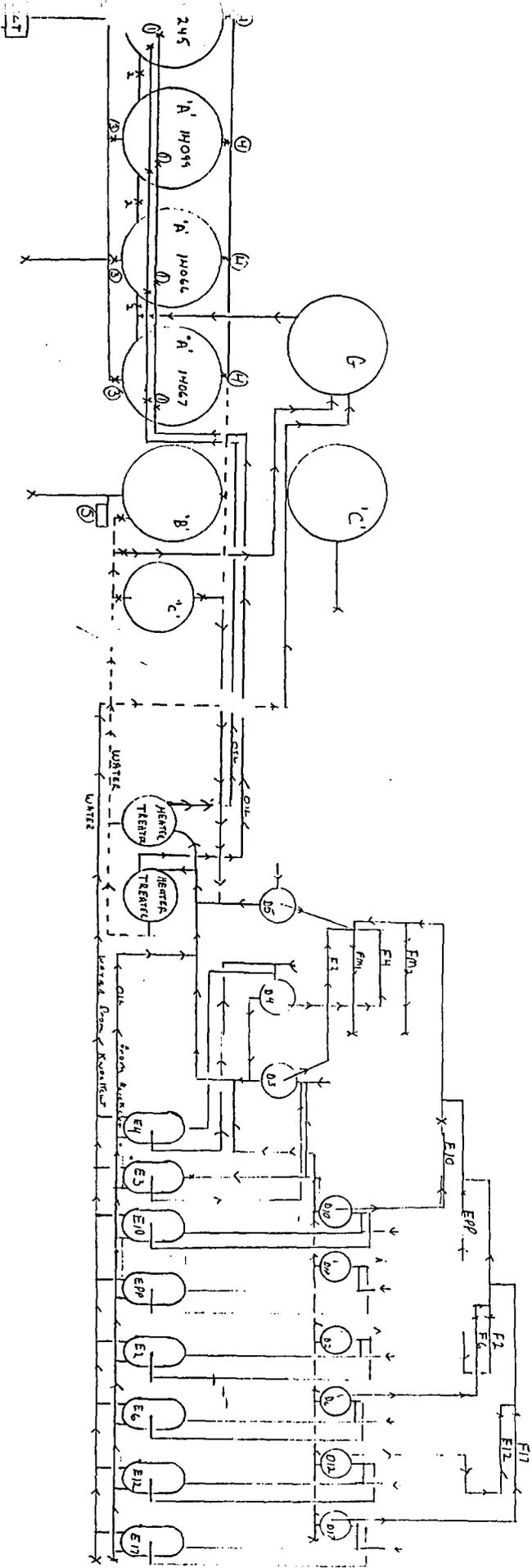
HILLVIEW RHE FLD COM #2 TANK BATTERY

LEASE NO. SCR # 70

LEGAL DESCR: SEC 23 T205 R24E

COUNTY EDDY NM

VATES Petro Corp



Hillview AHE Fed Com #2 TANK BATTERY

- ① OIL FILL LINES sealed during sales
- ② OIL Equalizer LINES sealed closed during sales
- ③ OIL SALES LINES sealed closed except during sales
- ④ EMERGENCY Drains sealed closed
- ⑤ WATER TO An APPROVED disposal system

A 500 BBL OIL STORAGE

B 500 BBL WATER STORAGE

C 210 BBL BS&W STORAGE

G 750 BBL Gun Barrel

| | | |
|-------------------------------|-----|-----------------------|
| D2 Hillview #2 Separator | FM1 | MAIN METER #1 CDP |
| D3 Hillview #3 " " | FM2 | MAIN METER #2 CDP |
| D4 Hillview #4 " " | F2 | Hillview #2 METER ROW |
| D5 Hillview 5 " " | F3 | Hillview #3 " |
| D6 Hillview 6 " " | F4 | Hillview #4 " |
| D10 Hillview 10 " " | F6 | Hillview #6 " |
| D12 Hillview 12 " " | F10 | Hillview #10 " |
| D17 Hillview 17 " " | F12 | Hillview 12 " |
| DPP Prickly Pear " " | F17 | Hillview 17 " |
| E2 Hillview #2 WATER Knockout | FPP | Prickly Pear " |
| E3 Hillview #3 " | | |
| E4 Hillview #4 " | | |
| E6 Hillview #6 " | | |
| E10 Hillview 10 " " | | |
| E12 Hillview 12 " | | |
| E17 Hillview 17 " | | |
| EPP Prickly Pear " | | |

ATTACHMENT III

INTEREST OWNERS
Hillview AHE Fed Com #2 Battery

Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

~~Minerals Management Service~~
~~P. O. Drawer 1857~~
~~Roswell, NM 88201~~

Myco Industries, Inc.
P. O. Box 840
Artesia, NM 88211-0840

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

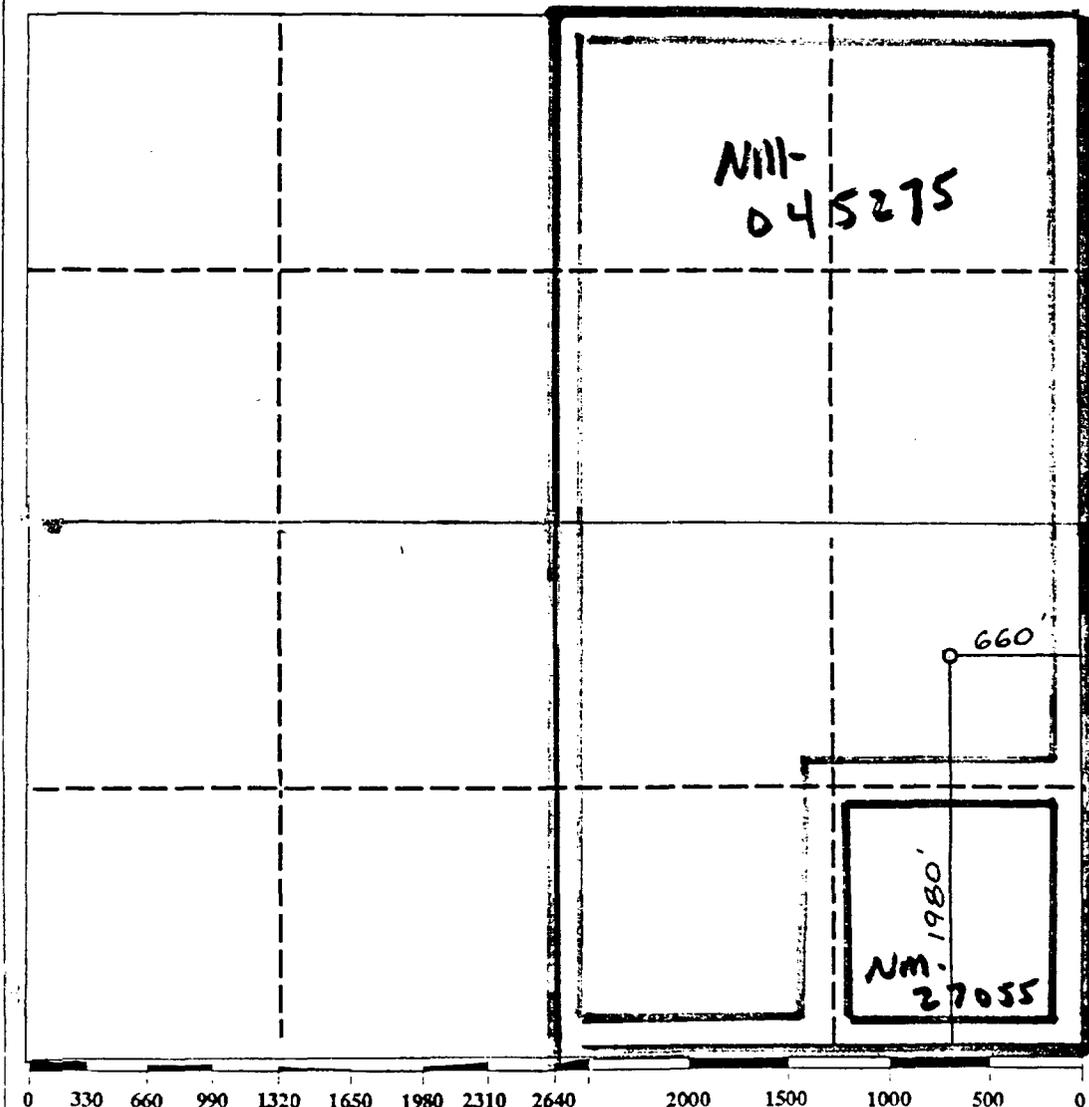
DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------|---------------------------------------------|----------------------------------------|-----------------------|
| Operator YATES PETROLEUM CORPORATION | | | Lease HILLVIEW AHE FEDERAL COM | | Well No. 12 |
| Unit Letter I | Section 23 | Township 20 SOUTH | Range 24 EAST | County EDDY COUNTY, NM | |
| Actual Footage Location of Well: 1980 feet from the SOUTH line and 660 feet from the EAST line | | | | | |
| Ground level Elev. 3630. | Producing Formation Cisco Canyon | | Pool South Dagger Draw Upper Penn | Dedicated Acreage: 320 Acres | |
| <p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation <u>Communitization</u></p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p> | | | | | |



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*
 Printed Name: **KEN BEARDEN**
 Position: **LANDMAN**
 Company: **Yates Pet. Corp.**
 Date: **2-27-92**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **FEBRUARY 28, 1992**

Signature & Seal of Professional Surveyor: *[Signature]*

REGISTERED PROFESSIONAL ENGINEER
 NEW MEXICO
 5412
 NM PE&PS NO. 5412

| | | | | |
|-----------------------------------|----------------------|-------------------------------|-------------------------|---------------------------------|
| Operator Roger C. Hanks | | Lease Penny-Federal | | Well No. O. C. C. # 1 |
| Unit Letter N | Section 23 | Township 20 South | Range 24 East | County Eddy |

Actual Footage Location of Well:

| | | | | |
|-----------------------------------|--------------------------------------------|-------------------------------------------------------------|----------------------------------|------|
| 660 | feet from the South | line and 1980 | feet from the West | line |
| Ground Level Elev. 3682 | Producing Formation Cisco Canyon | Pool South Dagger Draw-Upper Pennsylvanian Assoc. | Dedicated Acreage: 320 | |

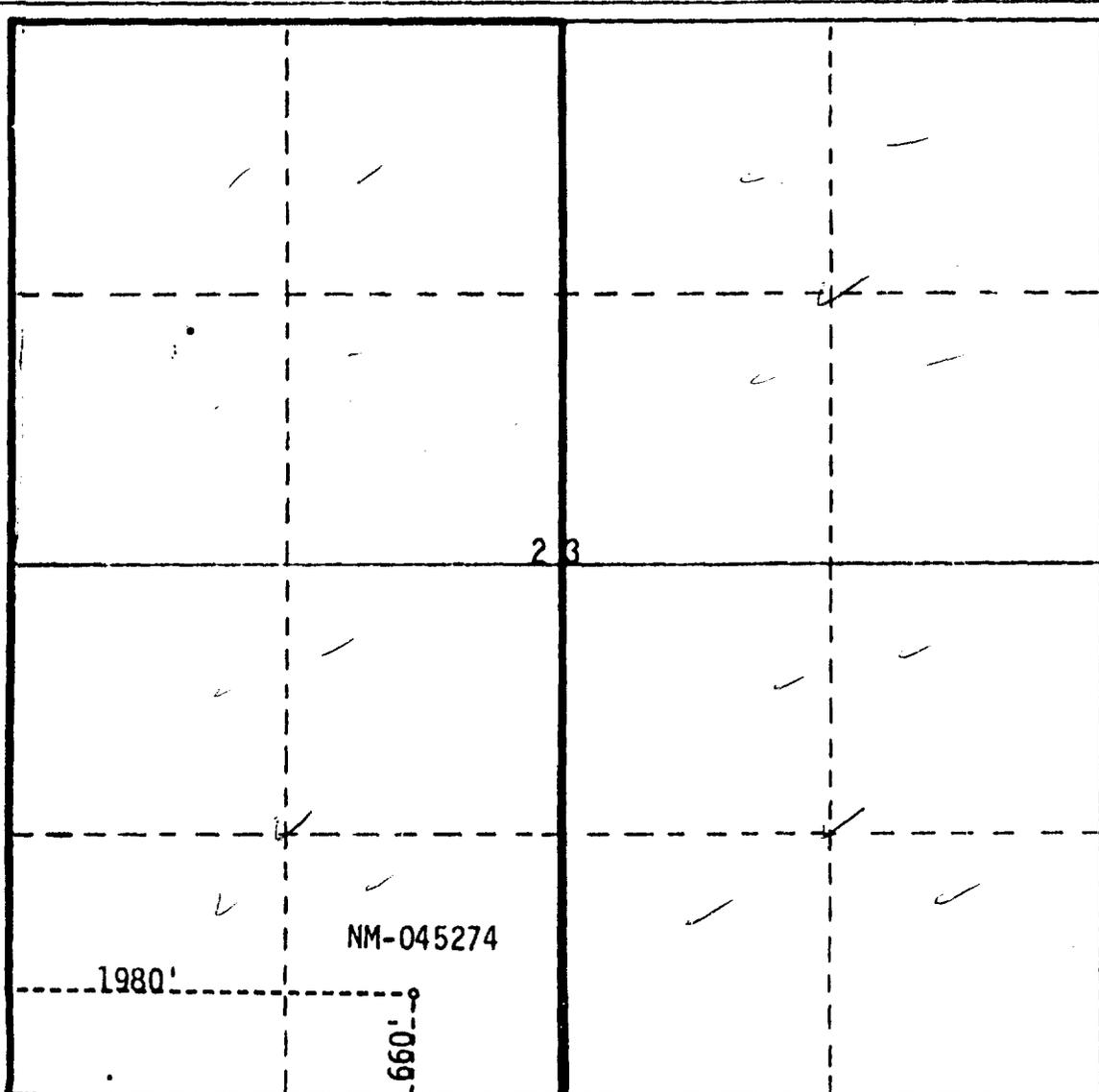
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to work interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

R-24-E



CERTIFICATION

I hereby certify that the information furnished herein is true and complete to the best of my knowledge and belief.

Name
Ronald W. ...

Position
Production Clerk

Company
Roger C. Hanks

Date
October 1, 1973

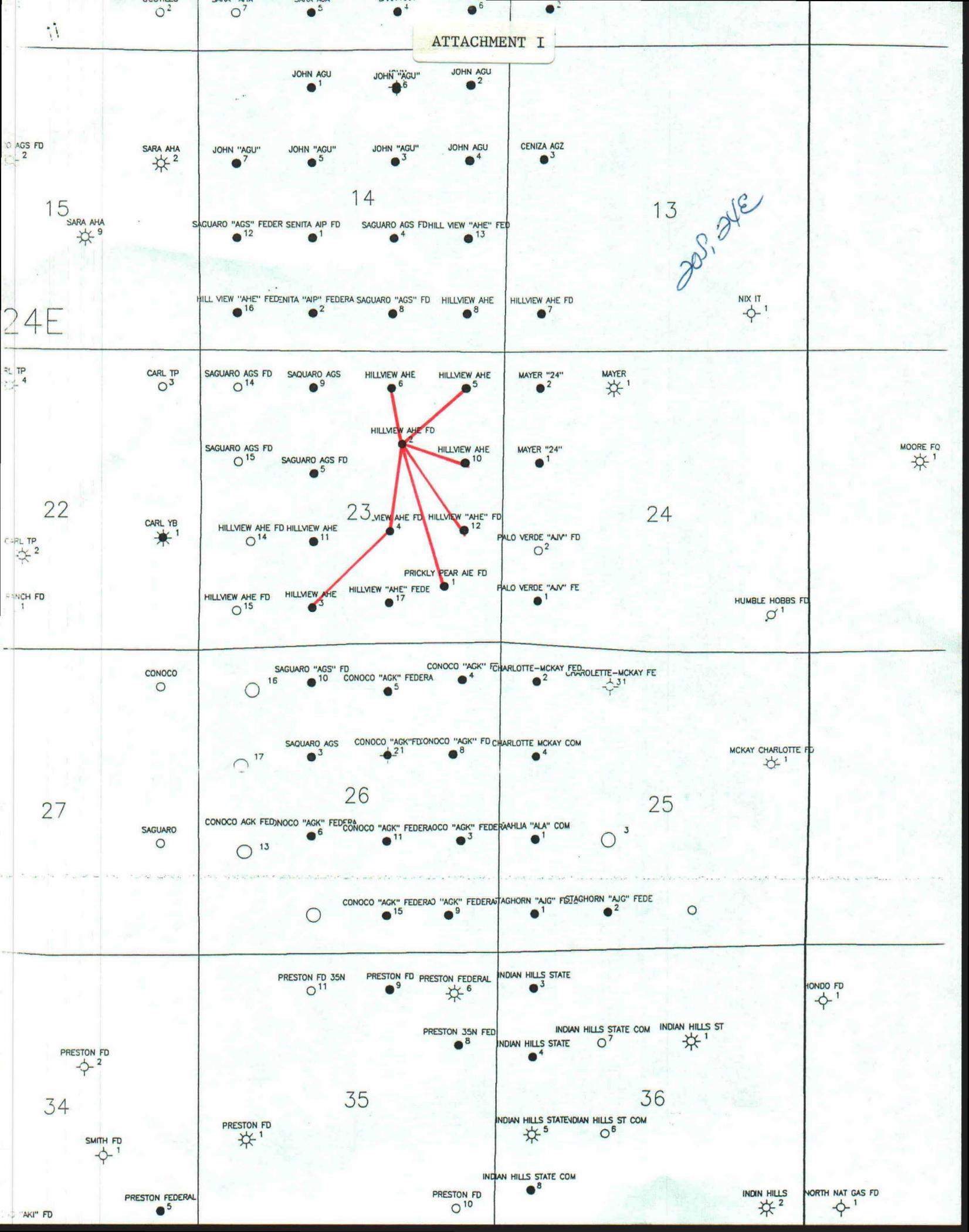
I hereby certify that the well location shown on this plat was plotted from notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

ATTACHMENT I



ake, see

14

13

15

24E

23

24

22

27

25

26

34

36

35

AKI FD

PRESTON FEDERAL 5

PRESTON FD 10

INDIAN HILLS STATE COM 8

INDIAN HILLS STATE 5

INDIAN HILLS STATE 4

INDIAN HILLS STATE 3

NORTH NAT GAS FD 1

INDIAN HILLS 2

HONDO FD 1

MCKAY CHARLOTTE FD 1

PALO VERDE "AJV" FE 1

HUMBLE HOBBS FD 1

MOORE FQ 1

NIX IT 1

HILLVIEW AHE FD 7

HILLVIEW AHE 8

SAGUARO "AGS" FD 8

FEDERITA "AIP" 2

HILL VIEW "AHE" 16

MAYER "24" 1

MAYER "24" 1

PALO VERDE "AJV" FD 2

HILLVIEW AHE FD 15

HILLVIEW AHE FD 14

HILLVIEW AHE FD 4

HILLVIEW AHE FD 2

HILLVIEW AHE 6

SAQUARO AGS 9

SAGUARO AGS FD 14

CARL TP 3

SAGUARO "AGS" FD 16

CONOCO "AGK" 4

CHARLOTTE-MCKAY FED 31

SAQUARO AGS 3

CONOCO "AGK" 21

CHARLOTTE MCKAY COM 4

SAGUARO 13

CONOCO AGK FED 6

CONOCO "AGK" 11

CONOCO "AGK" 3

INDIAN HILLS "ALA" COM 1

3

CONOCO "AGK" 15

CONOCO "AGK" 9

INDIAN HILLS "AJG" FEDE 1

INDIAN HILLS "AJG" FEDE 2

PRESTON FD 35N 11

PRESTON FD 9

PRESTON FEDERAL 6

INDIAN HILLS STATE 3

HONDO FD 1

PRESTON 35N FED 8

INDIAN HILLS STATE COM 7

INDIAN HILLS ST 1

INDIAN HILLS STATE 4

INDIAN HILLS STATE 5

INDIAN HILLS ST COM 6

INDIAN HILLS STATE COM 8

PRESTON FD 10

INDIAN HILLS 2

NORTH NAT GAS FD 1

PRESTON FEDERAL 5

PRESTON FD 1

PRESTON FD 2

SMITH FD 1

SARA AHA 2

SARA AHA 9

JOHN AGU 1

JOHN "AGU" 6

JOHN AGU 2

JOHN "AGU" 7

JOHN "AGU" 5

JOHN "AGU" 3

JOHN AGU 4

CENIZA AGZ 3

SAGUARO "AGS" FEDER SENITA AIP FD 12

FEDERITA "AIP" 1

SAGUARO AGS FD 4

HILL VIEW "AHE" FED 13

HILL VIEW "AHE" 16

FEDERITA "AIP" 2

FEDERITA "AIP" 8

HILLVIEW AHE 8

HILLVIEW AHE FD 7

CARL TP 3

SAGUARO AGS FD 14

SAQUARO AGS 9

HILLVIEW AHE 6

HILLVIEW AHE 5

MAYER "24" 2

MAYER 1

SAGUARO AGS FD 15

SAGUARO AGS FD 5

HILLVIEW AHE FD 2

HILLVIEW AHE 10

MAYER "24" 1

MOORE FQ 1

CARL YB 1

HILLVIEW AHE FD 14

HILLVIEW AHE 11

HILLVIEW AHE FD 4

HILLVIEW "AHE" FD 12

PALO VERDE "AJV" FD 2

24

HILLVIEW AHE FD 15

HILLVIEW AHE 3

HILLVIEW "AHE" FEDE 17

PRICKLY PEAR AIE FD 1

PALO VERDE "AJV" FE 1

HUMBLE HOBBS FD 1

CONOCO 16

SAGUARO "AGS" FD 10

CONOCO "AGK" 5

CONOCO "AGK" 4

CHARLOTTE-MCKAY FED 31

17

SAQUARO AGS 3

CONOCO "AGK" 21

CONOCO "AGK" 8

CHARLOTTE MCKAY COM 4

MCKAY CHARLOTTE FD 1

27

SAGUARO 13

CONOCO AGK FED 6

CONOCO "AGK" 11

CONOCO "AGK" 3

INDIAN HILLS "ALA" COM 1

3

CONOCO "AGK" 15

CONOCO "AGK" 9

INDIAN HILLS "AJG" FEDE 1

INDIAN HILLS "AJG" FEDE 2

PRESTON FD 35N 11

PRESTON FD 9

PRESTON FEDERAL 6

INDIAN HILLS STATE 3

HONDO FD 1

PRESTON 35N FED 8

INDIAN HILLS STATE COM 7

INDIAN HILLS ST 1

INDIAN HILLS STATE 4

INDIAN HILLS STATE 5

INDIAN HILLS ST COM 6

INDIAN HILLS STATE COM 8

PRESTON FD 10

INDIAN HILLS 2

NORTH NAT GAS FD 1

PRESTON FEDERAL 5

PRESTON FD 1

PRESTON FD 2

SMITH FD 1

SARA AHA 2

SARA AHA 9

JOHN AGU 1

JOHN "AGU" 6

JOHN AGU 2

JOHN "AGU" 7

JOHN "AGU" 5

JOHN "AGU" 3

JOHN AGU 4

CENIZA AGZ 3

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SAGUARO AGS FD 5

HILLVIEW AHE FD 2

HILLVIEW AHE 10

MAYER "24" 1

MOORE FQ 1

CARL YB 1

HILLVIEW AHE FD 14

HILLVIEW AHE 11

HILLVIEW AHE FD 4

HILLVIEW "AHE" FD 12

PALO VERDE "AJV" FD 2

24

HILLVIEW AHE FD 15

HILLVIEW AHE 3

HILLVIEW "AHE" FEDE 17

PRICKLY PEAR AIE FD 1

PALO VERDE "AJV" FE 1

HUMBLE HOBBS FD 1

CONOCO 16

SAGUARO "AGS" FD 10

CONOCO "AGK" 5

CONOCO "AGK" 4

CHARLOTTE-MCKAY FED 31

17

SAQUARO AGS 3

CONOCO "AGK" 21

CONOCO "AGK" 8

CHARLOTTE MCKAY COM 4

MCKAY CHARLOTTE FD 1

27

SAGUARO 13

CONOCO AGK FED 6

CONOCO "AGK" 11

CONOCO "AGK" 3

INDIAN HILLS "ALA" COM 1

3

CONOCO "AGK" 15

CONOCO "AGK" 9

INDIAN HILLS "AJG" FEDE 1

INDIAN HILLS "AJG" FEDE 2

PRESTON FD 35N 11

PRESTON FD 9

PRESTON FEDERAL 6

INDIAN HILLS STATE 3

HONDO FD 1

PRESTON 35N FED 8

INDIAN HILLS STATE COM 7

INDIAN HILLS ST 1

INDIAN HILLS STATE 4

INDIAN HILLS STATE 5

INDIAN HILLS ST COM 6

INDIAN HILLS STATE COM 8

PRESTON FD 10

INDIAN HILLS 2

NORTH NAT GAS FD 1

PRESTON FEDERAL 5

PRESTON FD 1

PRESTON FD 2

SMITH FD 1

SARA AHA 2

SARA AHA 9

JOHN AGU 1

JOHN "AGU" 6

JOHN AGU 2

JOHN "AGU" 7

JOHN "AGU" 5

JOHN "AGU" 3

JOHN AGU 4

CENIZA AGZ 3

SAGUARO "AGS" FEDER SENITA AIP FD 12

FEDERITA "AIP" 1

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HILL VIEW "AHE" 16

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SAGUARO AGS FD 14

SAQUARO AGS 9

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SAGUARO AGS FD 5

HILLVIEW AHE FD 2

HILLVIEW AHE 10

MAYER "24" 1

MOORE FQ 1

CARL YB 1

HILLVIEW AHE FD 14

HILLVIEW AHE 11

HILLVIEW AHE FD 4

HILLVIEW "AHE" FD 12

PALO VERDE "AJV" FD 2

24

HILLVIEW AHE FD 15

HILLVIEW AHE 3

HILLVIEW "AHE" FEDE 17

PRICKLY PEAR AIE

Form 3160-5
June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY FORM APPROVED
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. NM-045274 |
| 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 SCR70 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FNL & 1780' FEL of Section 23-T20S-R24E (Unit G) | 8. Well Name and No. Hillview AHE Fed Com #2 |
| | 9. API Well No. 30-015-23541 |
| | 10. Field and Pool, or Exploratory Area South Dagger Draw Upper Penn |
| | 11. County or Parish, State Eddy Co., NM |

2. 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"/> Abandonment |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> Altering Casing |
| | <input checked="" type="checkbox"/> Other <u>Surface Commingling, Off-Lease Storage & Measurement</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 |

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

3. 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 the attached form for surface commingling, off lease storage and measurement for the attached list of well.

The battery is located at the Hillview AHE Federal Com #2 location. Please see the attached map and site facility diagram.

Subject to
Like Approval
By State

4. I hereby certify that the foregoing is true and correct
Signed Rusty Allen Title Production Clerk Date January 13, 1994

(This space for Federal or State office use)
Approved by Adam Salameh Title Petroleum Engineer Date 2/2/94
Conditions of approval, if any:

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.

*See Instruction on Reverse Side