

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

RANDY G. PATTERSON

SECRETARY

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S. P. YATES
CHAIRMAN OF THE BOARD
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PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

TELEPHONE (505) 748-1471

February 13, 1992

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

ATTN: Mr. William LeMay

Director

RE: Foster "AN" #2

660'FNL & 1980'FEL B Sec. 1-T20S-R24E Foster "AN" #3 660'FNL & 660'FEL A Sec. 1-T20S-R24E Surface Commingling Off-Lease Storage Rule 303-B, 309-B, 309-C North Dagger Draw-Upper

Pennsylvanian Pool Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum respectfully requests administrative approval to commingle production from two wells drilled on one lease into a common tank battery located off the lease 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 Foster AN #2 and Foster AN #3 into a common storage facility located off the lease in the NW/NW/4 of Sec. 1-T2OS-R24E. 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 maybe different, each of the well's production will be metered separately prior to surface commingling. The production in both 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.

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

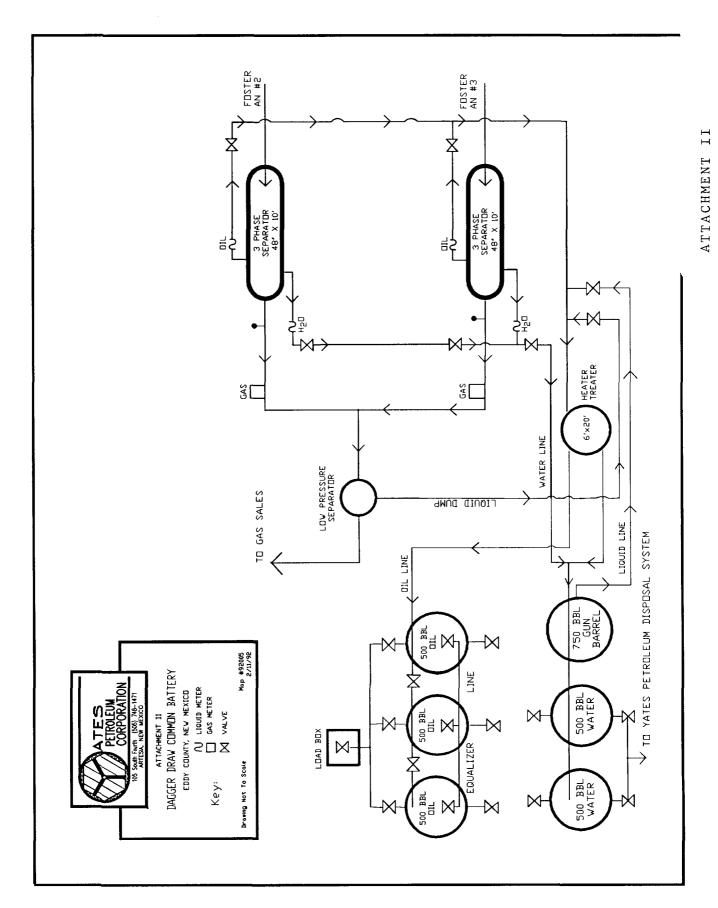
Sincerely,

Paul Ragsdale //
Petroleum Engineer

PR/th

Attachments

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ATTACHMENT IV

Copy of Notification of Interest Owners



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

S. P. YATES
CHAIRMAN OF THE BOARD

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

February 13, 1992

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

Dear Interest Owner,

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

Foster AN #2 Sec 1-T 20S-R 24E 660'FNL and 1980'FEL

Foster AN #3 Sec 1-T 20S-R 24E 660'FNL and 660'FEL

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.

Yours very truly,

Paul Ragsdale

Petroleum Engineer

PR/th



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

TREASURER

S. P. YATES CHAIRMAN OF THE BOARD

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

February 13, 1992

Estate of Kathleen Cone P. O. Drawer 1509 Lovington, NM 88260

Dear Interest Owner,

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

Foster AN #2 Sec 1-T 20S-R 24E 660'FNL and 1980'FEL

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Paul Ragsdale

Petroleum Engineer

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S. P. VATES CHAIRMAN OF THE BOARD

DENNIS G. KINSEY

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

February 13, 1992

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

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Yours very truly,

Paul Ragsdale

Petroleum Engineer

PR/th



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

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February 13, 1992

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TREASURER

S. P. YATES
CHAIRMAN OF THE BOARD

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

Dear Interest Owner,

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

Foster AN #2 Sec 1-T 20S-R 24E 660'FNL and 1980'FEL

Foster AN #3 Sec 1-T 20S-R 24E 660'FNL and 660'FEL

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.

Yours very truly,

Paul Ragsdale

Petroleum Engineer

PR/th



CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY

TREASURER

S. P. YATES

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

February 13, 1992

Myco Industries, Inc. 207 S. 4th Street Artesia, NM 88210

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105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

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February 13, 1992

M. R. Stipp P. O. Box 2613 Midland, TX 79701

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February 13, 1992

Patoil Corporation P. O. Box 10808 Midland, TX 79702

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DENNIS G. KINSEY TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

February 13, 1992

Kenneth G. Cone P. O. Box 11310 Midland, TX 79702

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Petroleum Engineer

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EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES

PRESIDENT

PEYTON YATES

TREASURER

February 13, 1992

Tom R. Cone P. O. Box 778 Jay, OK 74346

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S. P. VATES

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

February 13, 1992

DC Trust
Marilyn J. Cone, Trustee
P. O. Box 64244
Lubbock, TX 79464

Dear Interest Owner,

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PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

RANDY G. PATTERSON

TELEPHONE (505) 748-1471

February 13, 1992

Clifford Cone P. O. Drawer 1629 Lovington, NM 88260

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Petroleum Engineer

PR/th



CORE LABORATORIES

2001 Connecte Unve P.O. Hox 4337 Midland, Texas 79704 (915) 694-7761

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/Λ 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. N/A .VLI Liquid Gravity at 60°F. N/A ft. Subsea Datum

WELL CHARACTERISTICS

Elevation 3618 ft. KB, 3605 ft. CL 9427 ft. TD 8800 ft. PDTD Total Depth Producing Interval 7751-7843 ft. Tubing Size and Depth 2 7/8 In. to 7699 ft. Open Flow Potential 409 BOPD, 817 MCFD, 979 BWPD 2000 psig @ N/A ft. Last Reservoir Pressure N/V130°F. 0 7565 ft. Reservoir Temperature Status of Well $N \setminus V$ Pressure Gauge N/V

SAMPLING CONDITIONS

Flowing Tubing Pressure 331 psig Flowing Bottom Hole Pressure 931 psig Primary Separator Pressure 67 psiq Primary Separator Temperature 100°F. Secondary Separator Pressure 29 psig Secondary Separator Temperature 100°F. 44.5 API 0 60 F. Field Stock Tank Liquid Gravity Primary Separator Cas Production Rate 709.711 MSCF/Day Pressure Base 15.025 psia Temperature Base 60°F. 1.000 Compressibility Factor (Fpv) Gas Gravity (Laboratory)
Gas Gravity Factor (Fg) 0.737 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:

Tefteller Inc.

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