

NEW MEXICO OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

OFF-LEASE STORAGE ORDER OLS-110

Company: Yates Petroleum Corp.
Address: Yates Bldg., 207 S. 4th St.
City, State, Zip: Artesia, New Mexico 87501

Attention: Mr. Johnny Morgan

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

Lease Name:	Ferguson IF	Humphrey IH
Description:	SE/4 SW/4	SW/4 SE/4
	28-18S-26E	28-18S-26E

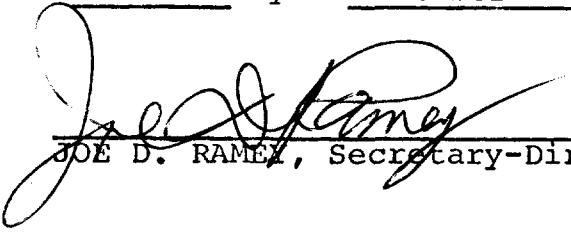
The aforesaid production is to be transported prior to measurement to its own tank battery to be located in

Unit Letter K Section 28 Township 18S Range 26E
on the Mallard HM Lease.

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

REMARKS:

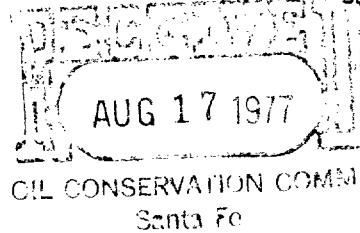
DONE at Santa Fe, New Mexico, on this 13th day of October, 19 77.


JOE D. RAMEY, Secretary-Director



YATES BUILDING - 207 SOUTH 4TH ST.
ARTESIA, NEW MEXICO - 88210
August 16, 1977

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



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

Re: Off Lease Storage, Penasco Draw (Yeso, SA) Field

Dear Sir:

Under the provisions of OCC Rule 309C, Yates Petroleum Corporation seeks administrative approval for an exception to OCC Rule 309A whereby production from our Ferguson IF lease and Humphrey IH lease may be transported by pipeline prior to measurement to individual tank batteries to be located on our Mallard HM lease in Unit K of Section 28-18S-26E.

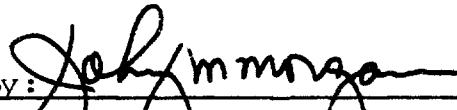
The IF and IH leases are outside of the city limits but approximately one-fourth ($\frac{1}{4}$) mile from the nearest residence. All leases concerned have Yeso, SA completions only with sour crude and gas production. The IF lease is located in Unit N of Section 28-18S-26E. The IH lease is located in Unit O of Section 28-18S-26E.

1. All production is from the same common source;
2. Commingling of production will not result;
3. There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease;
4. Yates Petroleum is the sole working interest for all leases concerned;
5. Ownership plats of the leases are attached.

This exception is asked for because of the proximity of residences which from time to time would be exposed to pungent sour crude odors; also relocation of the storage facilities would lessen the environmental impact with respect to public safety, fire hazard, noise and air pollution.

Yours truly,

YATES PETROLEUM CORPORATION

By: 
Johnny M. Morgan

cc: OCC, Artesia

