

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

OFF-LEASE STORAGE ORDER OLS- 114

Company: Yates Petroleum Corp.
Address: 207 South 4th Street
City, State, Zip: Artesia, New Mexico 88210

Attention: Mr. J. 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 pool production from the following lease:

Lease Name: Yates IQ
Description: SW/4 NW/4 Section 28, Township 18 South, Range 26 East, NMPM, Eddy County

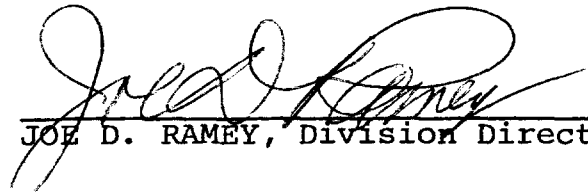
The aforesaid production is to be transported prior to measurement to its own tank battery to be located in

Unit Letter K Section 28 Township 18 South Range 26 East
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 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.

REMARKS:

DONE at Santa Fe, New Mexico, on this 7th day of June, 1978.

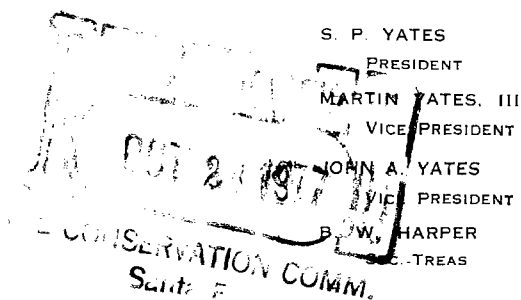


JOE D. RAMEY, Division Director



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 746-3558



October 26, 1977

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 provisions of OCC Rule 309C, Yates Petroleum Corporation seeks administrative approval for an exception to OCC Rule 309A whereby production from our Yates IQ lease may be transported by pipeline prior to measurement it's individual tank battery to be located on our Mallard HM lease in Unit K of Section 28-18S-26E.

The Yates IQ lease is located outside of the city limits but only 990 feet from US 285 and 1/4 mile from the nearest residence. All leases concerned have Yeso SA completions only with sour crude and gas production. The IQ lease is located in Unit E 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 operator of each lease concerned.
5. Ownership plats are attached.

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Mr. Joe D. Ramey

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This exception is asked for because of the proximity of the highway and 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 our pollution.

Yours truly,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, reading "Johnny M. Morgan", written over a horizontal line.

Johnny M. Morgan
Production Superintendent

JMM/ob

