

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

OFF-LEASE STORAGE ORDER OLS- 116

Company: Yates Petroleum Corp.
Address: 207 South Fourth St.
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 Penasco Draw San Andres-Yeso pool production from the following lease:

Lease Name: O'Neil "JL"
Description: SW/4 NE/4 Sec. 33, T-18-S, R-26-E
Eddy County, New Mexico

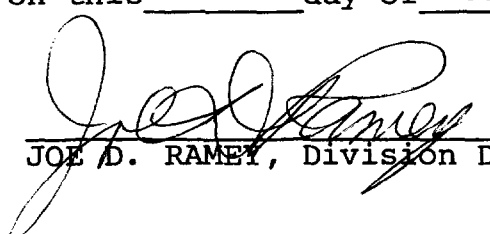
The aforesaid production is to be transported prior to measurement to its own tank battery to be located in

Unit Letter B Section 33 Township 18 South Range 26 East
on the Cleveland 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 12th day of January, 1979.



JOE D. RAMEY, Division Director



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 746-3558

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

December 6, 1978

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

Re: Off Lease Storage, Atoka, Yeso 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 O'Neil "JL" lease may be transported by pipeline prior to measurement to individual tank batteries to be located on our Cleveland lease in Unit C Section 33-18S-26E.

The O'Neil "JL" lease is outside of the city limits but approximately one-fourth (1/4) mile from the nearest residence. All leases concerned have Yeso, SA completions only with sour crude and gas production. O'Neil "JL" lease is located in Unit G of Section 33-18S-26E.

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

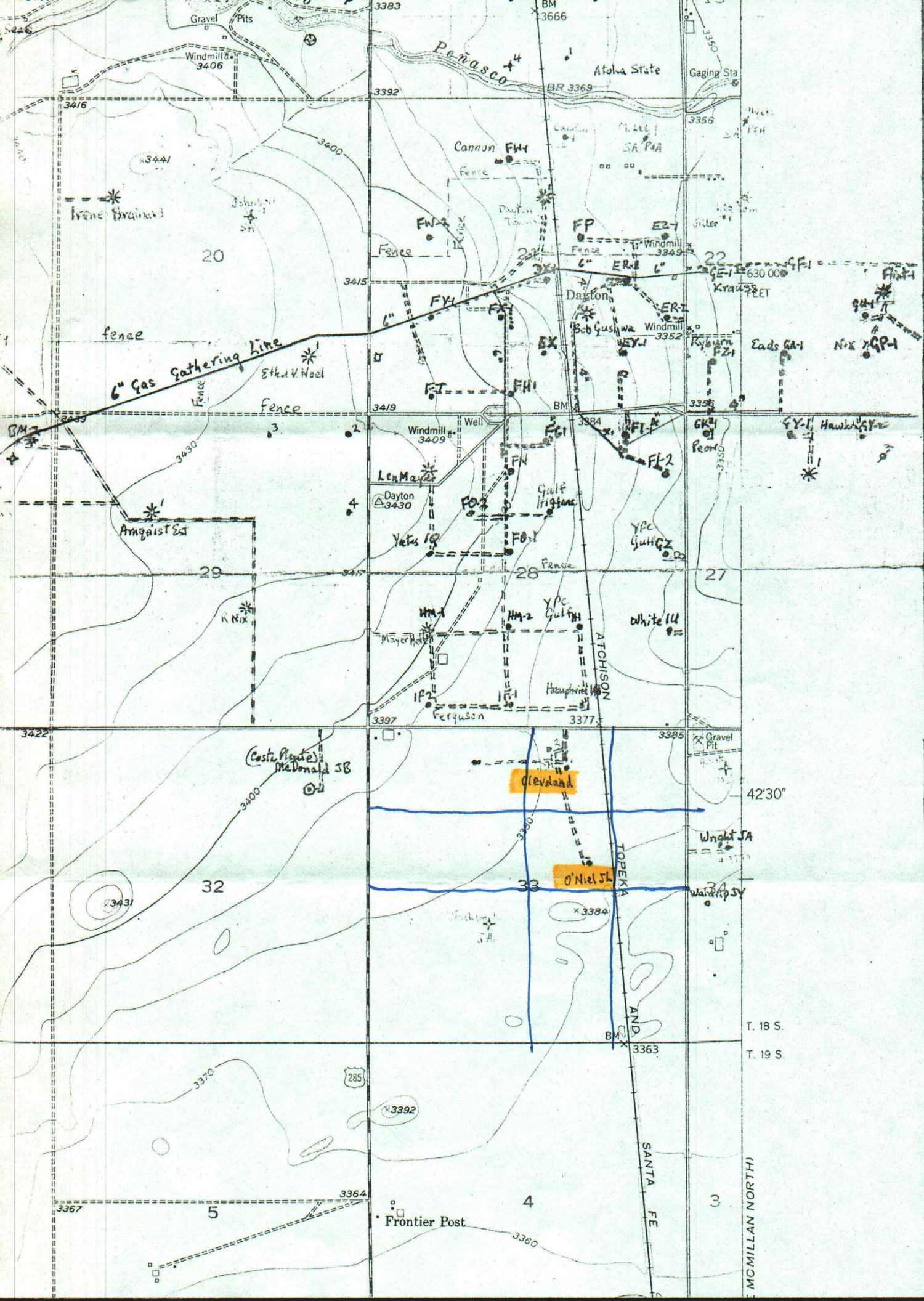
This exception is asked for because of the proximity of residences which from time to time would be exposed to pungent sour crude odors; also relocation of the storage facilities would lessen the environmental impact with respect to public safety, fire hazard, noise and air pollution.

Yours truly,

YATES PETROLEUM CORPORATION


Johnny M. Morgan

JMM/ob



T. 18 S.
T. 19 S.

MC MILLAN NORTH

[illegible]