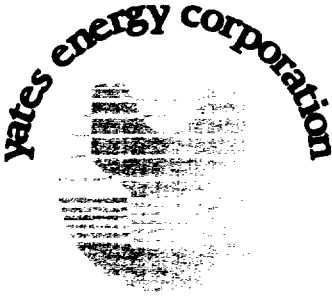


DIVISION

'90 NOV 30 AM 9 11



November 28, 1990

William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Re: NSL-2684A(MC)  
Desert Rose Federal #1  
E/2 Section 27-23S-23E  
Eddy County, NM

Dear Mr. LeMay:

Yates Energy Corporation has received approval to dual complete the captioned well under NSL-2684-A(MC) in the Bandana Point - Strawn and East Hess - Morrow Pools. Ownership of all zones is identical. Anticipated production in each pool will be marginal and incapable of producing top unit allowable for their respective pools.

Yates Energy Corporation requests an exception to Rule 303 allowing surface commingling between pools. Individual pools will be tested prior to commingling to establish production allocation. Said production allocation test to be conducted thereafter on a monthly basis. In the event the commingled well becomes capable of producing top allowable for either pool, notice will promptly be sent to the Commission.

Attached are Exhibits 1 and 2 showing the schematic of the site diagram and the lease ownership plat of the Desert Rose Federal #1. Also attached is a copy of the approval received from the Bureau of Land Management for the proposed commingling.

William J. Lemay, Director  
New Mexico Oil Conservation Division  
November 28, 1990  
Page 2

This request is being filed in triplicate. Your prompt attention and assistance is appreciated.

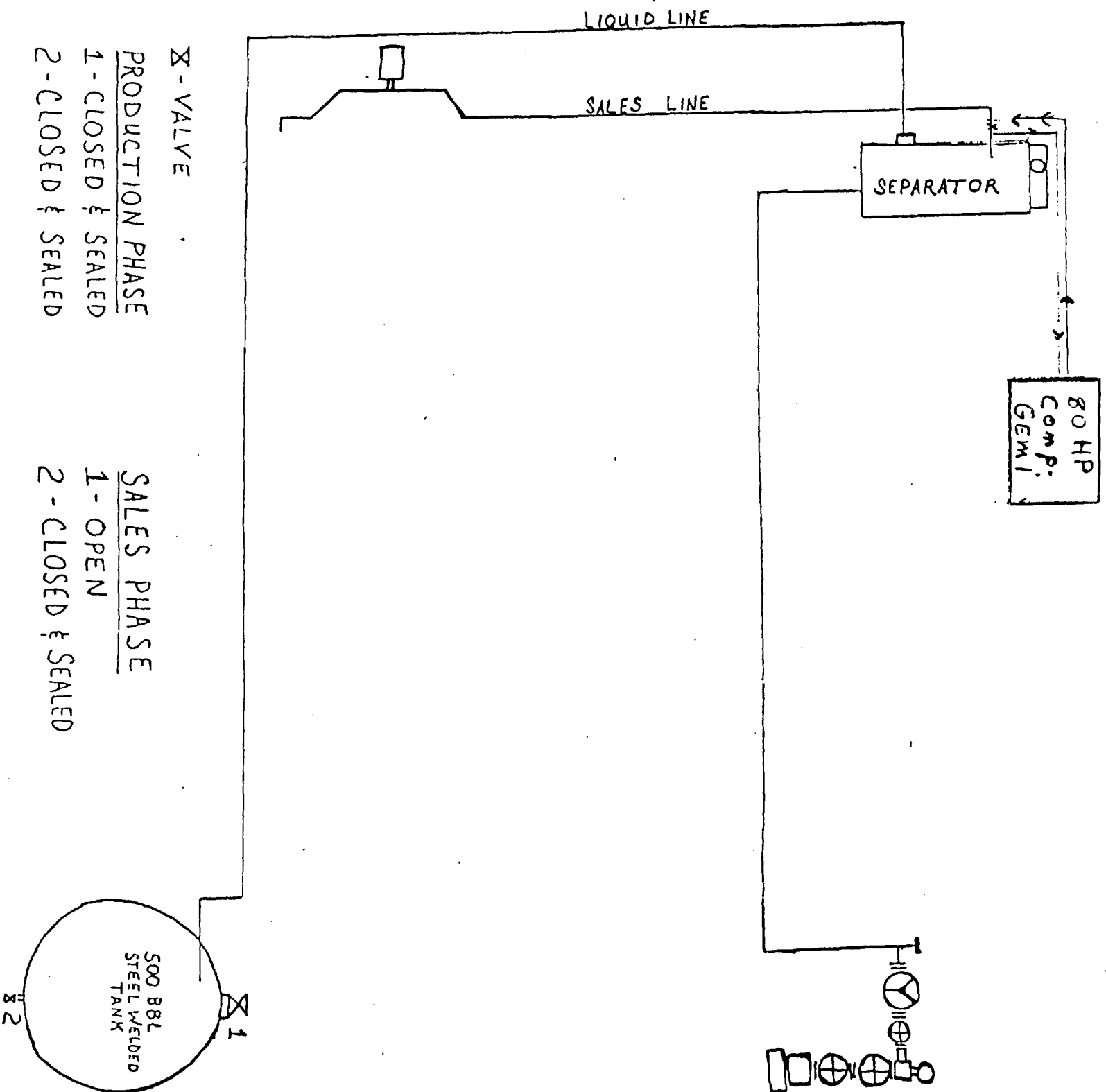
Yours very truly,

YATES ENERGY CORPORATION

A handwritten signature in cursive script, reading "Sharon R. Hamilton".

Sharon R. Hamilton  
Landman

cc: Adam M. Salameh  
Bureau of Land Management  
P. O. Box 1778  
Carlsbad, New Mexico 88220



X - VALVE

PRODUCTION PHASE

1 - CLOSED & SEALED

2 - CLOSED & SEALED

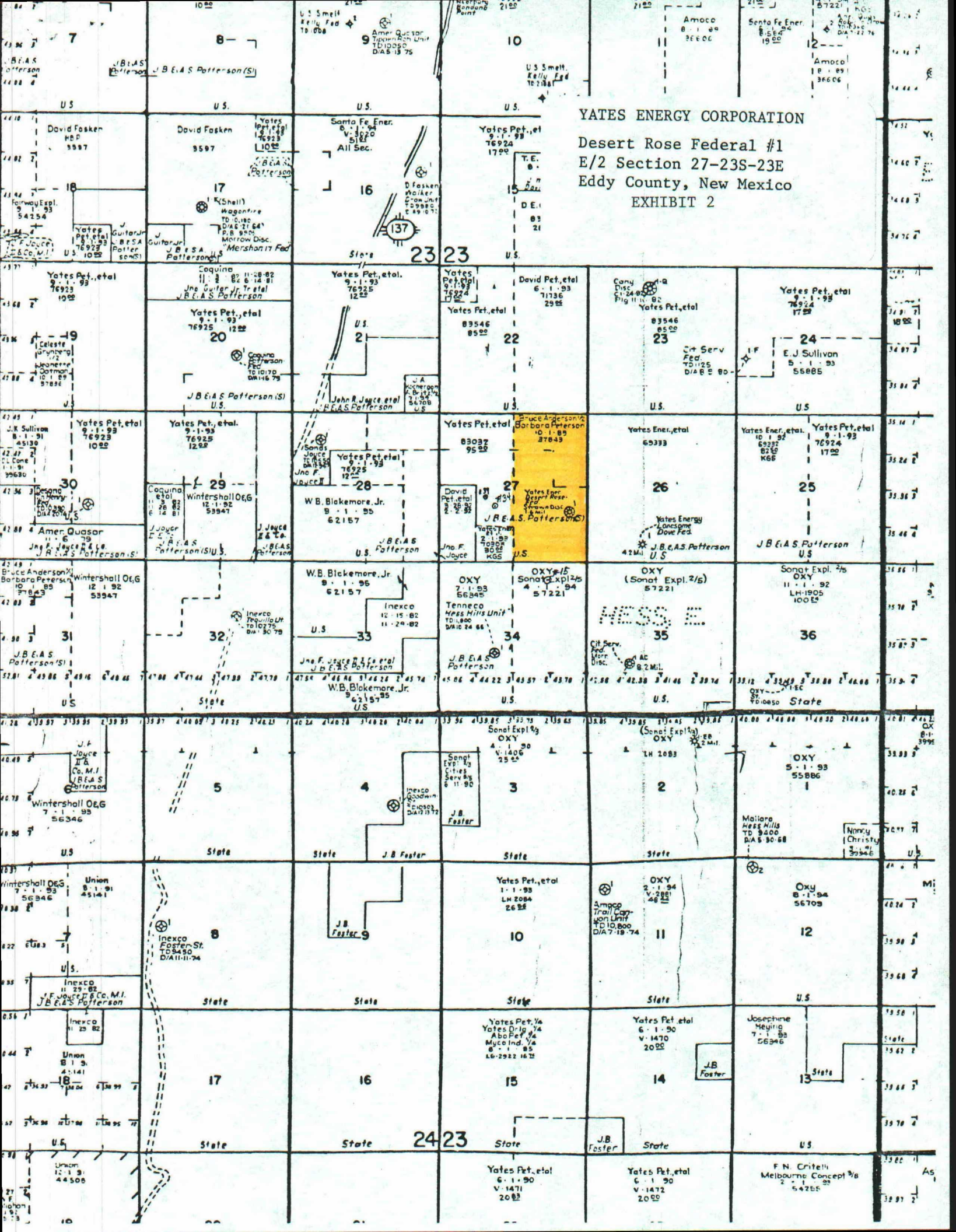
SALES PHASE

1 - OPEN

2 - CLOSED & SEALED

YATES ENERGY  
CORPORATION #1  
DESERT ROSE FED.  
NM 37843  
1740' FSL & 660' FEL  
SEC. 27-T23-S R-23-E  
EDDY CO. NM

EXHIBIT 1



RECEIVED NOV 28 1990  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE\*  
(Other instructions on re-  
verse side)

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

|                                                                                                                                                                     |  |                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------|
| 1. <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER                                                    |  | 5. LEASE DESIGNATION AND SERIAL NO.<br><br>NM-37843                    |
| 2. NAME OF OPERATOR<br>Yates Energy Corporation                                                                                                                     |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME                                   |
| 3. ADDRESS OF OPERATOR<br>P. O. Box 2323, Roswell, NM 88202-2323                                                                                                    |  | 7. UNIT AGREEMENT NAME                                                 |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*<br>See also space 17 below.)<br>At surface<br><br>1740' FSL & 660' FEL |  | 8. FARM OR LEASE NAME<br>Desert Rose Federal                           |
| 14. PERMIT NO.<br>30-015-26167                                                                                                                                      |  | 9. WELL NO.<br>1                                                       |
| 15. ELEVATIONS (Show whether DF, RT, GR, etc.)<br>4210' GR                                                                                                          |  | 10. FIELD AND POOL, OR WILDCAT<br>Bandana Point - Strawn               |
|                                                                                                                                                                     |  | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA<br>Section 27-23S-23E |
|                                                                                                                                                                     |  | 12. COUNTY OR PARISH<br>Eddy                                           |
|                                                                                                                                                                     |  | 13. STATE<br>NM                                                        |

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON\*

SHOOTING OR ACIDIZING

ABANDONMENT\*

REPAIR WELL

CHANGE PLANS

(Other)

(Other)

Commingle production

X

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

17. 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.)\*

Upon successful completion of proposed dual completion of Strawn and Morrow zones, request approval to commingle the production thru the existing production facilities at the surface location. Ownership under the single Federal lease is common, and royalty rates for both producing zones are identical.

Individual zones to be tested prior to commingling to establish production allocation. Said production allocation test to be conducted thereafter on a monthly basis.

Surface commingling subject to approval by NMOCD.

18. I hereby certify that the foregoing is true and correct

SIGNED

*Sharon B. Hamel*

TITLE

Landman

DATE

11/9/90

(This space for Federal or State office use)

APPROVED BY

*Adam Salas*

TITLE

PETROLEUM ENGINEER

DATE

11/16/90

CONDITIONS OF APPROVAL, IF ANY:

CC: NM (065, B. LOPEZ; 067, S. SHAW; 067-A, K. HASTON)

NMOCD, ATTN: MR. D. CATANACH, P.O. Box 2088, SANTA FE, NM 87504-2088

\*See Instructions on Reverse Side

RECEIVED  
NOV 13 10 35 AM '90  
CARLSB. AREA  
2088