DHC 1/8/98

, ,

D



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

December 16, 1997

David Catanach State of New Mexico OIL CONSERVATION DIVISION 2040 S. Pacheco Street Santa Fe, NM 87505-5472

Dear Mr. Catanach,

Enclosed is an APPLICATION FOR DOWNHOLE COMMINGLING, NMOCD Form C-107-A, for the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy. County, New Mexico. Also enclosed are ATTACHMENTS required by the application.

Yates Petroleum Corporation hereby seeks administrative approval of the application.

If additional information is needed or there are questions, please call me at (505) 748-4174. Thank you for your consideration of this matter.

Sincerely,

Ray Stall Operations Engineer

RS/th

Enclosures



.



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

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

December 16, 1997

Tim Gum State of New Mexico OIL CONSERVATION DIVISION 811 South First Street Artesia, NM 88210

Dear Mr. Gum,

Enclosed is an APPLICATION FOR DOWNHOLE COMMINGLING, NMOCD Form C-107-A, for the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy County, New Mexico. Also enclosed are ATTACHMENTS required by the application.

Yates Petroleum Corporation hereby seeks administrative approval of the application.

If additional information is needed or there are questions, please call me at (505) 748-4174. Thank you for your consideration of this matter.

Sincerely,

Kay Hall

Ray Štall Operations Engineer

RS/th

Enclosures

• •



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

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

December 16, 1997

Richard Manus Bureau of Land Management P. O. Box 1778 Carlsbad, NM 88220

Dear Mr. Manus,

This letter is to notify you that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

If you have any questions, or need additional information, please call me at (505) 748-4174.

Sincerely,

Ray Stall

Ray Stall Operations Engineer

RS/th

Enclosures

P.O. Box 1980, Hobbs, NM 88241-1980	Energy, Minerals and N	latural Resources Department	New 3-12-96		
DISTRICT II	OIL CONSERV	ATION DIVISION	APPROVAL PROCESS:		
811 South First St., Artesia, NM 88210-2835		S. Pacheco	X Administrative Hearing		
DISTRICT III	Santa Fe, New	v Mexico 87505-6429	EXISTING WELLBORE		
1000 Rio Brazos Rd, Aztec, NM 87410-1693	APPLICATION FOR DO	DWNHOLE COMMINGLING	<u> </u>		
			<u></u>		
Yates Petroleum Corporation	105 S. Fourth Street	Artesia, NM 88210			
Operator	Address				
Big Freddy Unit	1	G-10-23S-22E	Eddy		
Lease	Weil No.	Unit Ltr Sec - Twp - Rge	County		
OGRID NO. 025575 Property Code	e <u>21717 </u>		esse Typez: (check 1 or more) , State, (and/or) Fee		
The following facts are submitted in support of	Upper Zone	Intermediate Zone	Lower Zone		
downhole commingling:		2011E			
1. Pool Name and Pool Code	Undesignated Cisco		Undesignated Strawn		
2. Top and Bottom of Pay Section (Perforations)	7368'-7384'		8671'-8677' 9125'-9199'		
3. Type of production (Oil or Gas)	Gas		Gas		
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing		
5. Bottomhole Pressure	a. (Current) 3117 DST (7332'-7791)	a.	a. (Current) 2196 DST (8660'-8700')		
Oil Zones · Artificial Lift:	a. (3 hour Final SIBHP)		(3 hour Final SIBHP)		
Estimated Current Gas & Oil - Flowing:	b. (Original) p* = 3942 from DST	b.	b. (Original) p*=indeterminate from		
Measured Current All Gas Zones:	Analysis		DST data Estimated 3915		
Estimated Or Measured Original			normal gradient		
6. Oil Gravity (API) or Gas BTU Content	No Sample	· · · · · · · · · · · · · · · · · · ·	No Sample		
7. Producing or Shut-In?	Shut-In		Shut-In		
Production Marginal? (yes or no)	No		Yes		
* If Shut-In, give date and oil/gas/water rates of	Date: 11-26-97	Date:	Date: 11-23-97 Date: 11-09-97		
last production		Rates:			
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Rates: 1377 MCFGPD 0 BWPD		Rates: 257 MCFGPD Rate: 93 MCFGPD 0 BWPD 0 BWPD		
	0 BOPD		0 BOPD 0 BOPD		
 If Producing, give date and oil/gas/water rates of recent test 	Date:	Date:	Date:		
(within 60 days)	Rates:	Rates:	Rates:		
8. Fixed Percentage Allocation	Oil: Gas:	Oil: Ges:	Oil: Gas:		
Formula -% for each zone (total of %'s to equal 100%)	80% 80%	% %	20% 20%		

State of New Mexico

Earm C 107 A

- 9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
- 10. Are all working, overriding, and royalty interests identical in all commingled zones? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling?

DISTRICT I

- <u>X</u> Yes <u>No</u> Yes No <u>X</u> Yes No
- 11. Will cross-flow occur? ___Yes X_No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ___ Yes __ No (If No, attach explanation) (See attachment)

Big Freddy Unit #1 Page 2
12. Are all produced fluids from all commingled zones compatible with each other? <u>X</u> Yes <u>No</u> (See attachment)
13. Will the value of production be decreased by commingling?YesX_No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commiss ioner o f Publ ic L ands or the United States Bureau Land Management has been notified in writing of this application. <u>X</u> Yes No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S).
 16. ATTACHMENTS: * C-102 for each zone to be commingled showing its spacing unit and acreage dedication. * Production curve for each zone for at least one year. (If not available, attach explanation.) * For zones with no production history, estimated production rates and supporting data. * Data to support allocation method or formula. * Notification list of all offset operators. * Notification list of working, overriding, and royalty interests for uncommon interest cases. * Any additional statements, data, or documents required to support commingling.
I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Kay Hall TITLE Operations Engineer DATE 12-17-97
TYPE OR PRINT NAME Ray Stall TELEPHONE NO. (505) 748-1471

• ·

•` •

9	: M.J		21 -	مىمچىن ⁷ 22 يىلىرى	23 Originest	24 Hernagor Ne. Wuepoch	19
	Harvey, Jr. Grt Westh Orig. 5,133 6 1 96 7,133 6 1 96 6500 6500 6500 6500 1622 86500	Freedom Freedom 1 8633 / 18 20 Freedom 1 8633 / 18 20 Ener, 1 3470 El Pasokari) H8P (7) 19470 - Tel Pasokari)		2- 2-	Fea (Uriuan) (No huabacheUnit (TD 7591) (UAA - 3 66) (NTO 9877	Unif Toeddo PMJ:g-ed	
2	(Gri Westh. 15 00 ↓ 1:96 ≈ 46093 ≈ 1400 U.S.	U.S. Betterson (S) erson	J.B.E.A.S. Potterson U.S.	O U. <u>\$</u> ,	(<u>5,7098*7</u> 0/A a 7 73 U. S.	u s Store	43.20 Mana 6.8 510
	4 W.W.Perry 6 1 - 36 86510	671 mpsinging 66093 1402 1402 1402 1402	Mitchell BDB6	Mitchell Eger. B6885	Mitchell 41-03 2600	A content	H BP
	P H92 (C) P El Paso Nat. Patterson	Freedom	00 و)	299 .	2600 92144	1255	43.35 2. LM. Woliszeki
	The second secon	Freedom Елег. 29 нвр — — — \$25544671	28	27	26	25	7.1.95 61326 4139 3
		29 Hep #5544671		MIDLAND & MAP		Coquina	
	8 U.S.	1 U.S.	U.S. Potterson(S)	ų.s.	U.S.	Coquina Midwest-St. U.S. TD 10165-74 DIA 5-28-74 State	43 51 /
	M.J. Horvey, Jr A First	Pan Americu (A (Tex. Crude) 500 5500 004 + 20 - 61 170 7822 014 + 22 - 64	175-04 Mitchell 175-04 Ener.	Mitchell 88086	10-1-97 12 20 State	Monsorté HBP E-16171	
5m 87		7-1-02	freedom Ener.		Yetes 104-97 9-709	y the s	(4.55 <u>)</u>
	- 31 	V.+1.,932 15-63	0554467 33 ····	34	Store 35	36 ypc	63 57 3 I
		J.B.E.A.S Patterson	<u>US.</u> 2	U.S. PENNEL 50 2-1-32	1250	2-1-02 V+1613 93	1777 t
14.75 1	R U.S.	Stote Bruce Anderson	12 v Stole V +1323	B. SELTZER	u.s. stote	State */	U.S. 49 24 /
	Anderson H enos	64852	Lucia Saca 5 · 1 · 92 Bramard Corp. 51052 Fed. 70 10 000 01851-174	84794 200		©" Hereiter - Banagan Pet. Annache Unit	43.64 2
	Tan Cruder	5	G/A5-1-74 ♣	3	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Si Southwest	
					SOUTHWEST KOY. 1-1-02	Rol	
加速	Bruce Anderson BA837	и \$.	U.S. KGS4	CHI ENERGY 94013 12-1-04 2000 U.S.	VA 1543 44 48 State	5,20	gaar i
	Bruce Anderson 89853	Bill Selfzer	Lucia Saca 1 45- 5 · 1 · 92 3 - 3-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-	chi Energy	3. SELTZER	Nearburg Zu.	an "
		89799 200	5:052 10846	S-7-5-2-3 1925 1925 5.7 Mil (Humphle) 10	300 TChi 1: 300 TChi 1: Energino 37	89139	en t
	<u></u> 7	8	9	Huapache	1 200 3	12	an I
			Nearburg Pet.	Marrow Disc Job	10-1-1 10-1-1 10-1-1	-U.S. SOUTHWEST ROY 1-1-02	JBEIA.S. Patterson 44.00 Å
	≈ ≈ ∫ U.S.	U. S.	U.S. 2522 F	MBEASL 7 U.S.	U.S. State	VA1544 Store 40 ==	4410 1
)	. Thomas Gennings 5-, 89654	Bill Seltzer 89797	Yatas fet #-1-98 VA-867 17 <u>19</u>	chi Energy 89138	Chi Energy 89-96 _300	Energy Nearburg Chi Energy Nearburg Chi 12. 97 89139 Ener	
		89797 200 1 7	17 <u>.17</u> 16	2.00	JBEAS Patterson	7A : 200 5-1-96	[4 R 2]
	~ 18	17	16	15	Chi Aill II Barry Seitzer	13. 18977283 189774 di AS	"Sales
1	R.B.Bunn		07	1972 a ^T 19.06 sTJ8.48 2 ^T 37.76 i	137.10 2391381 137.10 239.00 3135,74 2135,06	34 38 4 33 62 3 12, 50 2 32 18	49141 - 43.05 200 70.5.00yce
-	N 70185 U.S.	GLEN LUFF	Bill Seltzer	22 U.S. Bruce Anderson	U.S. U.S. E.S. II B. SELTZER E.T. JB II-1-02	ichi Energy Chi Energy	11 ACO, M.I
	C, G, LUFP T 7 96191 Z Z	96.92 25	87799 - 600 5141 I		200 BOD	BEIAS Potterson 200 SELE June J. SELE Kugeler	गव र
	2 - / F 1 19	20		YPC 1 22-	Humble Muopochellnit 2 5-1-96 Toizsaz une J. 23- Jayce etal Ch. Energy	24 87800	L ,
	Cit.Serv. W.Huopashe	Bill Seltzer 89798	Bill Delizer 89799	96812 101 292	99138 2 ••		laré Igré
	Unit TD 5254 UA 4-3-70 U.S. 14	U.5	75, 15, 15 ₹ U.S.		JAEAA Potterson U.S.	U. S.	
	a ⊗	M.I. Gien Luff Arata	139.46 7 M.J. Horney		BILL BILLS SELTZER	Bin Ch; Energy SEUTOCEI B4140	42 49 1 J.K. Sultivan 8 \ 1 \ 91 45130
	71 GLEN LUFF 9619100	10186 7:191 20186 7:191 20186 7:191 20186 7:191	20-1-03 90492 110-11	Tex. 06. G Huber-Fed TD7650 D/A4-20-7	89801	BT 601 Z	45130 Anderi Son 89899
and the second second	² , 30 ²	29	28 7 <i>6.u j</i>	Bruce Anderson	2.00 2.6''-'-02 9683	25/1-1-12	42 36 3 Des
	78.7		50.cz - 7	09854		1 U.S. ch. Energy ich. Energy is-1-to	511 00 5514
	2 <u> </u>	u's.	U.S.	0€.6 1-1-91- 45127 4.5.	U.S	State State	2ng G
	3 2	M.I. Arata 2-1-38 70185	Paradox Basin (200 6 - 1 - 96 (200 6 - 2 5 8 (50573) + et (2 2 2 2	Templeton Ener. 5. 1. 92 51050	Temp::ton Ener: 51-92 8-1-96 50050 66259	Yates Par 1-1-99 VA-1132 15 03	42 49 Bruce Ander Barbara Pet HBP 37643 42.03
	∑ ≅ ≂ _ 31	30	<u>A</u> .	John Politevent 4 - 1 - 92 15126	Hucod no unit		42.01 8
	ि _म ्ठ। इ	32	John Poirevent 4-174			Amer Gugsan Huber St. S. 356 Horn Disc. J. Aniles Bessian Hessian	- Δ. 90 3 Δ. Β. Ε. 4. 5
	ี้ เ ¹ 38 11 เรโ38 67 6 ⁷ 38 69 7	1956 (T30,41 (T30,31 (T30,21 (T	The states of the states		VING REAL	1947 - A.S.	Pattersan

District I PO Box 1986, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztoc, NM 87410 District IV PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

		WE	LL LO	CATION	I AND ACI	REAGE DEDI	CATION PI	LAT		
	API Number 'Pool Code 'Pool Name									
30-015-	29734					Un	designated	Strawn		
* Property	Code				' Property	Name			•	Weil Number
21717				B	ig Freddy	Unit				1
'OGRID	No.				¹ Operator Name [*] Elevatio					
025575		Yat	es Pet	roleum	Corporatio	n				4479 '
					¹⁰ Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Fost from the	East/West	t line	County
G	10	235	22E		1980	North	1980	Eas	t	Eddy
			¹¹ Bot	tom Hole	e Location I	f Different Fro	om Surface	<u></u>		
UL or lot no.	Section	Township	Range	Los Idn	Feet from the	North/South line	Feet from the	East/West	t line	County
12 Dedicated Acr	es '' Joint	or Infill 14 (Consolidatio	a Code 15 O	rder No.			4		
320			_							1
NO ALLOV	VABLE					ON UNTIL ALL			EN CON	NSOLIDATED
			NON-ST	ANDARD	UNIT HAS B	EEN APPROVED	BY THE DIVI	ISION		
16				<u>µ</u> — —			¹⁷ OPEF	RATOR	CERT	TIFICATION
										contained herein is
							inte ana com	ipiere io ine o	est of my	knowiedge and belief
								11.	1	-
							Signature	a TTU	urs	a
							Tina Hu	erta		
				R	•		Printed Nam	-		
					A		Operati Tide	ons Tec	chnici	an
1					v					
				NM-	90847		Date			
				1			¹⁸ SURV	'EYOR	CERT	IFICATION
]			a						r shown on this plat I surveys made by
				1			me or under	my supervisio	m. and the	u the same is true
	1			I			and correct u	-	•	
				5	1		REFER T		INAL E	PLAT
				_ I		••		•	essional Si	urvever:
	1			1						
				8			1			
							1			
				1						
	1				1		Π			1

Certificate Number

Production curves for each zone are not available.

.

.

.

. . . District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV PO Box 2088, Santa Fe, NM 87504-2088

. •

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

		WE	ELL LO	CATION	AND AC	REAGE DEDI	CATION PI	LAT			
API Number ¹ Pool Code ¹ Pool							' Pool N	4000			
30-015-	29734	Undesignated Cisco									
* Property	Code		³ Property Name * Well Number							Well Number	
21717		Big Freddy Unit 1						1			
'OGRID								' Elevation			
025575		Ya	tes Pet	roleum	Corporatio					4479'	
¹⁰ Surface Location											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	e North/South line Feet from the		East/West line		County	
G	10	23S	22E		1980	North	1980	East		Eddy	
			¹¹ Bot	tom Hole	Location	If Different Fro	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	t line	County	
¹² Dedicated Acr	es 's Joint	or Infill 14	Consolidatio	a Code 15 Or	rder No.						
320											
NO ALLOW	WABLE					ION UNTIL ALL			EN CO	NSOLIDATED	
		OR A	NON-ST	ANDARD		EEN APPROVED					
16							¹⁷ OPEI	RATOR	CER	FIFICATION	
									tify that the information contained herein is nplete to the best of my knowledge and belief		
				1					nest oj my	Mumicuge and venes	
							3				
				ji i							
			- Aine Huer						in n t		
							Signature				
	ĺ						Tina Huerta				
				n N					ion		
				ท	A,		Title	rations Technician			
			5			¶					
		Nm-90847									
				1			¹⁸ SURV	/EYOR	CERI	TIFICATION	
										n shown on this plat	
							was plotted f	rom field note	es of actua	al surveys made by at the same is true	
	ļ			j			and correct t	• •			
				8			REFER T	O ORIG	INAL	PLAT	
				1		•	Date of Surv	cy			
·			<u>-</u>	1			Signature and	Scal of Prof	icssional S	iurveyer:	
				8			q				
				1			9				
							3				
				•							
	1						Certificate N	umber			
	l			(<u>())</u>	<u> </u>	 					

Production curves for each zone are not available.

•

.

<u>YATES PETROLEUM CORPORATION</u> <u>APPLICATION FOR ADMINISTRATIVE APPROVAL</u> <u>DOWNHOLE COMMINGLING</u> <u>BIG FREDDY UNIT #1</u> <u>EDDY COUNTY, NEW MEXICO</u>

Richard Manus Bureau of Land Management P. O. Box 1778 Carlsbad, NM 88220

Nearburg Exploration Company P. O. Box 841585 Dallas, TX 75284-1585

Chi Energy, Inc. P. O. Box 1799 Midland, TX 79702

• •

Louis Dreyfus Natural Gas Corp. 14000 Quail Springs Parkway Suite 600 Oklahoma City, OK 73134

Southwest Royalties, Inc. P. O. Drawer 11390 Midland, TX 79702

. .



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

. .

~

December 16, 1997

Nearburg Exploration Company P. O. Box 841585 Dallas, TX 75284-1585

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy County. Please find attached application. This will serve as notification to any offset operators and interest owners.

Should you have any questions, or need additional information, please do not hesitate to contact me at (505) 748-4174.

Sincerely,

Ray Hill

Ray Stall Operations Engineer



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

• •

~

December 16, 1997

Chi Energy, Inc. P. O. Box 1799 Midland, TX 79702

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy County. Please find attached application. This will serve as notification to any offset operators and interest owners.

Should you have any questions, or need additional information, please do not hesitate to contact me at (505) 748-4174.

Sincerely,

Ray Hall

Ray Stall Operations Engineer



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

December 16, 1997

Louis Dreyfus Natural Gas Corp. 14000 Quail Spring Parkway Suite 600 Oklahoma City, OK 73134

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy County. Please find attached application. This will serve as notification to any offset operators and interest owners.

Should you have any questions, or need additional information, please do not hesitate to contact me at (505) 748-4174.

Sincerely,

'ay Hall

Ray Stall Operations Engineer

. . . **.**



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

. . . .

December 16, 1997

Southwest Royalties, Inc. P. O. Drawer 11390 Midland, TX 79702

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Big Freddy Unit #1 located in Unit G of Section 10, Township 23 South, Range 22 East, Eddy County. Please find attached application. This will serve as notification to any offset operators and interest owners.

Should you have any questions, or need additional information, please do not hesitate to contact me at (505) 748-4174.

Sincerely,

Ray Hall

Ray Stall Operations Engineer