

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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

CTB 4-29-96
425
S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

April 5, 1996

Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429
ATTN: Mr. Ben Stone

Re: Surface Commingling, Lease Commingling,
Off-Lease Storage and Measurement.
Dagger Draw Upper Penn, North Pool
Eddy County, New Mexico

Dear Mr. Stone,

Yates Petroleum Corporation respectfully requests administrative approval for surface commingling, lease commingling, off-lease storage and measurement for the following wells:

Patrick API #1
660' FNL & 660' FWL
Unit D, NWNW
Section 10-T19S-R25E
Eddy County, New Mexico
Fee Lease

Patrick API #2
1980' FNL & 1980' FEL
Unit G, SWNE
Section 9-T19S-R25E
Eddy County, New Mexico
Fee Lease

Ottawa AOW Federal #2
660' FSL & 660' FWL
Unit M, SWSW
Section 3-T19S-R25E
Eddy County, New Mexico

The production from this well is transported prior to measurement to a common tank battery, located at the Patrick API #1 (Unit D 660' FNL & 660' FWL Sec. 10-T19S-R25E).

The purpose of the surface commingling, lease commingling, off lease storage and measurement is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the wells.

Because working interests for the wells are different, oil from each of the wells will be measured by positive displacement temperature compensated metering equipment prior to surface commingling. Gas from the wells will also be metered separately. This metering will ensure that all production from each of the wells is equitably accounted for with no significant effect on your revenue. The production is from the same producing zone which is the Canyon.

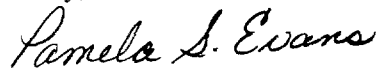
In accordance with the Oil Conservation Division Rules 303-B, 309-B and 309-C, the following diagrams and maps are attached for your information:

Attachment II	A map showing the location of the wells.
Attachment III	A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual of Installation and Operation of Commingling Facilities".
Attachment IV	Notification of working interest, royalty interest and overriding royalty interest owners.
Attachment V	Notification to the Bureau of Land Management.

If you should have any questions or need further information, please give me a call at (505) 748-4178 (direct line).

Thank you for your cooperation.

Sincerely,



Pamela S. Evans
Production Clerk

PE
Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.

Fee Lease

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Patrick API #1

9. API Well No.

3001528592

10. Field and Pool, or Exploratory Area

Dagger Draw Upper Penn, North

11. County or Parish, State

Eddy, N.M.

1. Type of Well

☐ Oil ☐ Gas ☐
☒ Well ☐ Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

3. Address and Telephone No.

105 S. 4th Street, Artesia, NM 88210 (505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Section 10-T19S-25E Unit D 660' FNL & 660' FWL NWNW

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☐ Abandonment

☐ Change of Plans

☒ Subsequent Report

☐ Recompletion

☐ New Construction

☐ Plugging Back

☐ Non-Routine Fracturing

☐ Final Abandonment Notice

☐ Casing Repair

☐ Water Shut-Off

☐ Altering Casing

☐ Conversion to Injection

☒ Other Surface Commingling &
Storage

☐ Dispose Water

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

13. 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.)*

Yates Petroleum Corporation respectfully request approval for surface commingling and off lease storage and measurement.
Please see attached application.

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

Signed

Lamela S. Evans

Title

Production Clerk

Date

04/03/96

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88221-1778

Yates Petroleum Corporation (Operator's Name) is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. LC-064488E; Lease Name: Ottawa AOW Federal.

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>M</u>	<u>3</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>

with hydrocarbon production from the following formation(s) and well(s) on a fee lease; Patrick API

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>Patrick API #1</u>	<u>10</u>	<u>10</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>
<u>Patrick API #2</u>	<u>6</u>	<u>9</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn. North</u>

Production from the well involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Ottawa AOW Federal #2</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Patrick API #1</u>	<u>166</u>	<u>42.2</u>	<u>346</u>
<u>Patrick API #2</u>	<u>90</u>	<u>42.2</u>	<u>170</u>

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the location of all the wells that will contribute production to the proposed commingling/coramon storage facility.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at NWNW-1/4, Sec. 10, T19S, R25E, on Fee lease Patrick API #1, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method of allocating production to contributing sources is as follows:

Continued.

Continued:

Oil will be transported prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately.

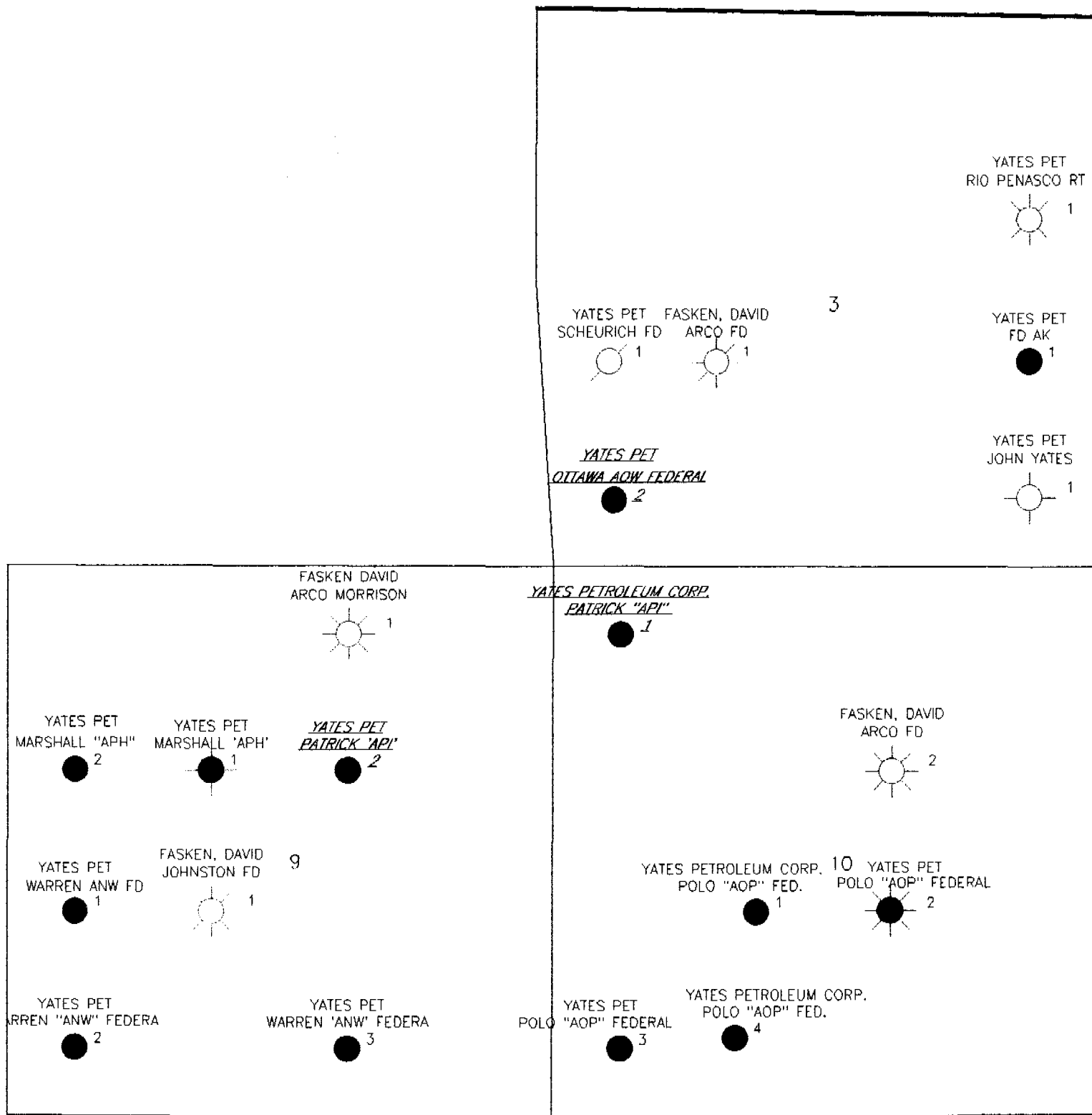
The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced leases.

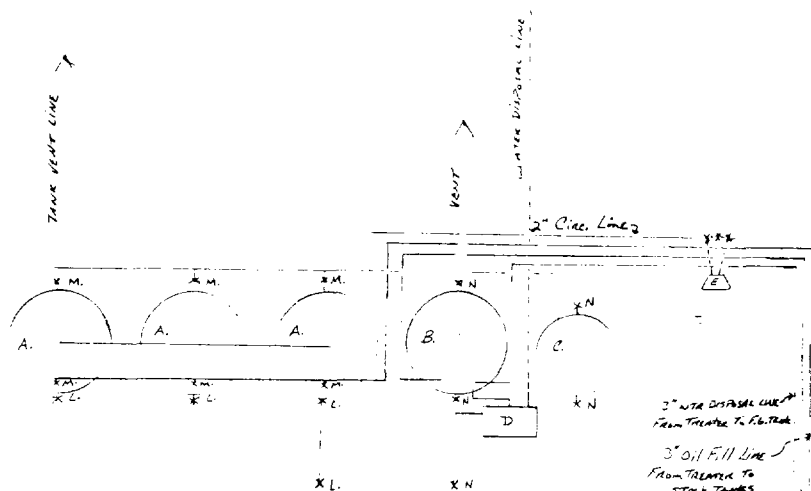
We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Signature: Amela S. Evans
Name: AMELA S. EVANS
Title: Production Clerk
Date: 4-3-96

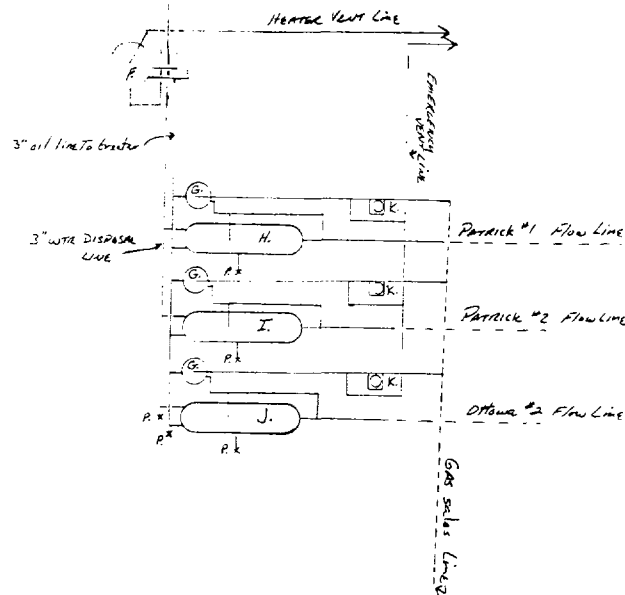


T19S-R25E

Yates Petroleum Corporation		
BASE 19S-24E EDDY COUNTY, NEW MEXICO		
		3/28/96
	Scale 1:16000.	



SITE SECURITY PLAN ON FILE AT:
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210



- A. 500 BL. METAL STOCK TANK
- B. 500 BL. F.G. WTR TANKS
- C. 210 BL. F.G. 35W TANK
- D. Produce wtr Disposal Pump
- E. 35W Circulating Pump
- F. 6' x 20' HEATER TREATER
- G. 70' x 10' VENT Separator
- H. Patrick #1 3" Phase Separator
- I. Patrick #2 3" Phase Separator
- J. Offshore #2 3" Phase Separator
- K. Gas Meters (GAS)
- L. 4" Valves sealed closed
open for safety only
- M. 3" Valves sealed closed
open for safety only
- N. 3" Valves sealed closed
not sealed (waste tank)
- P. 3" Valves sealed closed
open for safety only

YATES PETROLEUM CORPORATION
Patrick API Battery
NWNW - Section 10-T19S-R25E
Eddy County, New Mexico
Fee Lease

ATTACHMENT IV

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

Barbara T. Fasken
303 W. Wall , Suite 1900
Midland, TX 79701

Brooks Oil & Gas Interest
P.O. Box 620020
Dallas, TX 79262-0209

James W. Childress
P.O. Box 209
Roswell, NM 88202 0209

Shirley Childress
604 N. Delaware Ave. #2
Roswell, NM 88201-2135

Charles H. Coll
P.O. Box 1818
Roswell, NM 88202-1818

James N. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Jon F. Coll
P.O. Box 1818
Roswell, NM 88202-1818

Max Coll, III
Rt.9, Box 72F
Santa Fe, NM 87505

Lynn E. Desper
50 Coronado Rd.
Corrales, NM 87048-9520

Richard H. Landsheft Jr.
2313 Jim Dent
El Paso, TX 79936

William Bryan Landsheft
Rt. 6, 15880 S. Peoria
Bixby, OK 74008

Marshall & Winsotn, Inc.
P.O. Box 50880
Midland, TX 79710-0880

Payne-Johnson Management, Inc.
812 First Place
Tyler, TX 75702

Everett R. Sharp
7042 Turtle Creek Lane
Dallas, TX 75205-1263

Sunwest Bank of Albuquerque,
T.J. and Mary Ray Sivley Trust
P.O. Box 26900
Albuquerque, NM 87125-6900

Z 149 003 504



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Barbara Foster</i>	
Street and No. <i>303 W. Wall</i>	
P.O., State and ZIP Code <i>Midland, TX 79701</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Off-Post</i> <i>Patrick 1+2</i> <i>Ottawa #2</i> <i>4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 505



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
<i>Brooks Oil & Gas Int.</i>	
Street and No.	
<i>P.O. Box 620020</i>	
City, State, and ZIP Code	
<i>Dallas, TX 79262-0209</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off. loose</i>	
<i>Patrick 1+2</i>	
<i>Ottawa AOW #2</i>	
<i>4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 506



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
James W. Childress	
Street and No.	
P.O. Box 209	
P.O., State and ZIP Code	
Roswell, NM 88202-0209	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
off-lease	
Patrick 1+2	
Ottawa #2 4-1-96	

PS Form 3800, March 1993

Z 149 003 507



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Shirley Childress</i>	
Street and No. <i>604 W. Delaware Ave. #2</i>	
P.O. State and ZIP Code <i>Roswell, NM 88201-2135</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Patrick 1+2</i> <i>Ottawa AOW #2</i> <i>4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 508



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Charles H. Coll</i>	
Street and No. <i>P.O. Box 1818</i>	
P.O., State, and ZIP code <i>Boswell, NM 88202-1818</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Patrick 1+2</i> <i>Ottawa #2 mail 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 509



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>James T. Coll</i>	
Street and No. <i>P.O. Box 1818</i>	
P.O. State and ZIP Code <i>Rowell NM 88202-1818</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Patrick 1+2</i> <i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 510



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Don F. Coll</i>	
Street and No. <i>P.O. Box 1818</i>	
P.O. State and ZIP Code <i>Roswell NM 88202-1818</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Patrick 1+2</i> <i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 511



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Max Coll III</i>	
Street and No. <i>Rt. 9, Box 72F</i>	
P.O. / State and ZIP Code <i>Santa Fe, NM 87505</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Patrick 11-2</i> <i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Max Coll III
Rt. 9, Box 72F
Santa Fe, NM 87505

*Do not send
R+D Rept.*

Z 149 003 512



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Lynn E. Dugger</i>	
Street and No. <i>50 Coronado Rd.</i>	
P.O., State and ZIP Code <i>Corrales, NM 87048-9520</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Patricia #1+2</i> <i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

2 149 003 513



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Richard Handskeft Jr.</i>	
Street and No. <i>2313 Jim Dent</i>	
P.O. State and ZIP Code <i>El Paso, TX 79936</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off. house</i> <i>Patrick 1+2</i> <i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 514



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent To	
<i>William Bryan Gendle</i>	
Street and No.	
<i>Rt. 6, 15880 S. Borica</i>	
P.O., State and ZIP Code	
<i>Bixby, OK 74008</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt: Showing to Whom & Date Delivered	
Return Receipt: Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i>	
<i>Patrick 142</i>	
<i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 515



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Marshall + Winston</i>	
Street and No. <i>P.O. Box 50880</i>	
P.O. State and ZIP Code <i>Midland, TX 79701-0880</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off lease</i> <i>Patrick 1+2</i> <i>Ottawa #2 4-1-94</i>	

PS Form 3800, March 1993

Z 149 003 516



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
<i>Boye-Johnson Mergers, Inc.</i>	
Street and No.	
<i>812 First Place</i>	
City, State, and ZIP Code	
<i>Tyler, TX 75702</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-house</i>	
<i>Patrick 1+2</i>	
<i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 517



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sect. 101 <i>Everett S. Sharp</i>	
Street and No. <i>7042 Turtle Creek Lane</i>	
City, State and ZIP Code <i>Dallas, TX 75205-1263</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Off lease</i> <i>Patricia 1+2</i> <i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993

Z 149 003 51A



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to: <i>Sunwest Bank Albuq. Trust</i>	
Street and No. <i>P.O. Box 26900</i>	
P.O., State and ZIP Code <i>Albuquerque NM 87125-6900</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off lease</i>	
<i>Patrick 1+2</i>	
<i>Ottawa #2 4-1-96</i>	

PS Form 3800, March 1993