AMEND CLD

11/14/96

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



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

October 23, 1996

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

UCT 25 🗈 د این جانوا بخوه د بر ۱۹۲۵ و ۱۴۰۰ مر

Oil Conservation Division P.O. Box 6429 Santa Fe, NM 87505-6429

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

Dear Mr. Lemay,

Yates Petroleum Corporation respectfully requests administrative approval to amend Ammended Commingling Order CTB-425 (a copy of which is attached), to add the following well(s).

Patrick API #5 1980' FNL & 660' FEL Unit H, SENE Section 9-T19S-R25E Eddy County, NM Fee Lease

The production from this well is transported prior to measurement to a common tank battery, located at the Patrick API #1 (Unit D, Section 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,

Ami & S. Evans.

Pamela S. Evans Production Secretary

PE Attachments



AMENDED COMMINGLING ORDER CTB-425

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

Attention: Ms. Pamela S. Evans

The above named company is hereby authorized to commingle North Dagger Draw Upper Penn Pool (15472) production from the following leases:

Lease:	Patrick 'API' Well Nos.1, 2, 3, and 4
Description:	W/2 NW/4 of Section 10 and, SW/4 NE/4 NE/4 NE/4 of Section 9, and;
Lease:	Ottawa "AOW" Federal Well Nos.2 and 3
Description:	SW/4 SW/4 of Section 3, and, NW/4 NE/4 of Section 10

all in Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each well prior to commingling.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be stored in the Patrick 'API' No.1 tank battery facility located in Unit Letter 'D' of Section 10, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

FURTHER: The operator shall notify the Artesia district office of the Division prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 22nd day of August, 1996.

 $\boldsymbol{\mathcal{L}}$ WILLIAM J. LEMAY. **Division Director**

WJL/BES

cc: Oil Conservation Division - Artesia Bureau of Land Management - Carlsbad

ATTACHMENT IV

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

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

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

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

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

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

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

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

Sunwest Bank of Albuquerque T.J. and Mary Ray Sivley Trust P.O. Box 26900 Albuquerque, NM 87125-6900 Brooks Oil & Gas Interest P.O. Box 620020 Dallas, TX 79262-0209

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

James N. Coll P.O. Box 1818 Roswell, NM 88202-8181

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

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

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

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

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Form 3160-5	UNITED STATES		FORM APPROVED
(June 1990)	DEPARTMENT OF THE I	NTERIOR	Budget Bureau No. 1004-0135 Expires: March 31, 1993
	BUREAU OF LAND MANA	GEMENT	5. Lease Designation and Serial No.
			LC-064488E
	SUNDRY NOTICES AND REPO	PTS ON WELLS	6. If Indian, Allottee or Tribe Name
Do not us	e this form for proposals to drill or to deeper		
D0 1101 U.S.	Use "APPLICATION FOR PERMIT		
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I.Type of W Oil X Well	Gas		8. Well Name and No.
			Ottawa AOW Federal #3
2. Name of C	SPETROLEUM CORPORATION		9. API Well No.
			3001528753
	nd Telephone No.	(505) 749 14/71	10. Field and Pool, or Exploratory Area
	S. 4th Street, Artesia, NM 88210	(505) 748-1471	Dagger Draw Upper Penn, North
4. Location	of Well (Footage, Sec., T., R., M., or Survey Description		
Secti	on 10-T19S-R25E Unit B 660' FNL &	2 1980' FEL (NWNE)	11. County or Parish, State Eddy, N.M.
12.	CHECK APPROPRIATE BOX(s) TO	INDICATE NATURE OF NOTICE, RI	EPORT, OR OTHER DATA
	TYPE OF SUBMISSION	TYPE OF ACTION	· · · · · · · · · · · · · · · · · · ·
	Notice of Intent	Abandonment	Change of Plans
		Recompletion	Change of Plans New Construction Non-Routine Fracturing
	X Subsequent Report	Plugging Back	Non-Routine Fracturing
	Final Abandonment Notice	Casing Repair	Water Shut-Off
		Altering Casing	Conversion to Injection
		X Other Surface Commingling &	Dispose Water
		Storage	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
measurer	roleum Corporation respectfully reque nent. e attached application.	est approval for surface commingling a	and off lease storage and
14. Thereby c	ertify that the foregoing is true and correct	Title Production Secretary	_{Date} 10/23/96
(This sp	ace for Federal or State office use)		
Approv	ved by	Title	Date
	ions of approval, if any:		
	. Section 1001, inakes it a crime for any person knowing representations as to any matter within its jurisdiction.	ly and willfully to make to any department or agency of t	he United States any false, fictifious or fraudulent
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FORM APPROVED

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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

<u>Yates Petroleum Corporation</u> (Operator's Name) is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production form the following formation(s) and well(s) on Federal Lease No.<u>LC-0644888E</u>; Lease Name:<u>Ottawa AOW Federal</u>.

<u>Wel</u>					
<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	Formation
<u>2_</u>	<u>_M_</u>	<u>3</u>	<u>195</u>	<u>25E</u>	Dagger Draw Upper Penn, North
_3	B	$\underline{10}$	<u>195</u>	<u>25E</u>	Dagger Draw Upper Penn, North

with hydrocarbon production from the following formation(s) and well(s) on a Fee lease: Patrick API.

<u>No.</u>	Loc.	Sec.	<u>Twp.</u>	<u>Rng.</u>	Formation
1	D	<u>10</u>	<u>1928</u>	<u>25E</u>	· Dagger Draw Upper Penn, North
2	<u> </u>	<u>10</u>	<u>1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North
3	A	<u>10</u>	<u>1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North
_4	E	<u>10</u>	<u>1928</u>	<u>25E</u>	Dagger Draw Upper Penn, North
5	<u>H</u>	2	<u>1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North

Production from the well involved is as follows:

Well Name and No.	BOPD	<u>Oil Gravity</u>	<u>MCFPD</u>
Ottawa AOW #2	279	42.6	<u>800</u>
Ottawa AOW #3	171	42.6	233
Patrick API #1	<u>166</u>	<u>42.2</u>	364
Patrick API #2	<u>90</u>	<u>42.2</u>	<u>170</u>
Patrick API #3	329	<u>42.6</u>	<u>675</u>
Patrick API #4	<u>1386</u>	<u>42.6</u>	<u>1437</u>
Patrick API #5	<u>199</u>	<u>42.6</u>	<u>238</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/common 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 <u>NWNW-1/4</u>, Sec. <u>10</u>, T<u>19S</u>, R<u>25E</u>, on Federal lease <u>Patrick</u> <u>API #1</u>, 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:

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<u>Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment.</u> 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 it we have not already done so.

Signature: Hamela & Evans

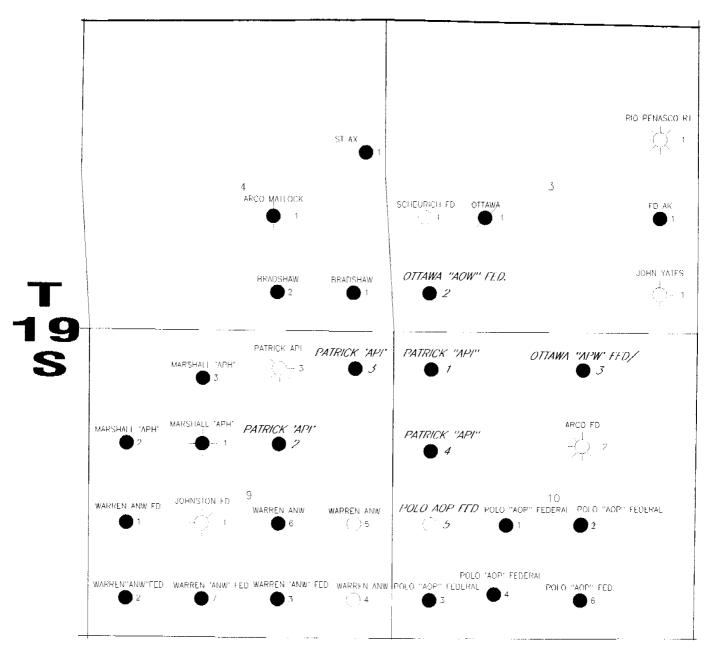
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Name: Pamela S. Evans

Title: <u>Production Clerk</u>

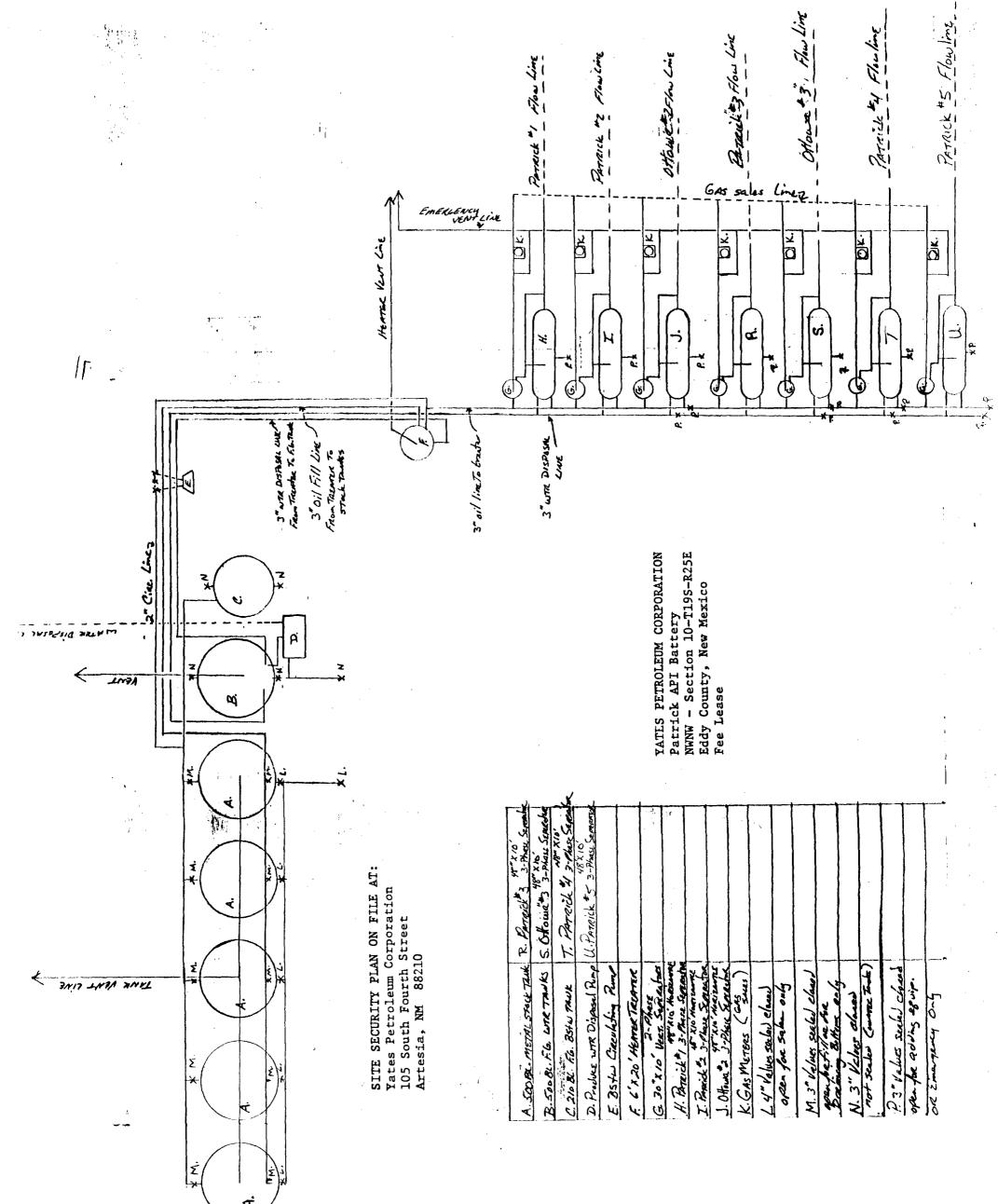
Date: 10-23-96.

R25E



T19-S/R25-E SEC 9

Yate	es Petroleum Corpo	oralion
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