

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



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

June 26 , 1998

JUN 29 1998

Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429
Attn: Lori Wrotenbery

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

Dear Ms. Wrotenbery,

Yates Petroleum Corporation respectfully requests administrative approval to amend Ammended Commingling Order CTB-359 (a copy of which is attached), to add the following well(s).

Hillview AHE Federal Com. #10
1730' FNL & 660' FEL
Unit H, SENE
Section 23-T20S-R24E
Eddy Co., NM
Undesignated ~~Strawn~~
WOLF CAMP

The production from this well is transported prior to measurement to a common tank battery, located at the Hill View AHE Fed. Com. #2, Unit G, SWNE, Sec: 23-T20S-24E.

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 turban 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:

A map showing the location of the wells.

A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual of Installation and Operation of Commingling Facilities".

Notification of working interest, royalty interest and overriding royalty interest owners.

Notification to the Bureau of Land Management.

If you should have any questions or need further information, please give me a call at (505) 748-4206 (direct line).

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Pamela S. Evans".

Pamela S. Evans
Production Secretary

PE
Attachments



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
DEPARTMENT SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

AMENDED COMMINGLING ORDER CTB-359

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Rusty Klein

The above named company is hereby authorized to commingle South Dagger Draw-Upper Pennsylvanian Associated Pool production from the following leases:

Lease: Hillview "AHE" - Prickley Pear "AIE" Federal Lease (Communitized)
Description: E/2 of Section 23, Township 20 South, Range 24 East, NMPM; and

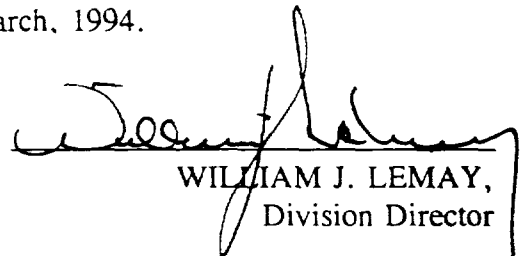
Lease: Hillview "AHE" - Saguaro "AGS" Federal Lease (Communitized)
Description: W/2 of Section 23, Township 20 South, Range 24 East, NMPM

both in Eddy County, New Mexico.

Production shall be allocated to each well 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.

DONE at Santa Fe, New Mexico, on this 16th day of March, 1994.


WILLIAM J. LEMAY,
Division Director

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

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

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)

1650' FNL & 1780' FEL Section 23-T20S-R24E (Unit G, SWNE)

5. Lease Designation and Serial No.

NM-045274

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Hill View AHE Fed. Com. #2

9. API Well No.

30-015-23541

10. Field and Pool, or Exploratory Area

Dagger Draw Upper Penn, South

11. County or Parish, State

Eddy Co., NM

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

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Surface Commingling & Storage

☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ 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 direction 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 Amela L. Evans

Title Production Secretary

Date 6/26/98

(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

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL
This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
620 East Greene Street
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. NM-86241; Lease Name: Hill View AHE.

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>G</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>3</u>	<u>N</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>4</u>	<u>J</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>5</u>	<u>A</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>6</u>	<u>B</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>

with hydrocarbon production from the following formation(s) and well(s) on a Federal lease: Hill View AHE.

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>10</u>	<u>H</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Undesignated Strawn</u>

with hydrocarbon production from the following formation(s) and well(s) on a Federal lease: Prickly Pear AIE.

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>P</u>	<u>23</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>

Production from the well(s) involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Hill View AHE Fed. Com. #2</u>	<u>0</u>	<u>NA</u>	<u>0</u>
<u>Hill View AHE Fed. Com. #3</u>	<u>0</u>	<u>NA</u>	<u>13</u>
<u>Hill View AHE Fed. Com. #4</u>	<u>0</u>	<u>NA</u>	<u>0</u>
<u>Hill View AHE Fed. Com. #5</u>	<u>0</u>	<u>NA</u>	<u>0</u>
<u>Hill View AHE Fed. Com. #6</u>	<u>0</u>	<u>NA</u>	<u>0</u>
<u>Hill View AHE Fed. Com. #10</u>	<u>0</u>	<u>NA</u>	<u>11</u>
<u>Prickly Pear AIE Fed. Com. #1</u>	<u>0</u>	<u>NA</u>	<u>29</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 SWNE-1/4, Sec. 23, T20S, R24E, Federal lease Hill View AHE #2 Eddy Co. NM. 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:

Oil will be transported off lease prior to measurement and will be measured by turban metering equipment. Gas will also be measured separately. Total sales volume will be allocated back to individual wells based on daily well test.

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 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.

The proposed commingling is necessary for economic 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: Pamela S. Evans

Name: Pamela S. Evans

Title: Production Clerk

Date: 6-26-98

CONOCO "HOT" TIDEWA

20S 24E

CAR TP

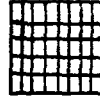
CAR TP

CAR TP

22

FOSTER RANCH TD

CONOCO



Storage & Measurement Facility

HILL VIEW "HOT" TD

SIXDA "HOT" TIDEWA

SAGUARO "HOT" TD

HILLVIEW AVE

SAGUARO ACS TD

SAGUARO ACS

HILLVIEW AVE

HILLVIEW AVE

SAGUARO ACS TD

SAGUARO ACS TD

HILLVIEW AVE TD



HILLVIEW AVE

23

HILLVIEW AVE TD

HILLVIEW AVE

HILLVIEW AVE TD

HILLVIEW "HOT" TD

HILLVIEW AVE TD

HILLVIEW AVE

HILLVIEW "HOT" TIDEWA

PRICKLY PEAR AVE TD

16

SAGUARO "HOT" TD

CONOCO "HOT" TIDEWA

CONOCO "HOT" TD

CHARLOTTE "HOT" TD

CHARLOTTE "HOT" TIDEWA

HILLVIEW AVE TD

WATER TAP

WATER

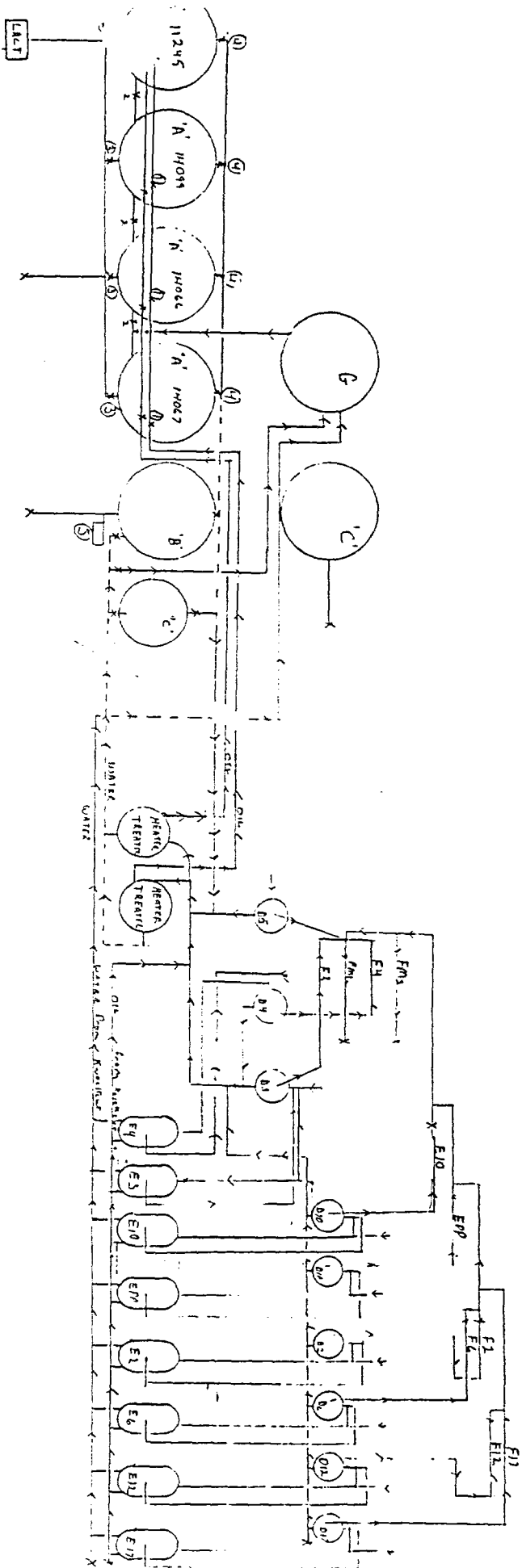
WATER TAP

PAID VERDE "HOT" TD

PAID VERDE "HOT" TD

MURKIN HCU

YATES Petro Corp



Hillview AHE Fed Com #2 TANK Battery

- ① OIL FILL LINES sealed during sales
- ② OIL Equalizer LINES sealed closed during sales
- ③ OIL SALES LINES sealed closed except during sales
- ④ Emergency Drains sealed closed
- ⑤ WATER TO An APPROVED disposal system

A 500 BBL OIL STORAGE

B 500 BBL WATER STORAGE

C 210 BBL BS&W STORAGE

G 750 BBL Gumbarel

D2 Hillview #2 Separator

D3 Hillview #3 " "

D4 Hillview #4 " "

D5 Hillview 5 " "

D6 Hillview 6 " "

D10 Hillview 10 " "

D12 Hillview 12 " "

D17 Hillview 17 " "

DPP Prickly Pear " "

E2 Hillview #2 WATER Knockout

E3 Hillview #3 " "

E4 Hillview #4 " "

E6 Hillview #6 " "

E10 Hillview 10 " "

E12 Hillview 12 " "

E17 Hillview 17 " "

EPP Prickly Pear " "

FM1 MAIN METER #1 CDP

FM2 MAIN METER #2 CDP

F2 Hillview #2 METER RUN

F3 Hillview #3 " "

F4 Hillview #4 " "

F6 Hillview #6 " "

F10 Hillview #10 " "

F12 Hillview 12 " "

F17 Hillview 17 " "

FPP Prickly Pear " "

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

R. E. Chambers Jr.
2413 Clayton
Wichita Falls, TX 76308

Alice Ann Hanks Freeman
P.O. Box 9087
Wichita Falls, TX 76308-9087

Bonnie Morrison
1200 California St, Apt. 17A
San Francisco, CA 94109-5075

W.T. & Jeanette J. Probandt
415 W. Wall
Suite 2206
Midland, TX 79701

Wills Royalty, Inc.
P.O. Box 1658
Carlsbad, NM 88221-1658

Preston B. Hanks
16009 W. Dorman Dr.
Austin, TX 78717-4804

Marcia P. Lane
9440 Santa Monica
Suite 300
Beverly Hills, CA 90210

Lollie Dee King Chambers
2413 Clayton
Wichita Falls, TX 76308

John Franklin Roe
19382 Surfdale
Huntington Beach, CA 92648

Joan Roe Islas Trust
Carlsbad National Bank
P.O. Box 1359
Carlsbad, NM 88221

The Riggs-Mills Limited
P.O. Box 230430
Anchorage, AK 99523-0430

Graham Hanks Hamilton Young
3004 Oak Bend
Round Rock, TX 78681

Roger C. Hanks Jr.
6308 B Taggart
Houston, TX 77007-2052

Z 378 961 478

US Postal Service

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No Insurance Coverage Provided.

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R.E. Chambers

2413 Clayton

Wichita Falls, TX 76308

PS Form 3800, April 1995

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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Hillview</i> <i>2,3,4,5,6,10</i> <i>Archie Bar</i> <i>6-10-98</i>	

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Lollie Dee King Chambers

2413 Clayton

Wichita Falls, TX 76308

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Alice Ann Hanks Freeman *(See reverse)*

P.O. Box 9087

Wichita Falls, TX 76308-9087

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John Franklin Roe

19382 Surfdale

Huntington Beach, CA 92648

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TOTAL Postage & Fees	\$
Postmark or Date Hillview Prickly Pear 6-10-98	

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Bonnie Morrison

1200 California St.

Apt. 17A

San Francisco, CA 94109-5075

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Carlsbad National Bank

Joan Roe Islas Trust

P.O. Box 1359

Carlsbad, NM 88221

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Restricted Delivery Fee	
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TOTAL Postage & Fees	\$
Postmark or Date Hillview 6-10-98 + Prickly Pear	

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W.T. & Jeanette J. Probandt

415 W. Wall

Suite 2206

Midland, TX 79701

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Postmark or Date Hillman 6-10-98 Pickett Bar	

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The Riggs-Mills Limited

P.O. Box 230430

Anchorage, AK 99523-0430

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Restricted Delivery Fee	
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Postmark or Date Hillman 6-10-98 Picky Bear	

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Wills Royalty, Inc.

P.O. Box 1658

Carlsbad, NM 88221-1658

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Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date Helena + Prickly Pear 6-10-98	

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Graham Hanks Hamilton Young

3004 Oak Bend

Round Rock, TX 78681

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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date Hill Country 6-10-98 Pickett Pear	

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Preston B. Hanks

16009 W. Dorman Dr.

Austin, TX 78717-4804

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TOTAL Postage & Fees	\$
Postmark or Date Yellow 6-10-98 Picky Pear	

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Roger C. Hanks Jr.

6308 B Taggart

Houston, TX 77007-2052

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Restricted Delivery Fee	
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Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date Hillview 6-10-98 Puckey Pear	

Z 378 961 490

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Marcia P. Lane
9440 Santa Monica
Suite 300
Beverly Hills, CA 90210

PS Form 3800, April 1995

	\$
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Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date Hillview 6-10-98 Picky Bar	