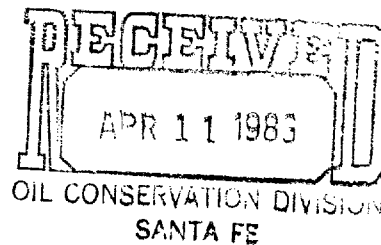




207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331



S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

April 8, 1983

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTN: Mr. Richard L. Stamets

Dear Mr. Stamets:

This letter is an application seeking approval for off-lease measurement of natural gas from the following eight wells in Chaves County, New Mexico.

1. Binnion TT Federal No. 4
660S + 660E
Sec. 23, T7S, R25E
2. Bosque Grande SQ Com No. 1
990N + 660E
Sec. 8, T7S, R26E
3. McCrea SF Com No. 1
660N + 1980W
Sec. 14, T9S, R25E
4. Sacaton SN State No. 1
810S + 660W
Sec. 3, T7S, R23E
5. Sacra SA No. 3
660S + 660W
Sec. 35, T6S, R25E
6. Sacra SA No. 4
330S + 660E
Sec. 35, T6S, R25E
7. Squirrel SL State No. 1
1980S + 1980W
Sec. 32, T7S, R26E
8. Teckla MD Federal No. 1
1980S + 660E
Sec. 12, T6S, R25E

Mr. Richard L. Stamets
April 8, 1983
-2-

As you know, many natural gas wells in the area of the Pecos Slope Abo field have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the pipeline company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In most cases there will be an acceptable place to tap into the existing Transwestern Pipeline system somewhere on the lease, but in a few instances it will be necessary to take the gas off-lease for sales measurement. Such is the case for the eight wells in this application. No low-pressure pipeline traverses the lease where five of these wells are located. Five Mile Draw separates Sacra SA #3 and Sacra SA #4 from the only possible on-lease measurement point. Finally, Transwestern prefers that gas from Teckla MD Federal #1 be measured off lease to avoid disrupting the surface with another road and meter station.

Exhibit 1 shows basic location and completion data for the eight wells. Except for off-lease gas measurement, all facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite. Transwestern will install a meter house at each measurement point and pipeline employees will do the actual metering of the natural gas produced.

Exhibit 2 presents details of the plans for off-lease measurement. There is one summary page, one general schematic diagram and then a map for each well showing the route of the flowline from well to point off-lease gas measurement. The summary page includes information on both mineral and surface ownership for all leases involved. The gathering lines will be constructed of welded tubing laid on the surface except where burying is required by the surface owner or regulatory agency. All necessary rights-of-way will be obtained before these gathering lines are installed.

Yates has applied for off-lease measurement from the Minerals Management Service for the four wells where the Federal government owns some or all of the mineral rights. Exhibit 3 contains copies of the requests sent to the MMS office in Roswell.

This request for off-lease measurement approval is based on economic considerations. Unless gas from the wells can somehow be delivered to existing pipeline facilities it now appears that the wells will remain shut-in for an undeterminable length of

Mr. Richard L. Stamets
April 8, 1983
-3-

time. Prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the wells. Also, without production, royalties and production taxes will not be paid resulting in loss of public revenue.

Yates Petroleum Corporation respectfully requests your approval of this application. If additional information is required, please contact me at 748-1331.

Sincerely,

A handwritten signature in cursive script that reads "Dave Boneau".

DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

Exhibit 1

Summary of Basic Data on the Eight Wells

<u>Well</u>	<u>Spacing Unit</u>	<u>Lease (s) in Spacing Unit</u>	<u>Completion Date</u>	<u>Potential (Mcf/D)</u>	<u>Abo Perforation (Feet)</u>
Binnion TT Federal No. 4	SE/4 23-7-25	80A NM28305 80A Fee	07-01-82	321	3712--3879
Bosque Grande SQ Com No. 1	NE/4 8-7-26	40A NM15294 120A	05-12-82	235	3827--3853
McCrea SF Com No. 1	NW/4 14-9-25	80A NM14994 40A Fee 20A Fee 20A Fee	04-08-82	232	3850--4252
Sacaton SN State No. 1	SW/4 3-7-23	160A LG6673	03-09-82	264	2974--3180
Sacra SA #3	SW/4 35-6-25	160A Fee	07-29-82	335	3593--3754
Sacra SA #4	SE/4 35-6-25	160A Fee	09-10-82	4175	3633--3764
Squirrel SL State No. 1	SW/4 32-7-26	160A V90	03-29-82	380	3854--3940
Teckla MD Federal No. 1	SE/4 12-6-25	160A NM9982	05-02-82	582	3742--3958

Contents of Exhibit 2

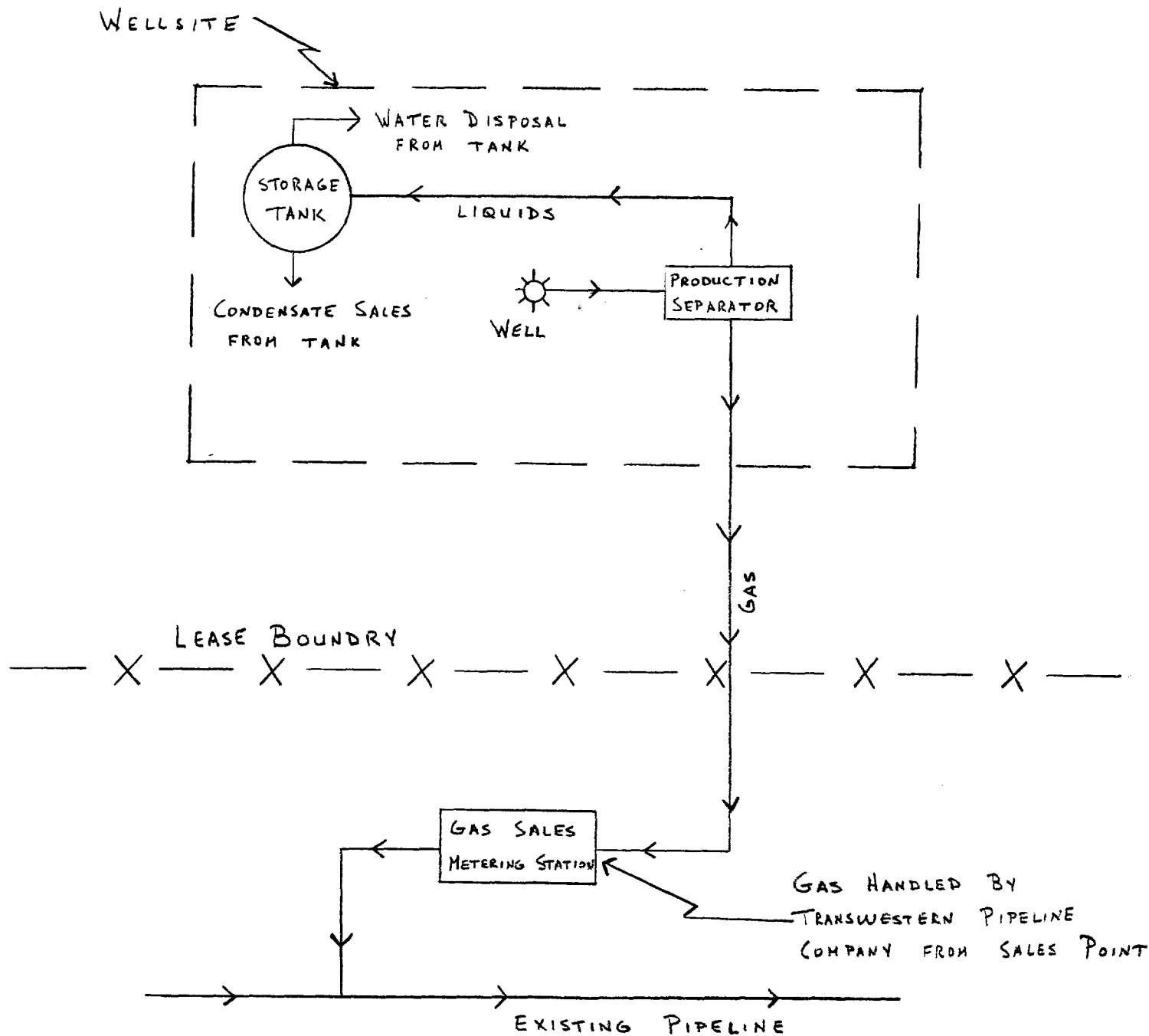
	<u>Page</u>
1. Summary of Lands Involved in Off-Lease Measurement	2- 2
2. Schematic Diagram of Off-Lease Measurement	2- 3
3. Map of Area around Binnion TT Federal No. 4	2- 4
4. Map of Area around Bosque Grande SQ Com No. 1	2- 5
5. Map of Area around McCrea SF Com No. 1	2- 6
6. Map of Area around Sacaton SN State No. 1	2- 7
7. Map of Area around Sacra SA No. 3	2- 8
8. Map of Area around Sacra SA No. 4	2- 9
9. Map of Area around Squirrel SL State No. 1	2-10
10. Map of Area around Teckla MD Federal No. 1	2-11

Summary of Lands Involved in Off-Lease Measurements

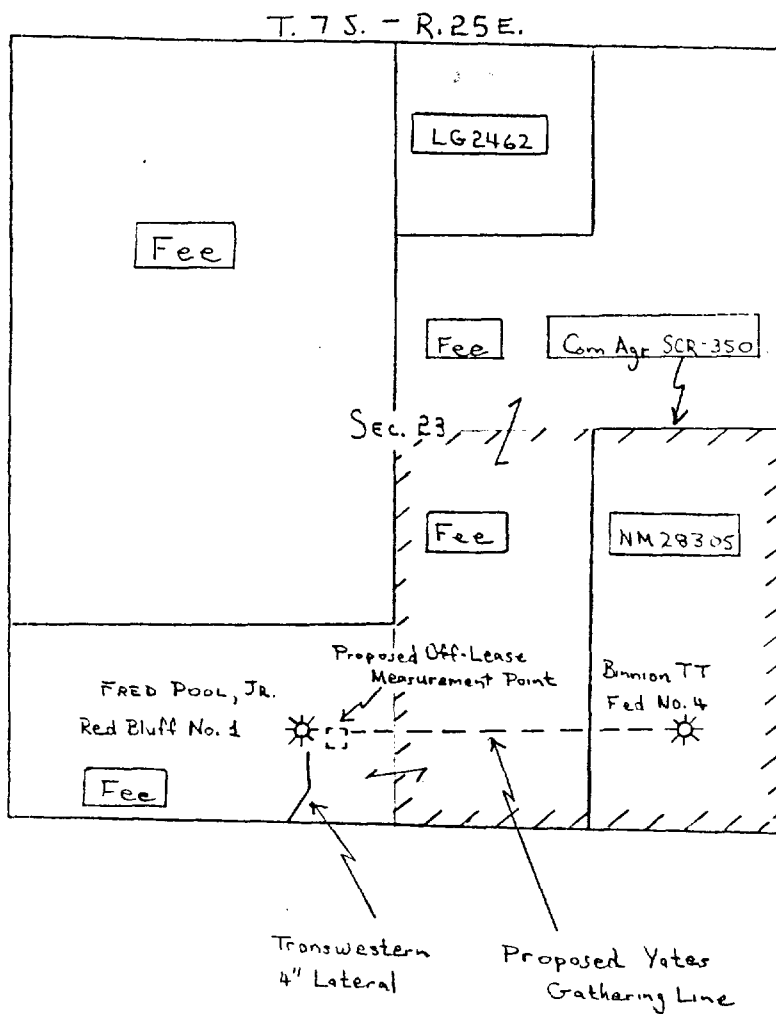
Well	Location	Lease Containing Subject Well (Surface Owner)	Other Leases in Same 160 Acres (Surface Owner)	Lease Containing Measurement Point (Surface Owner)	Other Lease Crossed By Gathering Line (Surface Owner)
Binnion TT Federal No. 4	660S + 660E 23-7S-25E	Federal NM28305 (Private Surface)	Private Minerals (Private Surface)	Private Minerals (Private Surface)	None
Bosque Grande SQ Com No. 1	990N + 660E 8-7S-26E	Federal NM15294 (Private Surface)	Private Minerals* (Private Surface)	Federal NM38342 (Private Surface)	None
McCrea SF Com No. 1	660N + 1980W 14-9S-25E	Private Minerals (Location straddles Private surface + Federal surface)**	a) Federal NM14994* (Federal Surface) b) Private Minerals* (Private Surface)	Private Minerals (Private Surface)	Federal NM14291 (Federal Surface)
Sacaton SN State No. 1	810S + 660W 3-7S-23E	State LG6673 (State Surface)	None	State LG6675 (State Surface)	None
Sacra SA No. 3	660S + 660W 35-6S-25E	Private Minerals (Private Surface)	None	State LG2462 (Private Surface)	None
Sacra SA No. 4	330S + 660E 35-6S-25E	Private Minerals (Private Surface)	None	State LG2462 (Private Surface)	None
Squirrel SL State No. 1	1980S + 1980W 32-7S-26E	State V90 (State Surface)	None	State LG997 (State Surface)	None
Teckla MD Federal No. 1	1980S + 660E 12-6S-25E	Federal NM9982 (Federal Surface)	None	Federal NM9813 (Private Surface)	None

*Gathering line does not cross this lease
**Location lies on boundary of two "20-acre" leases

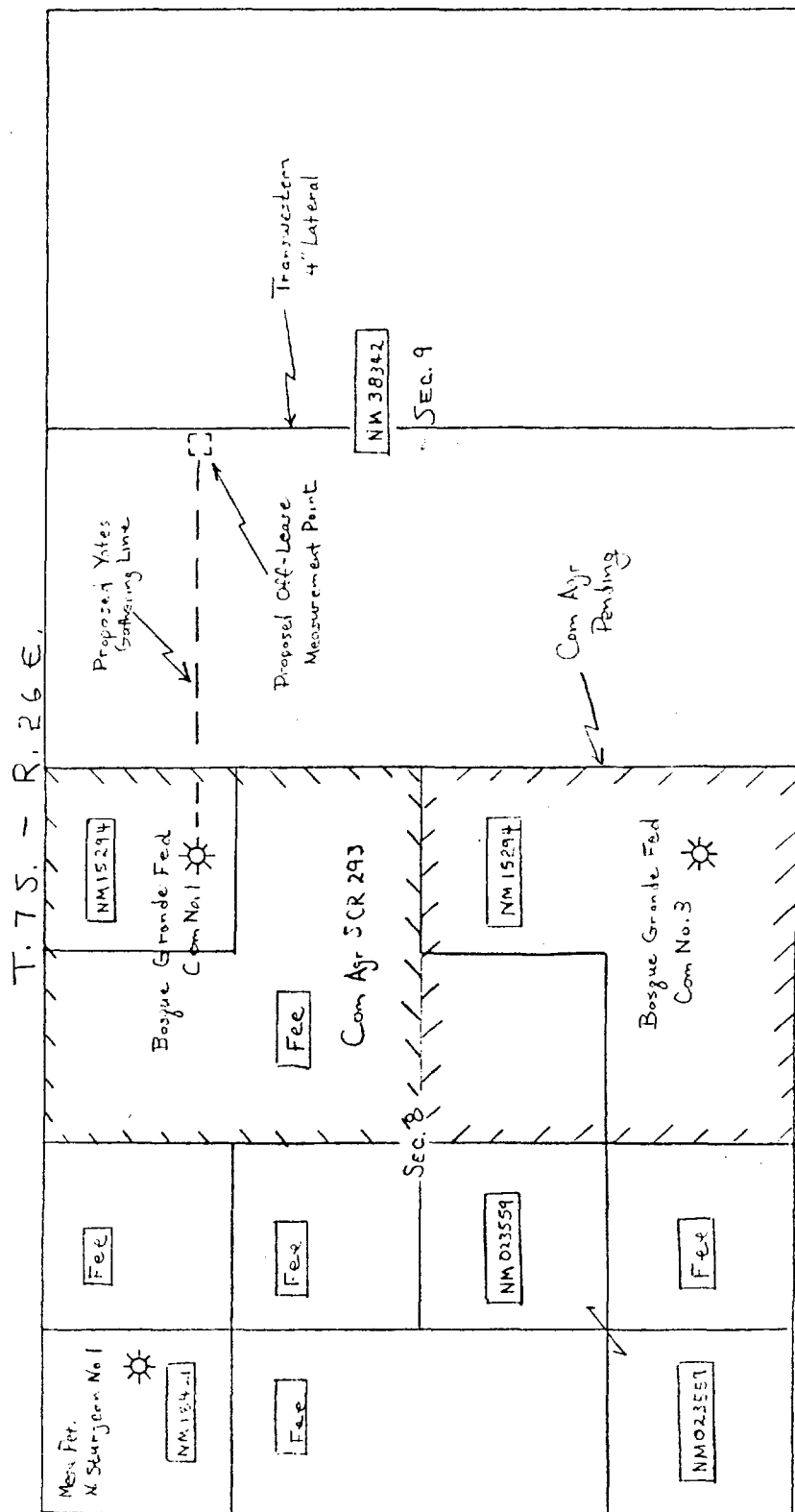
SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT



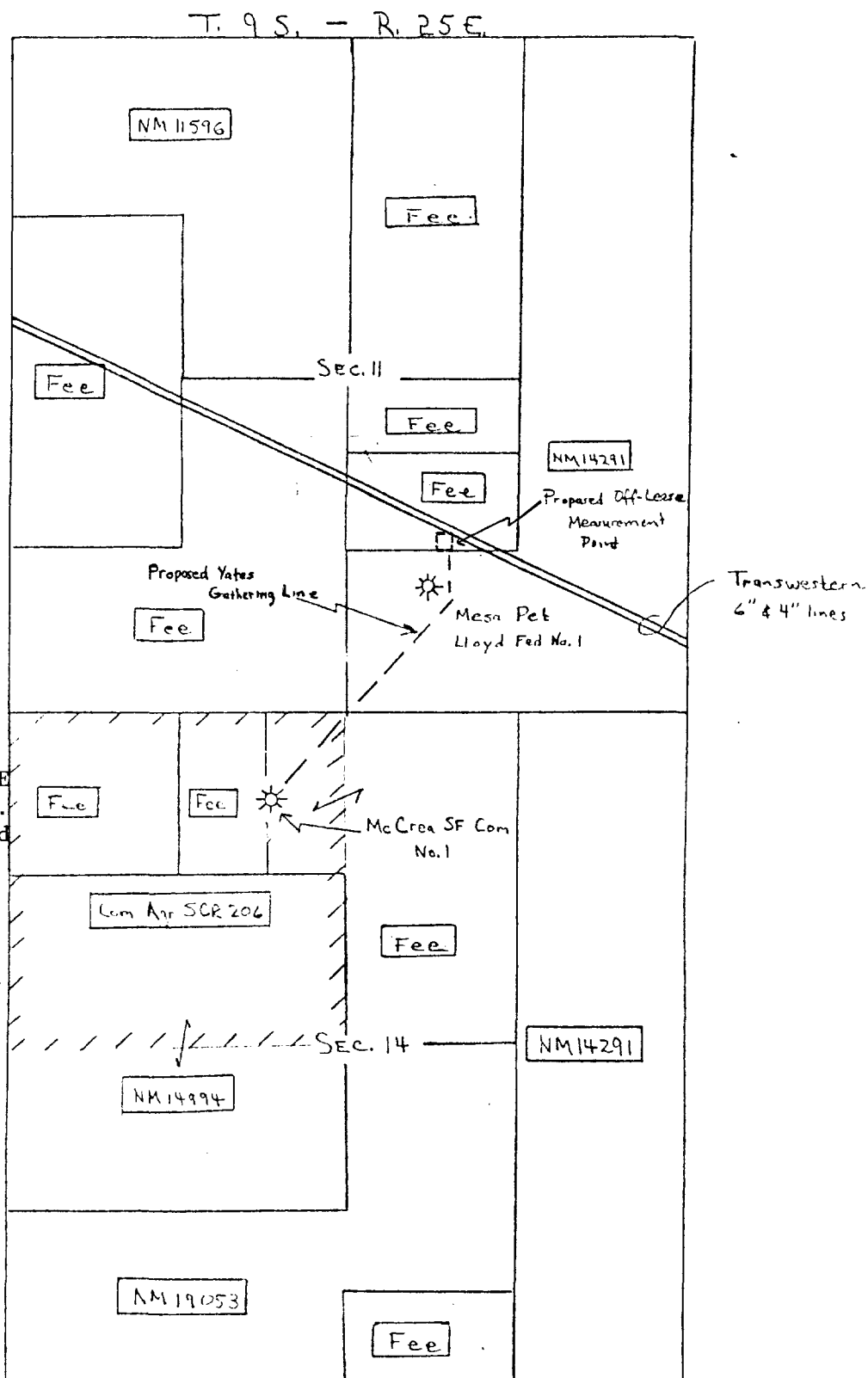
BINNION TT FED. NO. 4



BOSQUE GRANDE SQ FED COM NO. 1



Mc CREA SF Com No. 1

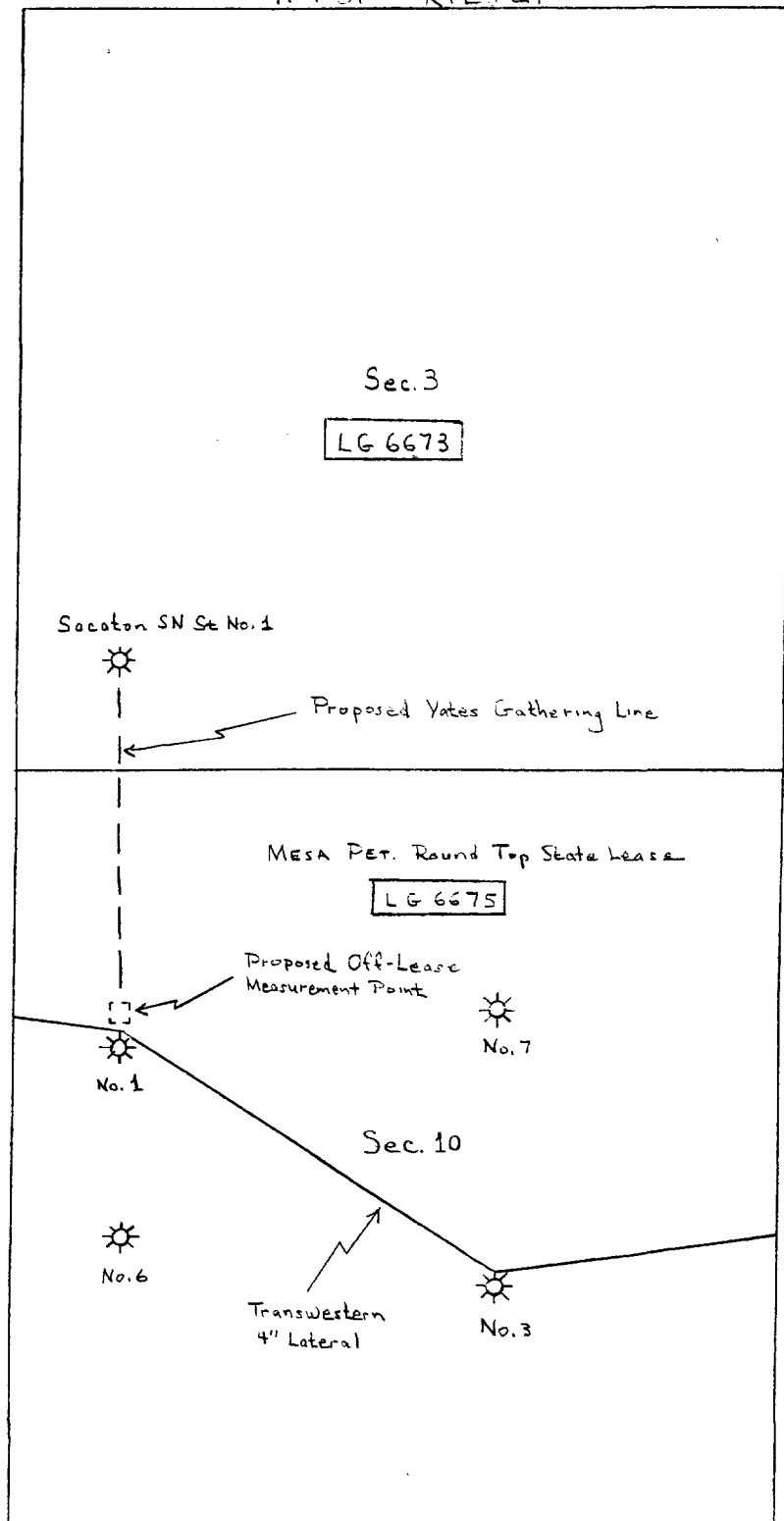


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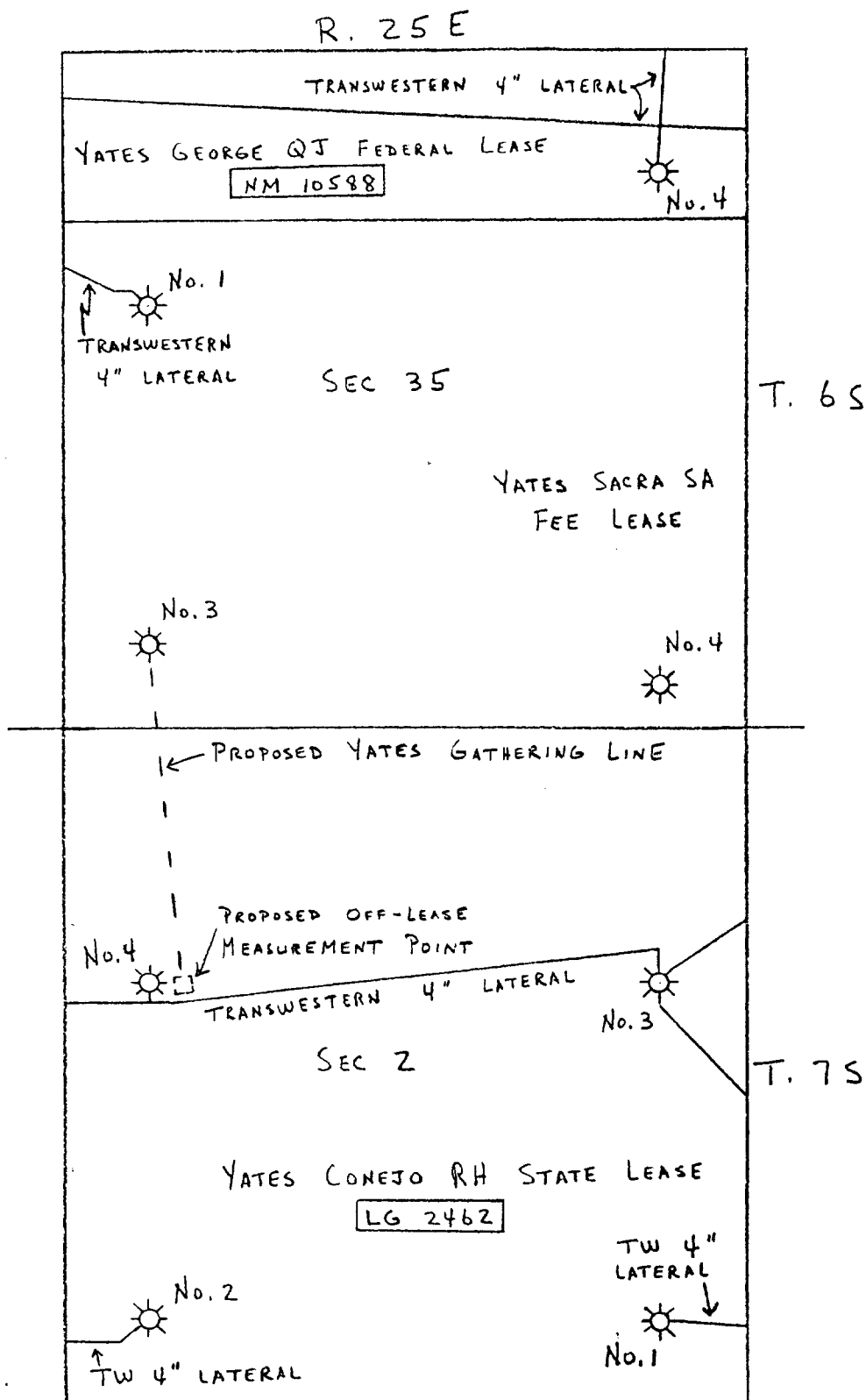
Tap is 1800 FS & 1702 FE of 11-9-25 on Fee Lease. Earlier map had proposed measurement point south of boundary between fee lease and NM14291 (approximately 1300 FS & 1700 FE of 11-9-25).

SACATON SN STATE No. 1

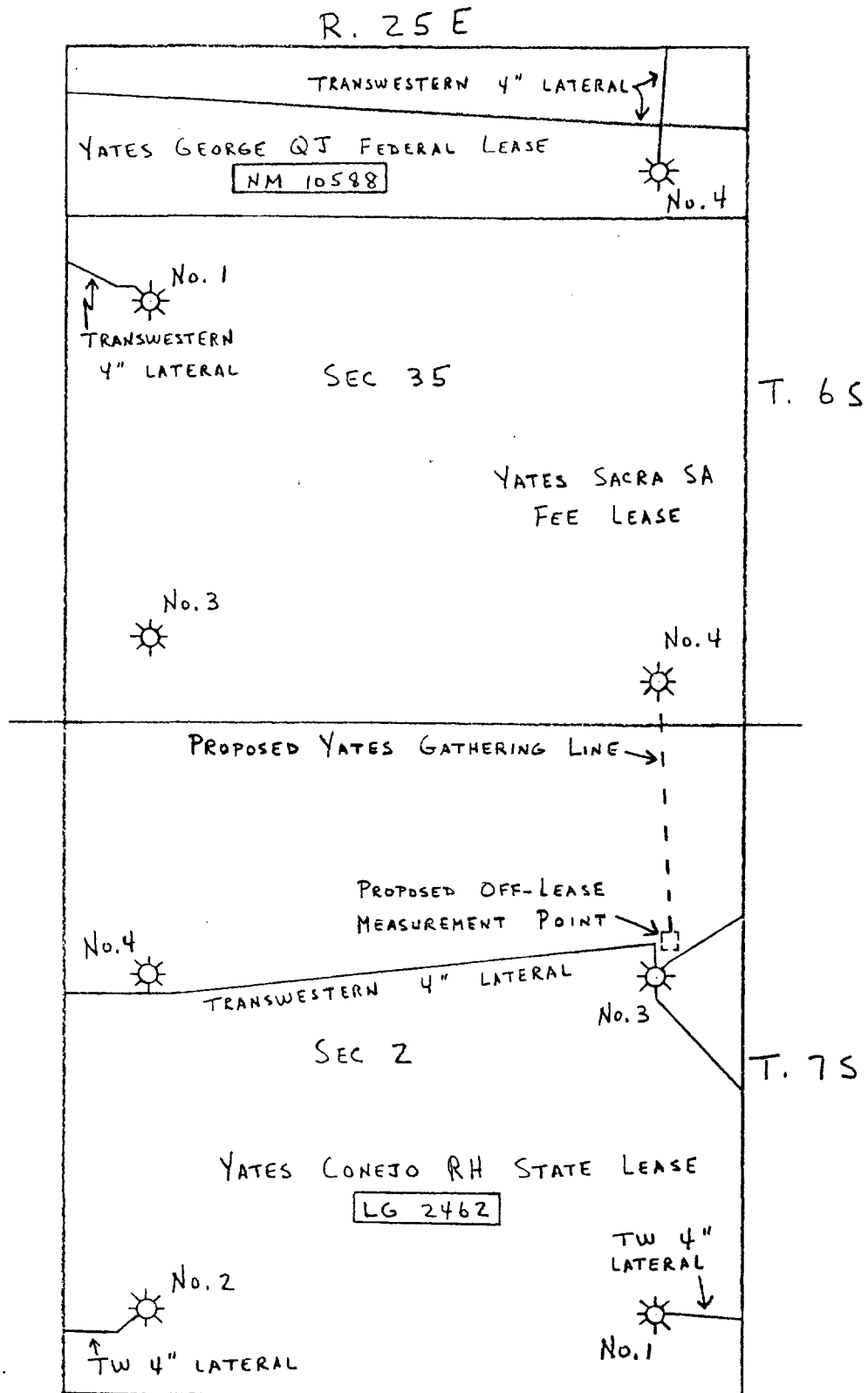
T. 7 S. - R. 23 E.



SACRA SA No. 3

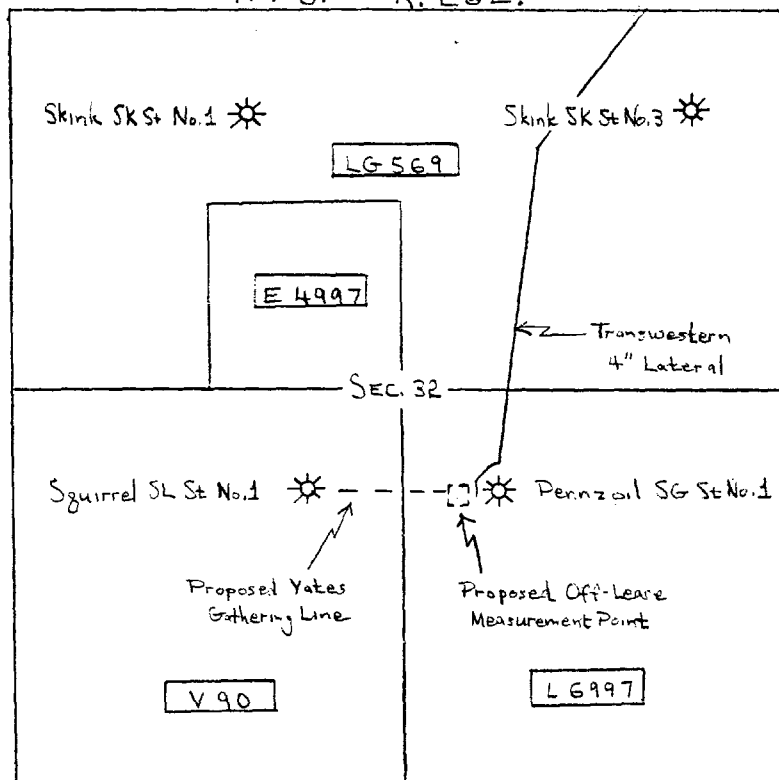


SACRA SA No. 4



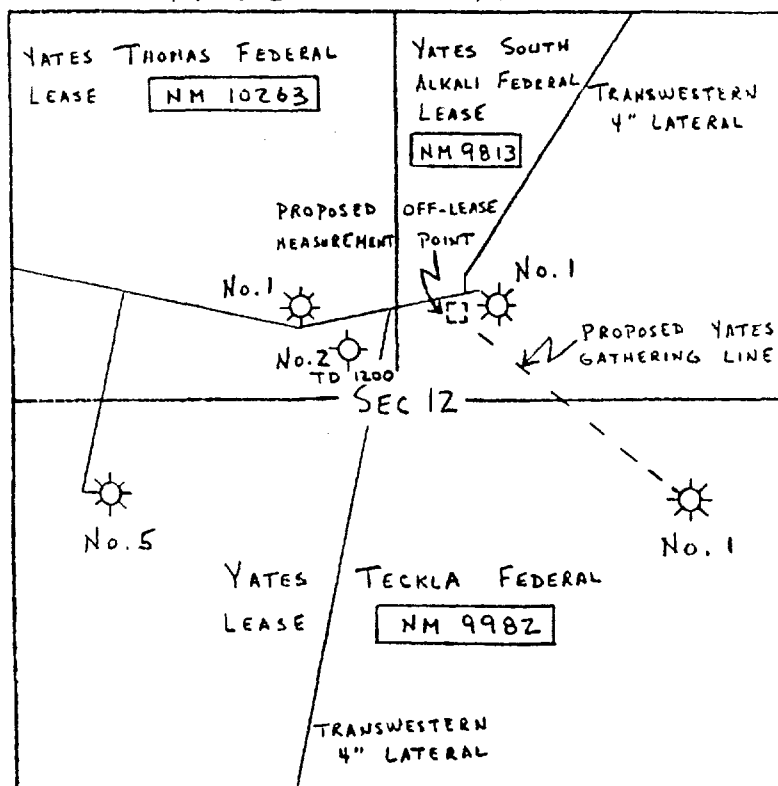
SQUIRREL SL STATE NO. 1

T. 7 S. - R. 26 E.



TECKLA MD FEDERAL No. 1

T. 6 S - R. 25 E



Contents of Exhibit 3

	<u>Page</u>
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2. Request to MMS on Bosque Grande SQ Com No. 1	3- 6
3. Request to MMS on McCrea SF Com No. 1	3-10
4. Request to MMS on Teckla MD Federal No. 1	3-14



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

April 5, 1983

James A. Gillham
District Supervisor, Oil & Gas
Minerals Management Service
P. O. Drawer 1857
Roswell, New Mexico 88201

Dear Mr. Gillham:

Due to reduced demand for natural gas from the Pecos Slope Abo field of North Chaves County many wells in the area have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In most cases there will be a place to tap into the existing Transwestern Pipeline system somewhere on the lease, but in a few instances where no pipeline traverses the lease it will be necessary to take the gas off-lease for sales measurement. Such is the case for the Binnion TT well No. 4 located 660 feet from the south line and 660 feet from the east line of Section 23, Township 7 South, Range 25 East, N.M.P.M., Chaves County, New Mexico.

Accordingly, Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Binnion TT well No. 4. The well was completed on July 1, 1982 for 321 MCFGPD from Abo perforations 3712 to 3879 feet. The SE 1/4 of Section 23 is dedicated to the well involving 80 acres in Federal lease NM 28305 and 80 acres in fee leases. Communitization agreement SCR-350 has been approved for the SE 1/4 of Section 23. Except for off-lease gas measurement all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite.

Attached is map showing the location of the Binnion TT well No. 4 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers, and communitization agreement numbers where applicable. Also attached is a schematic diagram showing how production will be handled and where production equipment will be located. All necessary rights-of-way will be

James A. Gillham

-2-

April 5, 1983

obtained before installation of gathering lines. Yates agrees that any leaks or breaks between the wellhead and point of measurement will be borne by the operator and royalty will be based on the preceeding 30 day average rate.

This application is based on economic considerations. Unless gas from the well can somehow be delivered to existing pipeline facilities it now appears that the well will remain shut-in for an undeterminable length of time. Such a prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application. If any additional information is required please advise.

Sincerely,

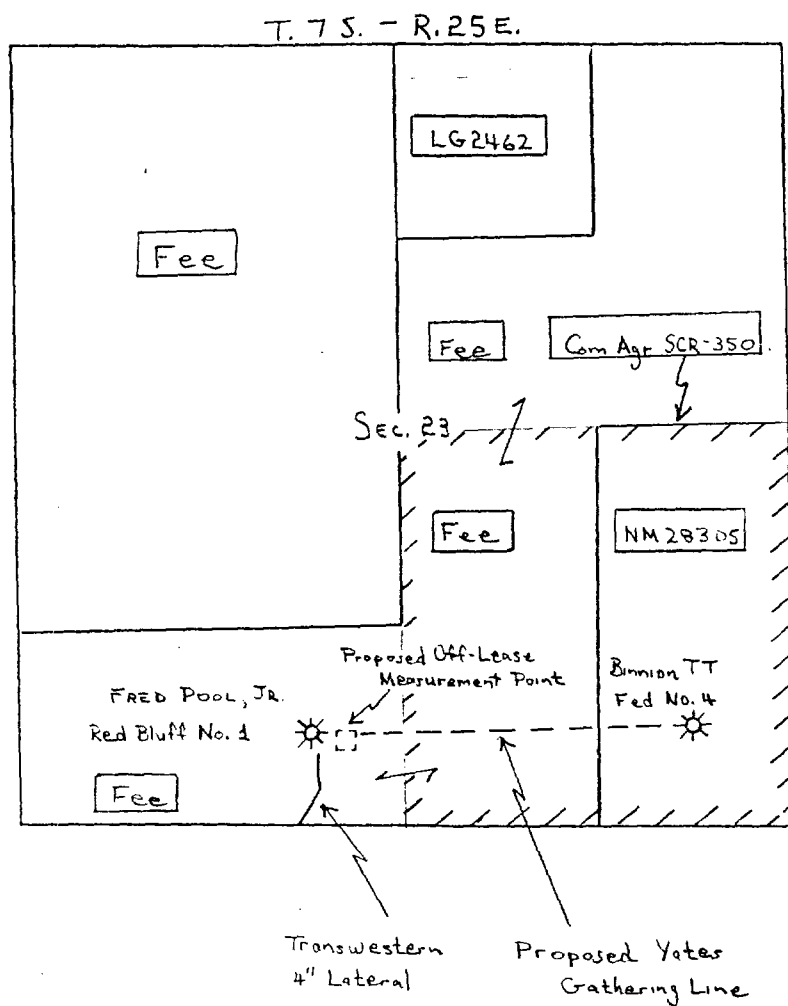


DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

BINNION TT FED. NO. 4



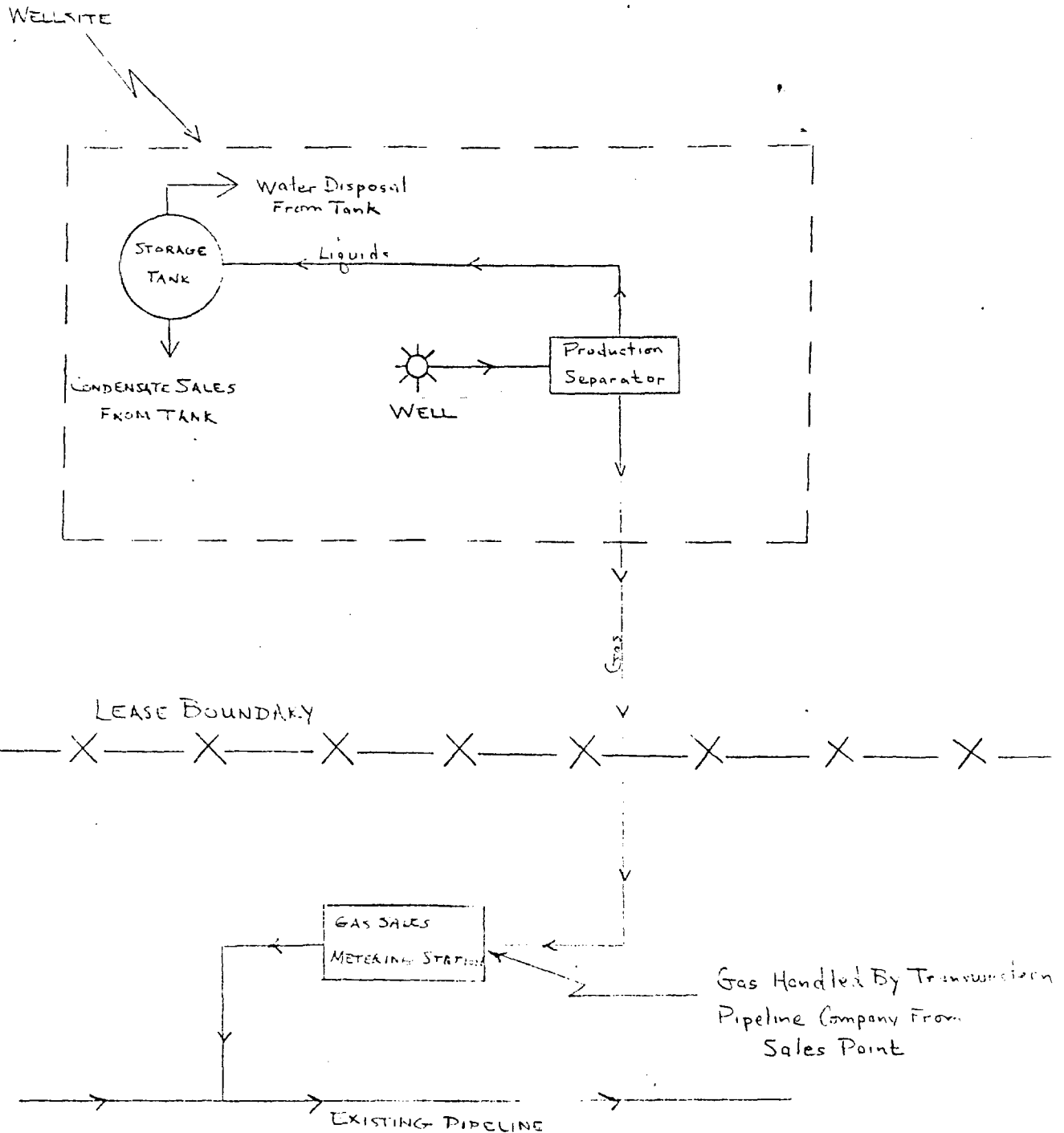
SCHEMATIC DIAGRAM

Page 3-5

OFF-LEASE GAS MEASUREMENT

BINNION T T FEDERAL No. 4

660' FSL & 660' FEL SEC. 23, T. 7S., R. 25E.





207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES Page 3-6
PRESIDENT

MARTIN YATES, III
VICE PRESIDENT

JOHN A. YATES
VICE PRESIDENT

B. W. HARPER
SEC. TREAS

April 5, 1983

James A. Gillham
District Supervisor, Oil & Gas
Minerals Management Service
P. O. Drawer 1857
Roswell, New Mexico 88201

Dear Mr. Gillham:

Due to reduced demand for natural gas from the Pecos Slope Abo field of North Chaves County many wells in the area have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In most cases there will be a place to tap into the existing Transwestern Pipeline system somewhere on the lease, but in a few instances where no pipeline traverses the lease it will be necessary to take the gas off-lease for sales measurement. Such is the case for the Bosque Grande SQ well No. 1 located 990 feet from the north and 660 feet from the east line of Section 8, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico.

Accordingly, Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Bosque Grande SQ well No. 1. The well was completed on May 12, 1982 for 235 MCFGPD from Abo perforations 3827 to 3853 feet. The NE 1/4 of Section 8 is dedicated to the well involving 40 acres in Federal lease NM 15294 and 120 acres in fee leases. Communitization agreement SCR 293 has been approved for the NE 1/4 of Section 8. Except for off-lease gas measurement all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the well site.

Attached is map showing the location of the Bosque Grande SQ well No. 1 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers, and communitization agreement numbers where applicable. Also attached is a schematic diagram showing how production will be handled

James A. Gillham

-2-

April 5, 1983

and where production equipment will be located. All necessary rights-of-way will be obtained before installation of gathering lines. Yates agrees that any leaks or breaks between the wellhead and point of measurement will be borne by the operator and royalty will be based on the preceeding thirty day average rate.

This application is based on economic considerations. Unless gas from the well can somehow be delivered to existing pipeline facilities it now appears that the well will remain shut-in for an undeterminable length of time. Such a prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application. If any additional information is required please advise.

Sincerely,

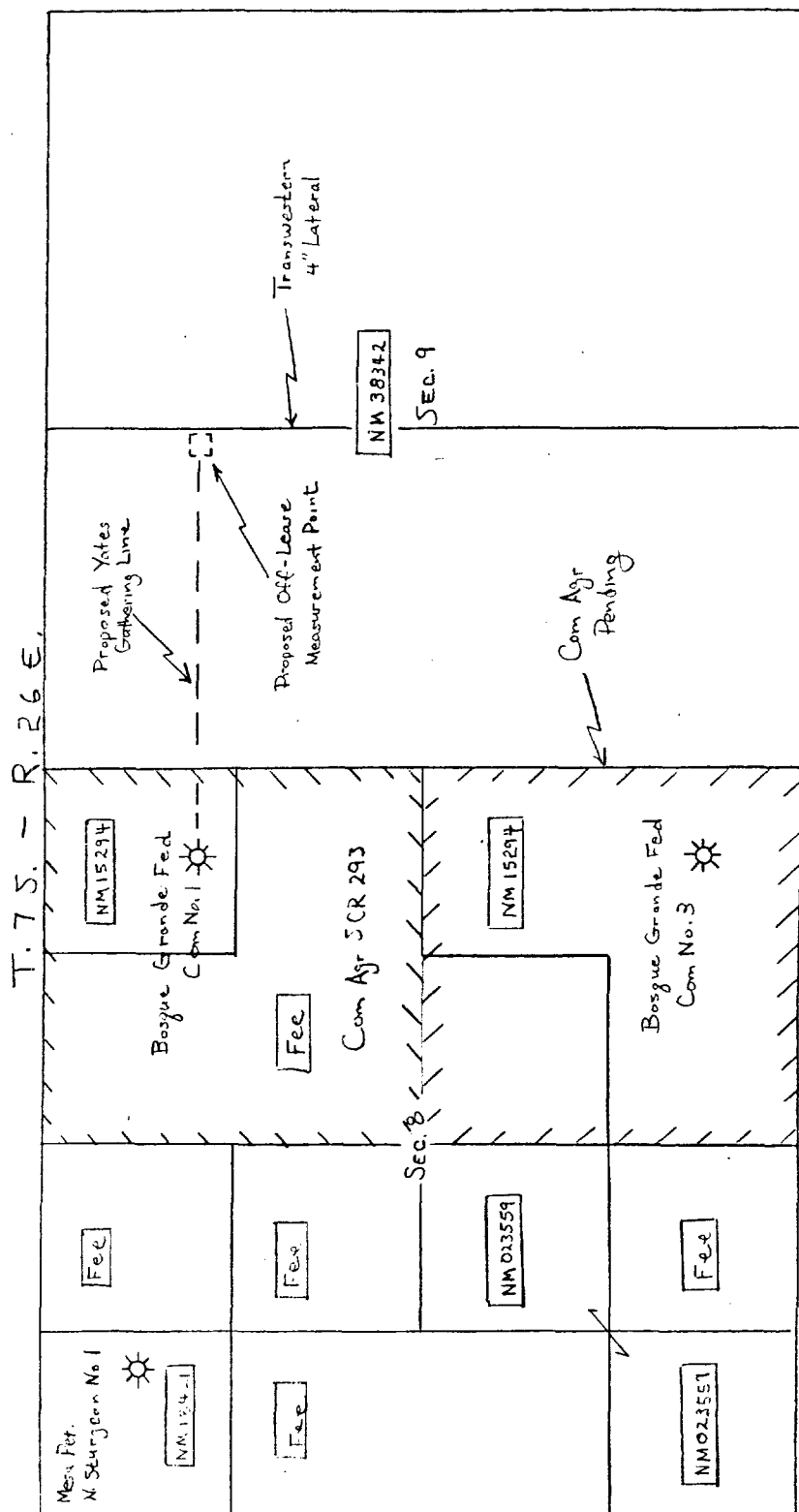
Dave Boneau

DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

BOSQUE GRANDE SQ FED COM NO. 1



SCHEMATIC DIAGRAM

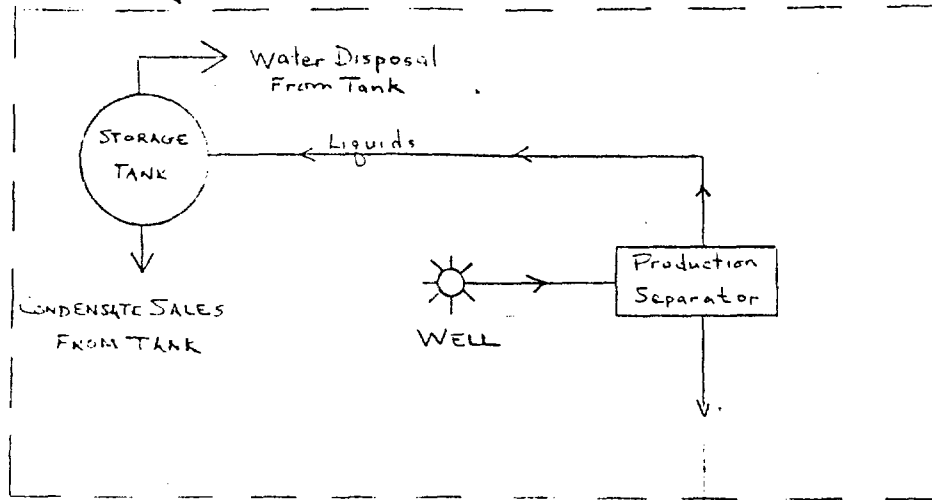
Page 3-9

OFF-LEASE GAS MEASUREMENT

BOSQUE GRANDE SQ FED COM NO. 1

990' ENL & 660' FEL SEC. 8, T. 7S., R. 26E.

WELLSITE



LEASE BOUNDARY

GAS SALES
METERING STATION

Gas Handled By Transwestern
Pipeline Company From
Sales Point

EXISTING PIPELINE



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

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S. P. YATES
PRESIDENT Page 3-10
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS

April 5, 1983

James A. Gillham
District Supervisor, Oil & Gas
Minerals Management Service
P. O. Drawer 1857
Roswell, New Mexico 88201

Dear Mr. Gillham:

Due to reduced demand for natural gas from the Pecos Slope Abo field of North Chaves County many wells in the area have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In most cases there will be a place to tap into the existing Transwestern Pipeline system somewhere on the lease, but in a few instances where no pipeline traverses the lease it will be necessary to take the gas off-lease for sales measurement. Such is the case for the McCrea SF well No. 1 located 660 feet from the north line and 1980 feet from the west line of Section 14, Township 9 South, Range 25 East, N.M.P.M., Chaves County, New Mexico.

Accordingly, Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the McCrea SF well No. 1. The well was completed on April 8, 1982 for 232 MCFGPD from Abo perforations 3850 to 4252 feet. The NW 1/4 of Section 14 is dedicated to the well involving 80 acres in Federal lease NM 14994 and 80 acres in fee leases. Communitization agreement SCR 206 has been approved for the NW 1/4 of Section 14. Except for off-lease gas measurement all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite.

Attached is map showing the location of the McCrea SF well No. 1 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers, and communitization agreement numbers where applicable. Also attached is a schematic diagram showing how production will be handled and where production

James A. Gillham

-2-

April 5, 1983

equipment will be located. All necessary rights-of-way will be obtained before installation of gathering lines. Yates agrees that any leaks or breaks between the wellhead and point of measurement will be borne by the operator and royalty will be based on the preceeding 30 day average rate.

This application is based on economic considerations. Unless gas from the well can somehow be delivered to existing pipeline facilities it now appears that the well will remain shut-in for an undeterminable length of time. Such a prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application. If any additional information is required please advise.

Sincerely,



DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

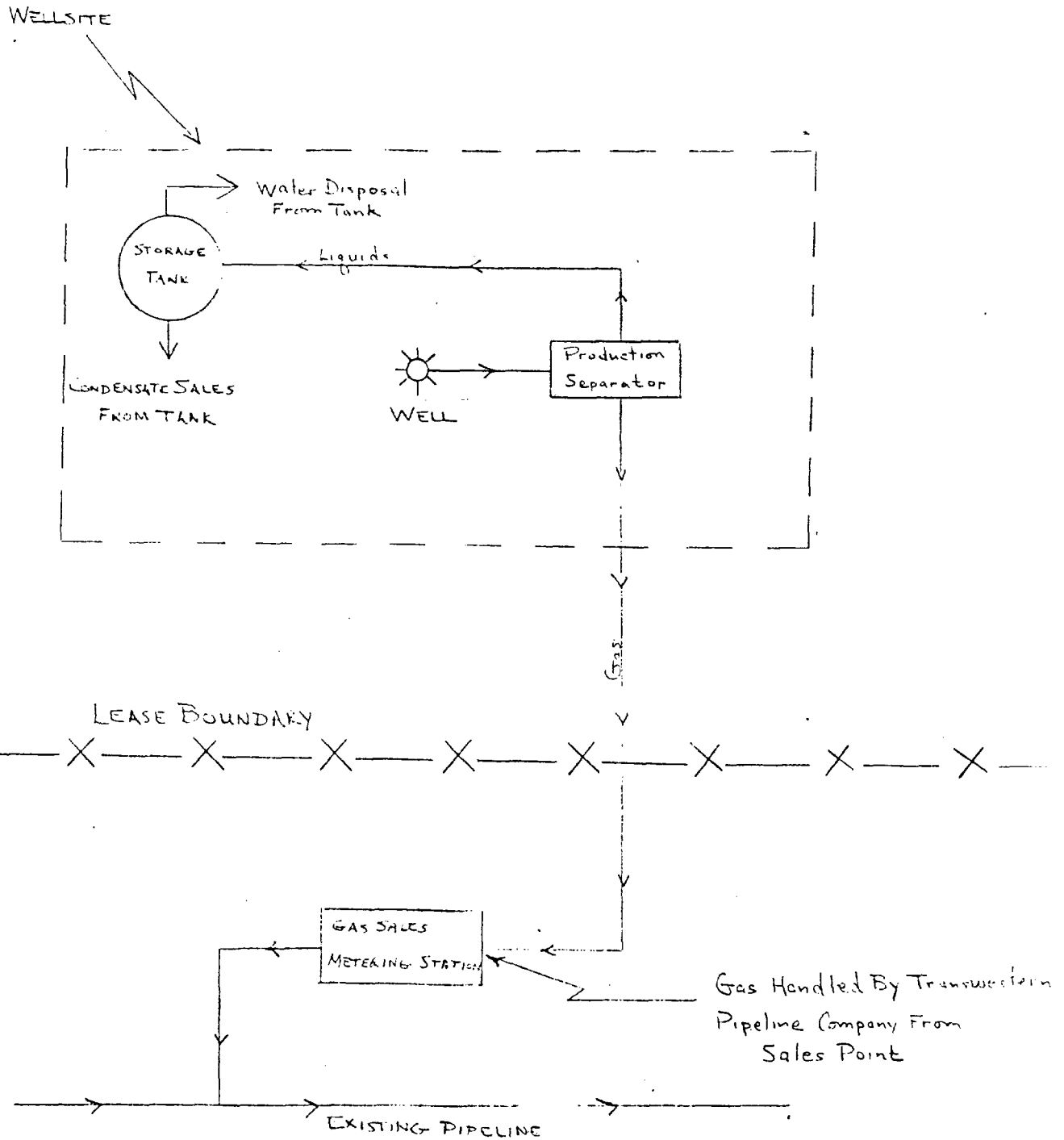
SCHEMATIC DIAGRAM

Page 3-13

OFF-LEASE GAS MEASUREMENT

McCREA SF Com No. 1

660' FNL & 1980' FWL Sec. 14, T. 9 S., R. 25 E.,





207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT Page 3-14
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

April 5, 1983

James A. Gillham
District Supervisor, Oil & Gas
Minerals Management Service
P. O. Drawer 1857
Roswell, New Mexico 88201

Dear Mr. Gillham:

Due to reduced demand for natural gas from the Pecos Slope Abo field of North Chaves County many wells in the area have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has advised operators that only a limited number of these shut-in wells will be connected by the company. However, Transwestern has agreed to purchase gas from some remaining wells provided operators deliver the gas to existing Transwestern pipeline facilities. Transwestern will provide pipeline taps and metering equipment for gas sales, but operators are expected to lay gathering lines from the wells to metering stations. In a few instances where no pipeline traverses a nearby portion of the lease it will be less disruptive to take the gas off-lease for sales measurement. Such is the case for the Teckla MD well No. 1 located 1980 feet from the south line and 660 feet from the east line of Section 12, Township 6 South, Range 25 East, N.M.P.M., Chaves County, New Mexico.

Accordingly, Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Teckla MD well No. 1. The well was completed on May 2, 1982 for 582 MCFGPD from Abo perforations 3742 to 3958 feet. The SE 1/4 of Section 12 is dedicated to the well involving 160 acres in Federal lease NM 9982. Except for off-lease gas measurement all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the wellsite.

Attached is map showing the location of the Teckla MD well No. 1 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers. Also attached is a schematic diagram showing how production will be handled and where production equipment will be located. All necessary rights-of-way will be obtained before installation of gathering lines. Yates agrees that any leaks or breaks between the wellhead and point of measurement will be borne by the operator and royalty will be based on the preceeding thirty day average rate.

James A. Gillham

-2-

April 5, 1983

This application is based on economic considerations. Unless gas from the well can somehow be delivered to existing pipeline facilities it now appears that the well will remain shut-in for an undeterminable length of time. Such a prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application. If any additional information is required please advise.

Sincerely,

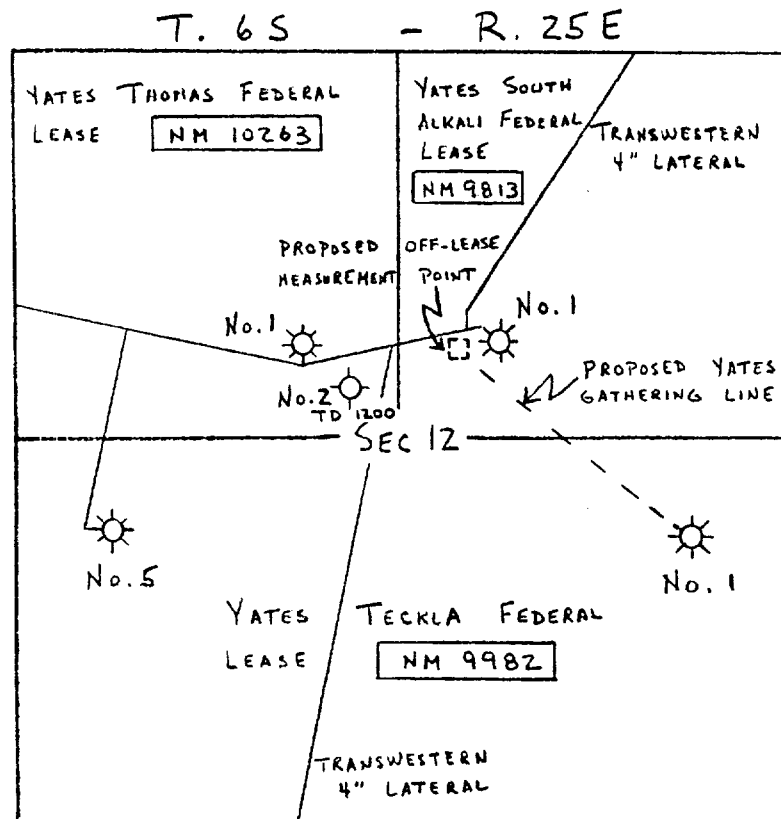
A handwritten signature in cursive script that reads "Dave Boneau".

DAVID F. BONEAU
Engineering Manager

DFB/cvg

Enclosure

TECKLA MD FEDERAL No. 1



SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

TECKLA MD FEDERAL No. 1

1980' FSL + 660' FEL SECTION 12-6-25

