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HARVEY E. YATES COMPANY

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PHONE (505) 242-6724

January 26, 1971

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Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Re: Lease Commingling, Lillie Yates &
Page-Yates Waterflood Projects,
McMillan Pool, Eddy County.

Dear Mr. Porter:

Application is hereby submitted seeking administrative approval for an exception to Rule 309-A, permitting the commingling of production from the Lillie Yates Waterflood Project, the Page & Yates Waterflood Project, and Wright-Yates Federal lease into a common tank battery. A schematic diagram of the proposed commingling facility is attached hereto.

The subject leases are contained in Sections 5, 6, 7 and 8 of Township 20-S, Range 27-E, McMillan (S.R., Qn.) pool, Eddy County, New Mexico, all on Federal Lease No. LC 063567. The waterflood projects were authorized under New Mexico OCC Order R-3842. An agreement exists between the Working Interest Owners and Override Owners, and issuance of Division Orders is anticipated momentarily.

Commingling the leases will result in conservation of oil production. Much water is produced with the oil in an emulsion. Under present operating conditions four individual separation facilities must be maintained and BS&W is withdrawn periodically from the several stock-tanks with inevitable loss of oil. It is proposed to utilize water return lines such that all produced fluids enter a common 300-bbl settling tank in which the oil is effectively separated from the water. The oil cross-flows into the stock tank (s), and water siphons thru a water leg into the water tank at the injection station.

It is further proposed to hereafter designate all the wells in the project area as Yates Federal 1 thru 16. The Page & Yates wells would retain their present numbers (1 thru 8), the Lillie Yates wells would be 9 thru 12, the Yates Federal No. 3 becomes No. 13, the Wright-Yates No. 2 becomes No. 14, and the Johnson 1 and 2 become Nos. 15 and 16.

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By location, the several wells are:

<u>Old Designation</u>	<u>New Designation</u>	<u>Location</u>
Page & Yates No. 1	Yates Fed. No. 1	NW/NE/NE A7-20-27
Page & Yates No. 2	Yates Fed. No. 2	SW/SE/SE P-6-20-27
Page & Yates No. 3	Yates Fed. No. 3	SW/NE/SE I-6-20-27
Page & Yates No. 4	Yates Fed. No. 4	NW/NW/NW D-8-20-27
Page & Yates No. 5	Yates Fed. No. 5	NW/NW/SW L-5-20-27
Page & Yates No. 6	Yates Fed. No. 6	NE/SE/SE P-6-20-27
Page & Yates No. 7	Yates Fed. No. 7	SE/SW/SE J-6-20-27
Page & Yates No. 8	Yates Fed. No. 8	SW/SW/SW M-5-20-27
Lillie Yates No. 4	Yates Fed. No. 9	SE/SW/SE O-6-20-27
Lillie Yates No. 1X	Yates Fed. No. 10	SW/SW/SE O-6-20-27
Lillie Yates No. 1	Yates Fed. No. 11	NW/NW/NE B-7-20-27
Lillie Yates No. 2	Yates Fed. No. 12	NE/NW/NE B-7-20-27
Yates Fed. No. 3	Yates Fed. No. 13	SW/SE/SW C-6-20-27
Wright-Yates No. 2	Yates Fed. No. 14	NE/NE/NW C 7-20-27
Johnson-YatesNo. 1	Yates Fed. No. 15	SW/SW/NW E-5-20-27
Johnson-YatesNo. 3	Yates Fed. No. 16	SE/SW/NW E-5-20-27

Respectfully submitted,

HARVEY E. YATES COMPANY

Eddie M. Mahfood
Petroleum Engineer

EMM/jg
Attachments

60 T. 141 N. R. 22 W. P. 11, 6

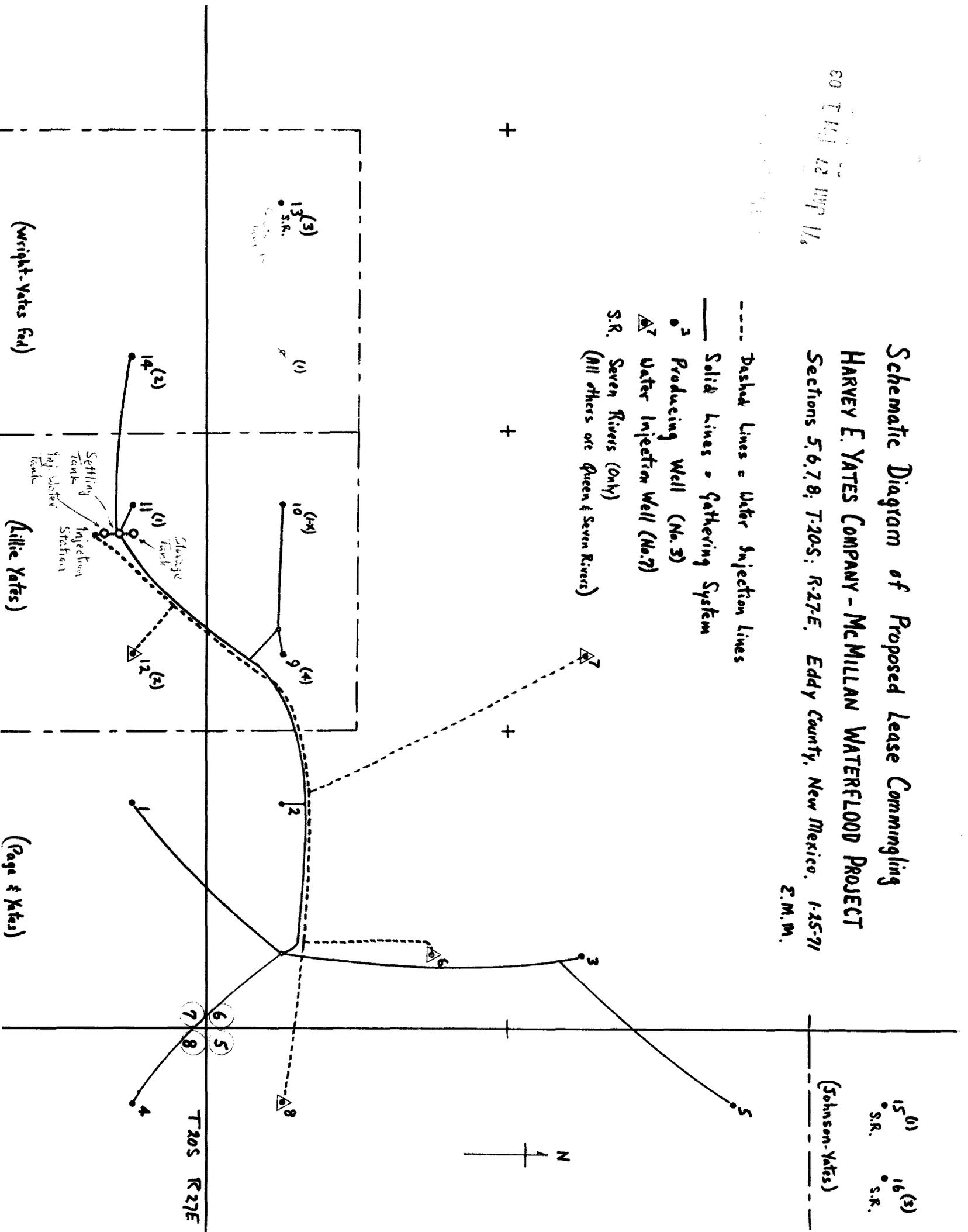
Schematic Diagram of Proposed Lease Commingling

HARVEY E. YATES COMPANY - McMILLAN WATERFLOOD PROJECT

Sections 5, 6, 7, 8; T-20S; R-27E, Eddy County, New Mexico. 1-25-71
E.M.M.

15 (1)
S.R.
16 (3)
S.R.
(Johnson-Yates)

- Dashed Lines = Water Injection Lines
- Solid Lines = Gathering System
- Producing Well (No. 3)
- △ Water Injection Well (No. 7)
- S.R. Seven Rivers (Only)
- (All others are Queen & Seven Rivers)



(Wright-Yates Pad)

(Allie Yates)

(Page & Yates)