



YATES BUILDING - 207 SOUTH 4TH ST.
ARTESIA, NEW MEXICO - 88210

20 October 1971

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

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Pursuant to Rule 309-B of the New Mexico Oil Conservation Commission Rules and Regulations we hereby request administrative approval to commingle production into a common tank battery from the leases described on the attached plat, our Jackson Estate "BY" wells. In support of this request we set out the following:

1. All production is from the same common source of supply, the San Andres Slaughter pay zone.
2. Each well has been provided with facilities for accurate measurement of production at reasonable intervals using a Porta-test unit. (See Diagrammatic Sketch attached).
3. The royalty and working interest ownership is common throughout both leases.
4. All parties owning an interest in the leases have consented to the commingling of production. A copy of the Agreement is attached.

Your favorable consideration of the foregoing will certainly be appreciated.

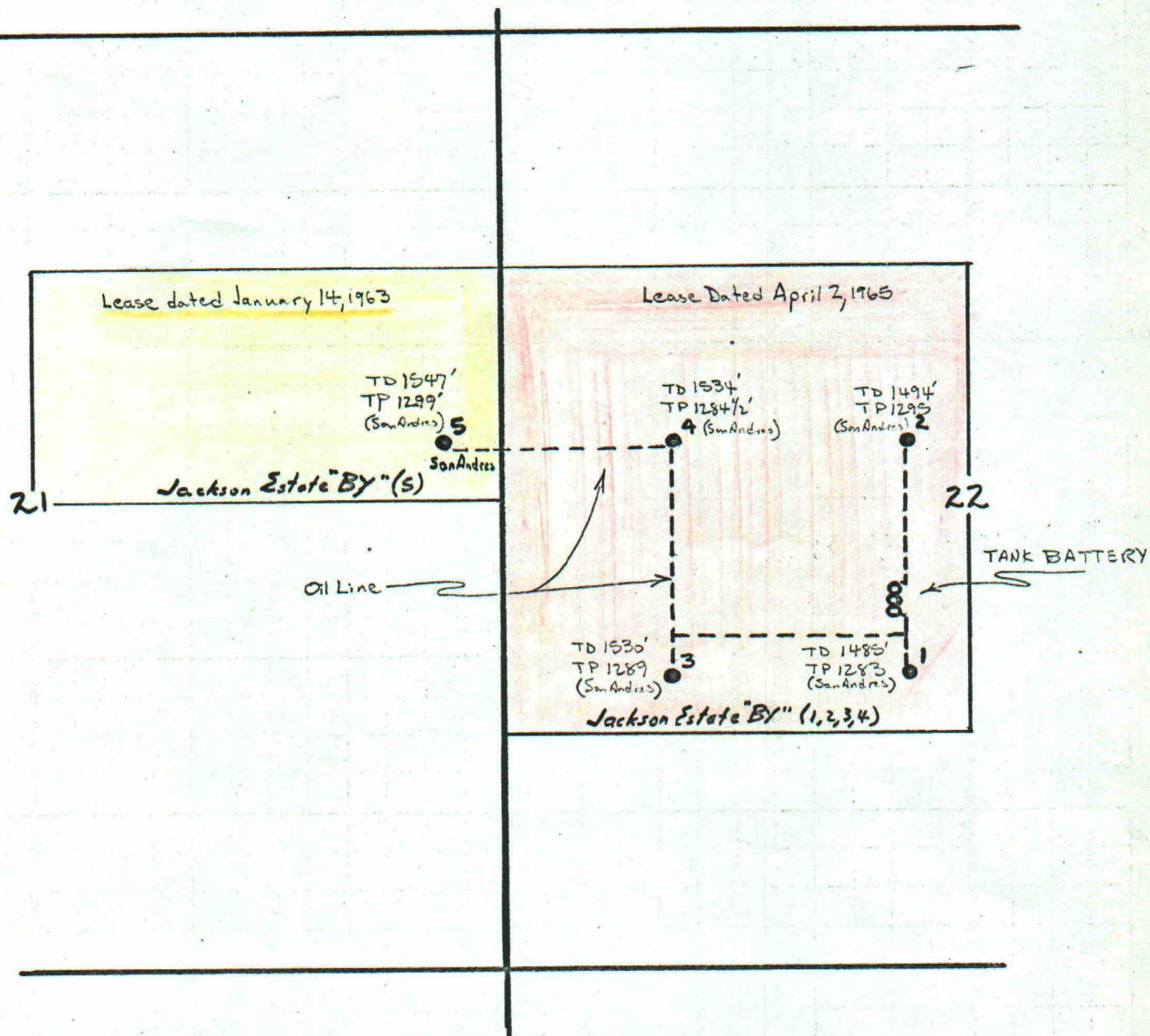
Very truly yours,

Jack W. McCaw
Land Department


By: Carl A. Schellinger

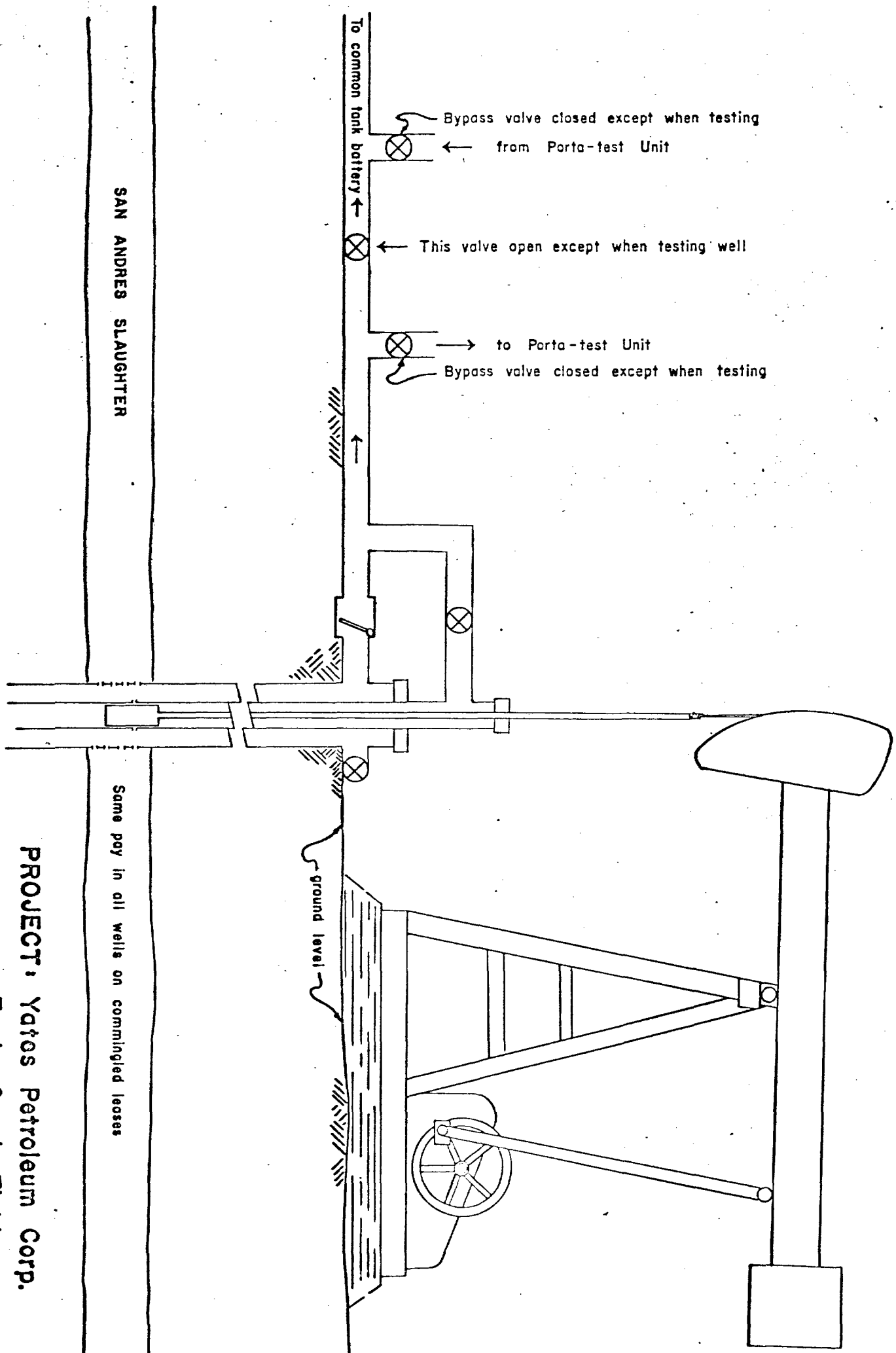
dk
Enclosure

R-25-E



JACKSON ESTATE "BY"
EAGLE CREEK FIELD
EDDY CO., N.M.

Diagrammatic Sketch of facility for Determination of
Production from Each Well on Commingled Leases



Same pay in all wells on commingled leases

PROJECT: Yates Petroleum Corp.

Eagle Creek Field

AGREEMENT TO COMMINGLE PRODUCTION
FROM SEPARATE LEASES

THIS AGREEMENT, made this October 15th 1971, between MARY DOWELL, individually and as attorney-in-fact for Luvana Ruth Beck, Bessie Adellar Van Winkle, Mattie May Gissler, Anna Frances Walton, Lilla Mildred Folkner, Marvin Mace Jackson, William J. Jackson, Trustee under Trust Agreement dated April 2, 1971, Mary Jane Lent and Dena Kennedy Miller, hereinafter called "Lessor," and YATES PETROLEUM CORPORATION, a New Mexico corporation, hereinafter called "Lessee,"

W I T N E S S E T H:

That on January 14, 1963, Mary Dowell, guardian of the estate of Lizzie J. B. Jackson, an incompetent person, as Lessor, executed an oil and gas lease to Yates Brothers, a partnership, as Lessee, covering, among other lands, the following lands in Eddy County, New Mexico:

Township 17 South; Range 25 East, N.M.P.M.

Section 21: S/2 NE/4,

upon which is located the Jackson Estate BY No. 5 well (the "BY 5 Lease"), producing from the San Andres formation.

That on April 2, 1965, Mary Dowell, guardian of the estate of Lizzie J. B. Jackson, an incompetent person, as Lessor, executed an oil and gas lease to Yates Petroleum Corporation, as Lessee, covering, among other lands, the following lands in Eddy County, New Mexico:

Township 17 South, Range 25 East, N.M.P.M.

Section 22: S/2 NW/4, N/2 SW/4,

upon which are located the Jackson Estate BY Nos. 1, 2, 3 and 4 wells (the "BY Lease"), producing from the San Andres formation.

That Lessor, individually and in her capacity as attorney-in-fact for the above named persons, is the owner of all rights of Lessor under said leases, that Yates Petroleum Corporation is Operator and, with Martin Yates III. S. P. Yates and John A. Yates, the owner of all rights of Lessee under the oil and gas leases, and Lessor and Lessee desire to enter into this agreement to commingle production from the two separate leases.

NOW, THEREFORE, in consideration of the premises and the sum of One Dollar cash in hand paid by each party to the other party hereto, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

1. Lessor agrees that Lessee may commingle production from the BY 5 Lease and BY Lease in a common tank battery located on the BY Lease, without first separately measuring production from each such lease; provided, however, that adequate facilities will be provided for accurately determining production from each lease as requested by Lessor at reasonable intervals. Within five days after notice from Lessor, the Lessee will accurately determine production from each lease and promptly furnish Lessor with satisfactory evidence of the production from each separate lease.

2. Nothing herein shall be construed to amend or modify any of the terms and provisions of the two above oil and gas leases.

3. This agreement may be terminated upon 90 days' written notice by either party.

EXECUTED on the day and year first hereinabove written.

Mary Dowell
Mary Dowell, Individually and as
Attorney-in-Fact for Luvena Ruth
Beck, Bessie Adellar Van Winkle,
Mattie May Gissler, Anna Frances
Walton, Lilla Mildred Folkner,
Marvin Mace Jackson, William J.
Jackson, Trustee under Trust
Agreement dated April 2, 1971,
Mary Jane Lent and Dena Kennedy
Miller

ATTEST:

YATES PETROLEUM CORPORATION

[Signature]
Assistant Secretary

By:

[Signature]
Ecc

President