

RELEASE 11-17-93 CTB

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

October 26, 1993

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

ATTENTION: Mr. William LeMay
Director

RE: Surface Commingling, Lease Commingling
and Off-Lease Storage
North Dagger Draw Upper Penn
Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation respectfully requests administrative approval to commingle production from two wells into a common tank battery and to permit production from each well to be transported prior to measurement to another well for storage thereon. It is proposed to commingle the production from the following wells:

Roden GD Federal Com #2
Unit J, 1980' FSL & 1980' FWL
Section 25-T19S-R24E
Eddy County, New Mexico
Lease No. NM-26864
CA No. NMNM-72611

March AMT Federal Com #1
Unit N, 660' FSL & 1980' FWL
Section 25-T19S-R24E
Eddy County, New Mexico
Lease No. NM-58024
CA No. NMNM-72611

The production from both wells will be commingled into a common storage facility located on the Roden GD Federal Com #2 location. A map labeled Attachment I is enclosed for your information.

The purpose of this off-lease storage and surface commingling is to reduce operating costs for storage and treating and thereby extend 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 well.

Because working interests for the proposed wells are different from the well where the proposed storage facilities are located, oil from each of the wells will be measured by positive displacement, temperature compensated, metering

Off-Lease Storage, Etc.:

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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 in both wells will be from the same producing zone which is the Canyon.

In accordance with the Oil Conservation Division's Rules 303-B, 309-B and 309-C, the following diagrams and maps are submitted for your information.

- | | |
|----------------|---|
| Attachment II | A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities". |
| Attachment III | Notification of working interest owners of the proposal to commingle production. |
| Attachment IV | Notification to the Bureau of Land Management. |

Yates Petroleum Corporation appreciates your cooperation in this matter. If you should have any questions or need further information, please give me a call at 505-748-1471.

Thank you.

Sincerely,



Rusty Klein
Production Clerk

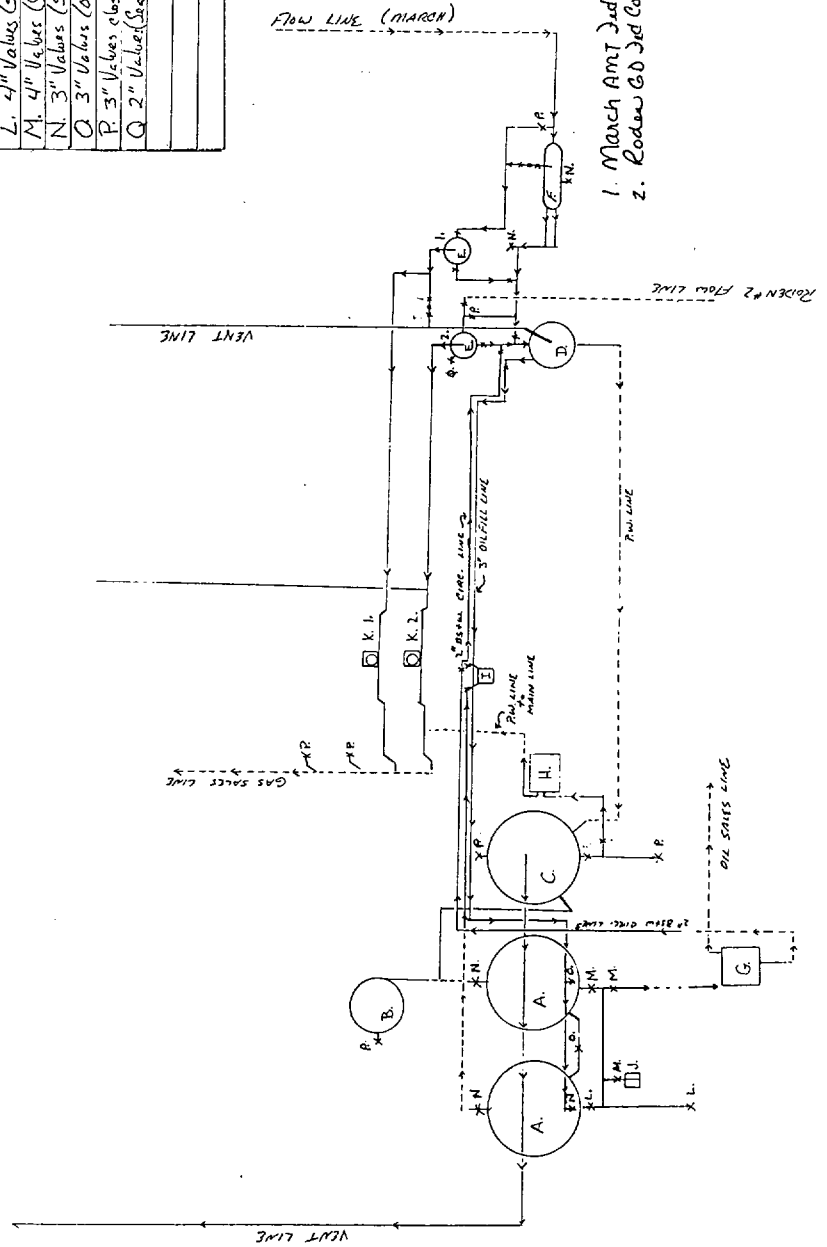
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Attachments

ATTACHMENT II

YATES PETROLEUM CORPORATION
 Roden GD Federal Com #2 Battery
 Unit K, Section 25-T19S-R24E
 Eddy County, New Mexico
 NM 26864/CA NMM 72611

- A. 500 BL. METAL STEEL
- B. 210 BL. FIBERGLASS TANK
- C. 500 BL. FIBERGLASS TANK
- D. HEATER TREATER
- E. VERTICAL GAS SEPARATOR
- F. 3-PHASE HORIZONTAL
- G. 2" VALVE (FOR OIL)
- H. POWER UNIT
- I. BSW CIRCULATING PUMP
- J. TANK LEVEL CONTROLLER
- K. METERS (FOR GAS)
- L. 4" VALVES (SHUT OFF)
- M. 4" VALVES (SHUT OFF)
- N. 3" VALVES (SHUT OFF)
- O. 3" VALVES (SHUT OFF)
- P. 3" VALVES (SHUT OFF)
- Q. 2" VALVES (SHUT OFF)



1. March AMT 3rd. H 1
 2. Roden GD 3rd Com #2

WORKING INTEREST OWNERS

Roden GD Federal Com #2 and March AMT Federal Com #1

Abo Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Texaco Exploration & Production, Inc.
P. O. Box 201665
Houston, TX 77216-1665
Attn: Land Department

P 384 292 458

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent to Texaco Exploration & Prod. Inc	
Street and No. P. O. Box 201665	
P.O., State and ZIP Code Houston, TX 77216-1665	
Attn: Land Department	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date October 27, 1993 March AMT Federal Com #1	

P 384 292 456

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-555

Sent to Bureau of Land Management	
Street and No. P. O. Box 1778	
P.O., State and ZIP Code Carlsbad, NM 88221-1778	
Postage	Richard Manus \$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date October 27, 1993 March AMT Federal Com #1	

PS Form 3800, June 1985

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TREASURER

October 26, 1993

Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88221-1778

ATTENTION: Mr. Richard Manus
Area Manager

RE: Surface Commingling, Lease Commingling
and Off-Lease Storage
North Dagger Draw Upper Penn Pool
Eddy County, New Mexico

Dear Mr. Manus:

Yates Petroleum Corporation respectfully requests approval to commingle production on the surface from two wells in the captioned pool which would include off-lease storage and off-lease measurement for all three wells. This is proposed for the following wells:

Roden GD Federal Com #2
Unit J, 1980' FSL & 1980' FWL
Section 25-T19S-R24E
Eddy County, New Mexico
Lease No. NM-26864
CA No. NMNM-72611

March AMT Federal Com #1
Unit N, 660' FSL & 1980' FWL
Section 25-T19S-R24E
Eddy County, New Mexico
Lease No. NM-58024
CA No. NMNM-72611

A battery is located on the Roden GD Federal Com #2 location, into which we would commingle the production from the two wells. Although the production will be commingled into a common battery, each individual well's production will be measured separately by positive displacement, temperature compensated metering equipment prior to commingling. This will ensure that all production from each well will be accounted for equitably. Attachment II is a diagram of the proposed metering facilities and the consolidated tank batteries, and identifies all equipment utilized.

A map labeled Attachment I is enclosed showing the location of each of the wells.

The purpose of the off-lease storage and surface commingling is to reduce the operating costs and capital costs for storage and thereby extend the economic life of the 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 well.

Off-Lease Storage, Etc.:

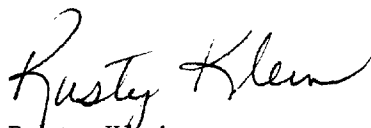
Page 2:

October 26, 1993

Yates Petroleum Corporation appreciates your cooperation in this matter. If you should have any questions or need further information, please give me a call at 505-748-1471.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Rusty Klein". The signature is written in dark ink and is positioned above the printed name and title.

Rusty Klein
Production Clerk

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Attachments