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



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105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

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	March AMT Federal Com #1
Unit J, 1980' FSL & 1980' FWL	Unit N, 660' FSL & 1980' FWL
Section 25-T19S-R24E	Section 25-T19S-R24E
Eddy County, New Mexico	Eddy County, New Mexico
Lease No. NM-26864	Lease No. NM-58024
CA No. NMNM-72611	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.: Page 2: October 26, 1993

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

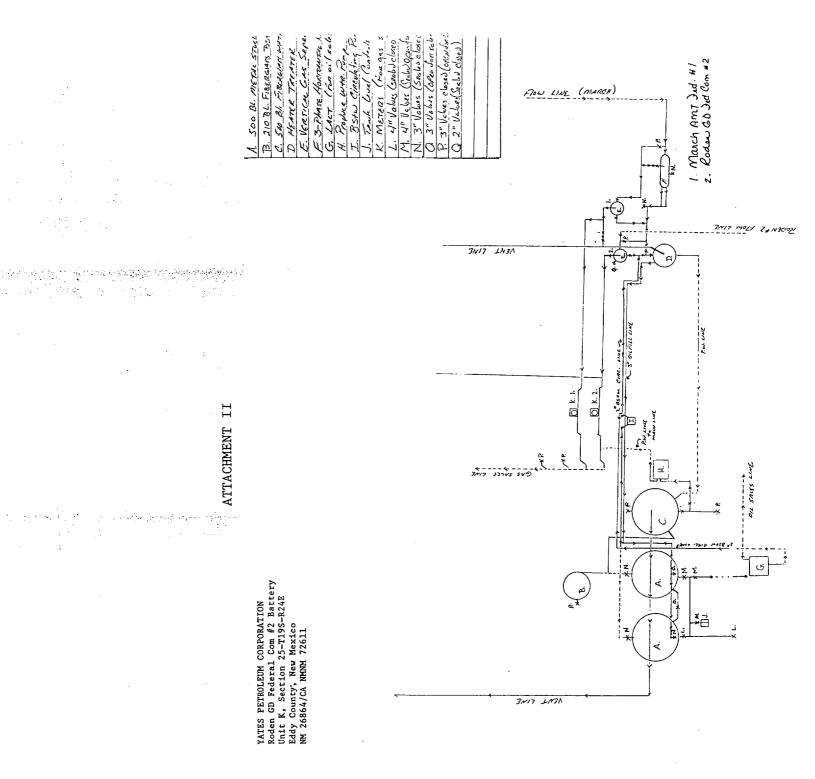
Sincerely,

Rusty Klein Production Clerk

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Attachments

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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 R	'everse)
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_	(See Heverse)		
1989-234-555	Sent to Texaco Exploration & Street and No. P. O. Box 201665	Prod. Inc	
☆ U.S.G.P.O. 1989-234-555	P.O. State and ZIP Code Houston, TX 77216-1 Atomas Land Departme		
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3800,	Postmark or Date		
PS Form 3800, June 1985	October 27, 1993 March AMT Federal (Com #1	

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P 384 292 456

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RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse)

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. U.S.G.P.O. 1989-234-555	Sent to Bureau of Land Mana	gement
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S.G.P.O	P.O., State and ZIP Code Carlsbad, NM 88221	-1778
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	Special Delivery Fee	
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	Return Receipt showing to whom and Date Delivered	
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June,	TOTAL Postage and Fees	S
3800	Postmark or Date October 27, 1993	
PS Form 3800, June 1985	March AMT Federal Com #1	

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



S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

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 offlease storage and off-lease measurement for all three wells. This is proposed for the following wells:

Roden GD Federal Com #2	March AMT Federal Com #1
Unit J, 1980' FSL & 1980' FWL	Unit N, 660' FSL & 1980' FWL
Section 25-T19S-R24E	Section 25-T19S-R24E
Eddy County, New Mexico	Eddy County, New Mexico
Lease No. NM-26864	Lease No. NM-58024
CA No. NMNM-72611	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,

Klein uster

Rusty Klein Production Clerk

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Attachments