

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



FYI

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

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January 2, 2003

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, N.M. 87505



To Whom It May Concern:

Re: Surface /Pool Commingling
Cottonwood Ranch Penn, Pecos Slope Abo
Chaves County, New Mexico

Dear Sir or Madam:

Yates Petroleum Corporation respectfully requests administrative approval for Surface and Pool commingling for the following wells:

Cottonwood Ranch MK State #1
660' FNL & 1980' FWL (Unit C)
Section 36-T6S-R25E
Formation: Cottonwood Ranch Penn
Chaves County, New Mexico
State Lease # L-4283

Cottonwood Ranch MK State #5
2160' FNL & 330' FEL (Unit H)
Section 36-T6S-R25E
Formation: Pecos Slope Abo
Chaves County, New Mexico
State Lease # 4283

The production from these wells is measured at a common tank battery located at the Cottonwood Ranch MK State #1 tank Battery location.

The purpose of the surface and pool commingling is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing the existing battery located at the, it will become necessary to build separate facilities. This will greatly increase costs and shorten the economic life or the well(s).

Because working interests for the wells are different, oil from each of the wells will be measured by turban metering equipment. Gas from the wells will be measured subtraction method from well tests. Allocation is done monthly based off of well tests. This allocation will ensure that all production from each of the wells is equitably accounted for with no significant effect on your revenue.

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

If you should have any questions, please give me a call at (505) 748-4180 (direct line).

Thank you for your cooperation

Sincerely,

Mayte Reyes
Mayte Reyes
Production Clerk

mr

Enclosure



INTEREST, ROYALTY AND OVERRIDING OWNERS
COTTONWOOD RANCH MK STATE #1 AND #5

McBride Oil and Gas Corporation
PO Box 1515
Roswell, NM 88202-1515

Abo Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

Myco Industries
PO Box 840
Artesia, NM 88210

Yates Drilling Company
105 S. Fourth Street
Artesia, NM 88210

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

