

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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TREASURER

August 20, 2002

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

To Whom It May Concern:

Re: Off Lease Measurement and Sales,
Surface Commingle
Indian Basin Upper Penn
Eddy County, New Mexico

Dear Sir or Madam:,

Yates Petroleum Corporation respectfully requests administrative approval for Surface Commingling and Off Lease Measurement and Sales for the following wells:

Lowe Staple AMR Federal Com. #1
Unit K, NE/4 SW/4
Section 22-T21S-R24E
Eddy County, New Mexico
CA # NM-106875

Lowe Staple AMR Federal Com. #2
Unit D NW/4 NW/4
Section 22-T21S-R24E
Eddy County, New Mexico
CA # NM-106875

Anadarko Pardue Farms ANQ #1
Unit F, SE/4 NW/4
Section 27-T21S-R24E
Eddy County, New Mexico
CA# NM-106830



The production from these wells is measured at a common tank battery located at the Anadarko Pardue Farms ANQ #1 Tank Battery location.

The purpose of the off lease measurement and surface 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).