

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
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
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 of the well(s).

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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) 748-4213 (direct line).

Thank you for your cooperation

Sincerely,

Shannon Wolf
Shannon Wolf
Production Clerk

SW

Enclosure

INTEREST, ROYALTY AND OVERIDING OWNERS
ANADARKO PARDUE FARMS ANQ TANK BATTERY

Stacy Biebelle
646 Queens Highway
Carlsbad, NM 88220

Brent Bossart
PO Box 8094
Tyler, TX 75711

Andrew F. Grooms
PO Box 2328
Roswell, NM 88201

Hayden Oil Limited Partnership
PO Box 99281
Ft. Worth, TX 76199

Skipworth Hart Shafer
2927 Pecos Highway
Carlsbad, NM 88220

Devon SFS Operating, Inc.
PO Box 60210
Midland, TX 79711

Stephanie Aldemir
26 Ironwood
Mission Viejo, CA 92692

Judith Waters Anderson
PO Box 128
Cedar Crest, NM 87008-0128

Susie Belle Bindel
1212 W. Ural Dr.
Carlsbad, NM 88220

Christine E. Campos
32772 Jonathon Circle
Dana Point, CA 92629

Carmex, Inc.
PO Box 1718
Carlsbad, NM 88220

Jerry Phillips Winfield
C/O Modern Language Dept.
Mercer University
Macon, GA 31207

Pamela G. Winfield
92 Wimberly Drive
Trussville, AL 35173

Patricia Lynn Smitherman
6000 Lakeside Drive
Pinson, AL 35126

Deborah Waters Conway
22725 Torero Court
Salinas, CA 93908-1036

Marilyn T. Joyce
711 W. Bullock Ave
Artesia, NM 88210

Marian Jane Gordon
PO Box 952
Carlsbad, NM 88220

Robert Phillips Handley
3400 Meadowlark Drive
Guntersville, AL 35976-2733

Nell Arnold Handley
C/O Billy Spruiell
PO Box 2720
Gulf Shores, AL 36547

Mittie Beth Hayes
116 W. Peach Lane
Carlsbad, NM 88220

Penny Lee Winfield Huffman
4861 Cambridge Place
Mt. Olive, AL 35117

Kugeler Brothers, ANM Partners
7400 Elena Drive, N.E.
Albuquerque, NM 87113

Cynthia Fay Lee
832 Churchill Drive
Fredericksburg, VA 22407

Marian Tracy Lelevier
26440 Potrero Rd.
Potrero, CA 91963

Merland, Inc.
PO Box 548
Carlsbad, NM 88220

J.M. Phillips Testamentary
PO Box 10463
Birmingham, AL 35202

Ronald C. Robbins
215 6th St.
Petaluma, CA 94952-4248

Stagner, LLC
1710 Mountain Shadow
Carlsbad, NM 88220

George McBeath Tracy
10504 Lexington Ave.
Albuquerque, NM 87112

R.F. Fort
PO Box 2044
Midland, TX 79702

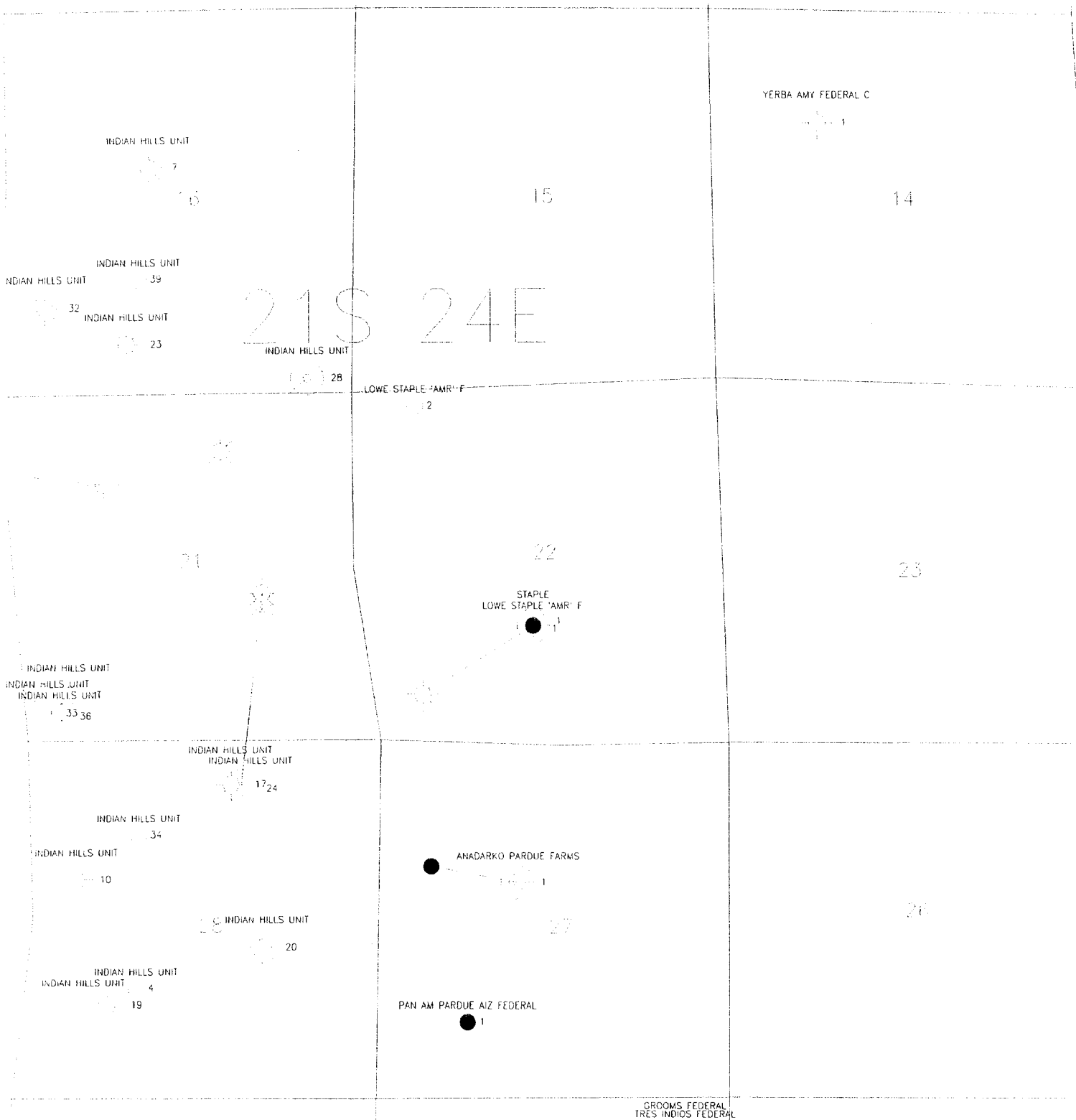
MMS
P.O. Drawer 1857
Roswell, NM 88201

Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Myco Industries
P.O. Box 840
Artesia, NM 88210

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210



INDIAN HILLS UNIT

YERBA AMY FEDERAL C

INDIAN HILLS UNIT
INDIAN HILLS UNIT

21S 24E

INDIAN HILLS UNIT

LOWE STAPLE FARM

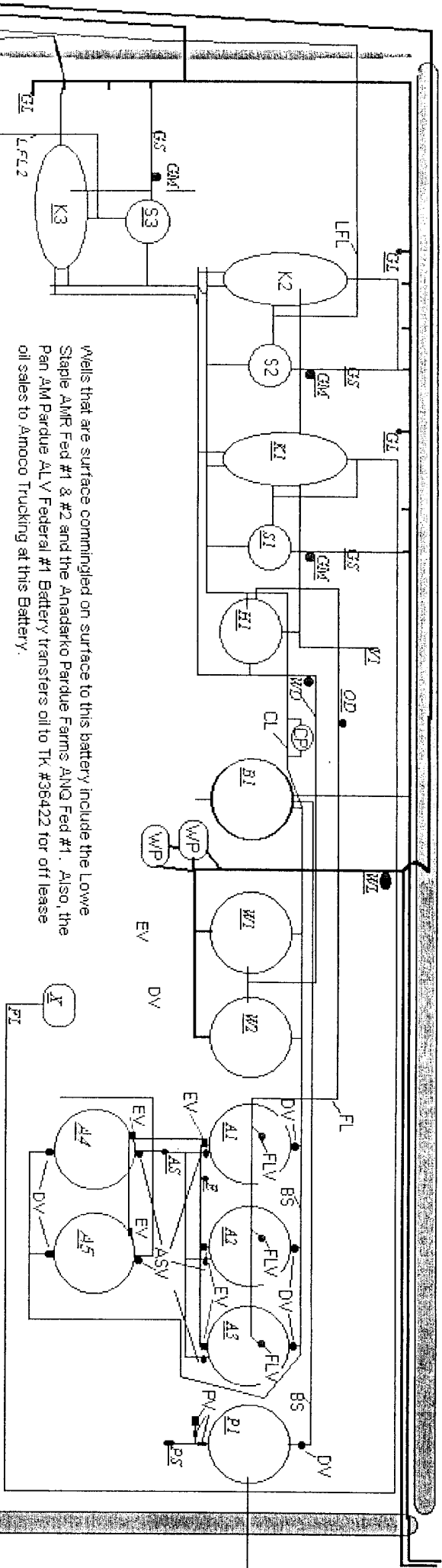
STAPLE
LOWE STAPLE FARM

ANADARKO PARDUE FARMS

PAN AM PARDUE AIZ FEDERAL

GROOMS FEDERAL
TRES INDIOS FEDERAL

Anadarko Pardue Farms ANQ Federal #1 Tank Battery



EARTHEN BERM

Wells that are surface commingled on surface to this battery include the Lowe Staple AMR Fed #1 & #2 and the Anadarko Pardue Farms ANQ Fed #1. Also, the Pan AM Pardue ALV Federal #1 Battery transfers oil to TK #36422 for off lease oil sales to Amoco Trucking at this Battery.

Anadarko Pardue Farms AND Fed #1
 API # 10711001
 S 27 - T 21S - R 24E Unit F
 2130' FWL @ 1990' FWL GRD ELEV = 3680'
 Eddy County, NM
 Field Production Basin

Pan Am Pardue ALZ Federal #1
 3001510728
 CA NMNM-911001
 S 27-T21S-R24E, Unit F
 1140' FSL & 1350' FWL GRD ELEV = 4060
 Eddy County, NM (TK # 36422 oil to Amoco)

Lowe Staple AMR Fed #1
 API # 3001510040
 S 22 - T 21S - R 24E, Unit K
 1650' FSL & 2310' FWL GRD ELEV = 3677'
 Eddy County, NM

Lowe Staple AMR Fed #2-H
 API #3001532181
 S 22 - T21S - R24E, Unit K
 237' FWL & 937' FWL
 Eddy County, NM

wells commingled surface to this battery include the Lowe Staple AMR Fed #1, #2 and the Anadarko P.F. AND Fed #1. Also, the Pan Am Pardue transfers oil to TK # 36422 for off lease oil sales to Amoco Trucking at this Battery. *****

PF - LINE FROM LACT AT PAN AM PARDUE 3" STEEL
WT - WATER TRANSFER LINE 4" STEEL
GL - GAS SALES LINE 6" STEEL ZAP-LOC
GS - ANADARKO GAS SALES
K1 - ANADARKO THREE PHASE KNOCK OUT
S1 - ANADARKO TWO PHASE SEPERATOR
H1 - HEATER TREATOR
B1 - FIBERGLASS 210 BBL BSW TANK
X - ANADARKO WELLHEAD
AFL - Anadarko flowline
W1 - 500 BBL FIBERGLASS WATER
W2 - 500 BBL FIBERGLASS WATER
V1 - Vent line
LFL - Lowe Staple AMR #1 flowline
K2 - Lowe Staple Three Phase Knockout
S2 - Lowe Staple Two Phase Separator
LFL2 - Lowe Staple AMR #2-H flowline
K3 - Lowe Staple AMR #2-H Three phase knockout
S3 - Lowe Staple 2 Two Phase separator
A1 - 500 BBL OIL STOCK TANK ANADARKO PARDUE TK
A2 - 500 BBL OIL STOCK TANK ANADARKO PARDUE TK #
A3 - 500 BBL OIL STOCK TANK ANADARKO PARDUE TK #
A4 - 500 bbl Oil Stock Tank Anadarko Pardue TK #38894
A5 - 500 bbl Oil Stock Tank Anadarko Pardue TK #38895
AS ANADARKO OIL SALES LINE
P1 - PAN AM PARDUE OFF LEASE OIL SALES TANK 500 J
PS - PAN AM OIL SALES LINE. Sealed closed except dur
OD - OIL DUMP LINE
WD - WATER DUMP LINE
BS - BSW DRAIN LINE Sealed closed except when draining
E - ANADARKO OIL TANK EQUALIZER LINE
GM - GAS METER
WP - Water transfer pumps to YPC - Dagger Draw Water S
CP - Circulating Pump
CL - Circulating Line to Heater Treater inlet
DV - Drain Valve sealed closed except to drain BSW
ASV - Anadarko Oil Sales valves Sealed closed except duri
FL - Oil fill line
FLV - Fill line Valves sealed closed during sales
PV - Valves nearest stock tank with locking devices locked

(Note: Per Duncan Whitlock and Jim Amos

Note:
 Oil transporter AMOCO
 Water to YPC - Dagger Draw Water System
 Gas Transporter Agave

* This diagram is subject to the Yates Petroleum Corp. 198 whichs on file at 105 S. Fourth St. Artesia, NM.