amend (715-7-28

7/16/76

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



PETROLEUM

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

August 23, 1996

Oil Conservation Division P.O. Box 6429 Santa Fe, NM 87505-6429

> Re: Surface Commingling, Lease Commingling, Off-Lease Storage and Measurement. Dagger Draw Upper Penn, North Pool Eddy County, New Mexico

Dear Mr. Lemay,

Yates Petroleum Corporation respectfully requests administrative approval to amend Commingling Order CTB-428 (a copy of which is attached), to add the following well(s).

Polo AOP Federal Com #6 660' FSL & 1980' FEL Unit O, SWSE Section 10-T19S-R25E Eddy County, NM

The production from this well is transported prior to measurement to a common tank battery, located at the Polo AOP Com #2 (Unit J, Section 10-T19S-R25E).

The purpose of the surface commingling, lease commingling, off lease storage and measurement is to reduce operating costs for storage and treating, thereby extending 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 wells.

Because working interests for the wells are different, oil from each of the wells will be measured by positive displacement temperature compensated metering 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 is from the same producing zone which is the Canyon.

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER In accordance with the Oil Conservation Division Rules 303-B, 309-B and 309-C, the following diagrams and maps are attached for your information:

Attachment II	A map showing the location of the wells.
Attachment III	A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual of Installation and Operation of Commingling Facilities".
Attachment IV	Notification of working interest, royalty interest and overriding royalty interest owners.
Attachment V	Notification to the Bureau of Land Management.

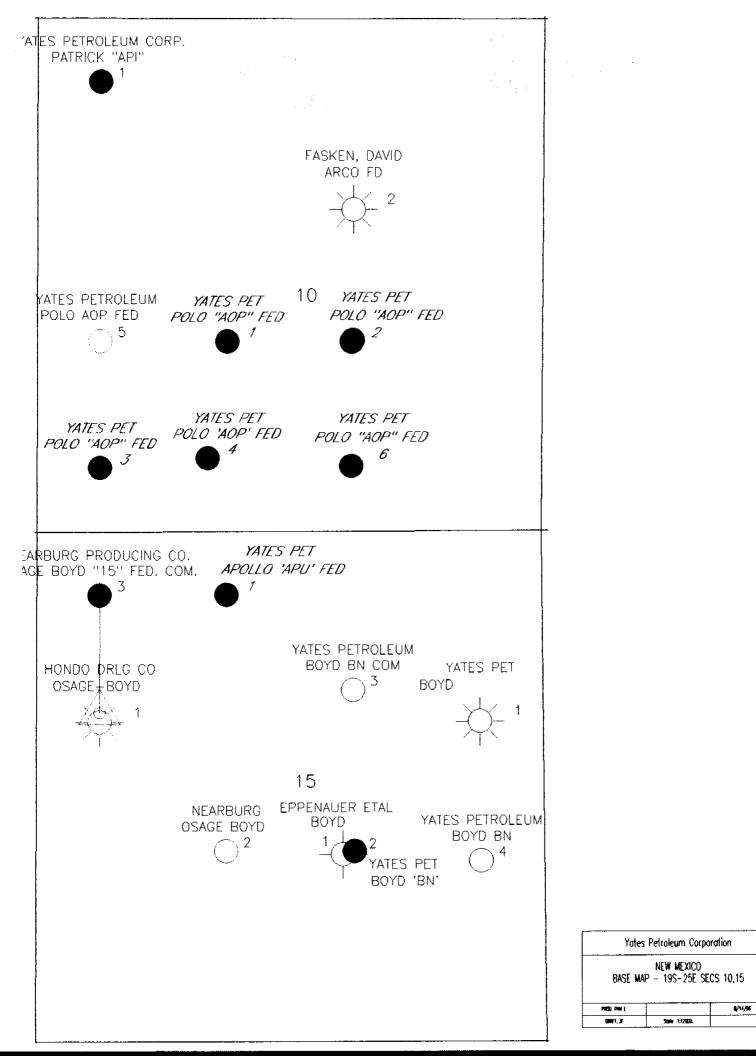
If you should have any questions or need further information, please give me a call at (505) 748-4178 (direct line).

Thank you for your cooperation.

Sincerely, Pamela S. Evans

Pamela S. Evans **Production Secretary**

PΕ Attachments



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Form 3160-5	UNITED STATES		FORM APPROVED
(June 1990)	DEPARTMENT OF THE IN	TERIOR	Budget Bureau No. 1004-0135 Expires: March 31, 1993
	BUREAU OF LAND MANAG		5. Lease Designation and Serial No.
	BOREAG OF EARD MARANE		NM-82845
	SUNDRY NOTICES AND REPOR	TS ON WELLS	6. If Indian, Allottee or Tribe Name
Do not use th	is form for proposals to drill or to deepen o		
	Use "APPLICATION FOR PERMIT-"	for such proposals	
	SUBMIT IN TRIPL	ICATE	7. If Unit or CA, Agreement Designation
1.Type of Well Oil X Well	Gas		8. Well Name and No.
X Well	Well Other		– Polo APO Federal Com #2
2. Name of Open			9. API Well No.
YATES	PETROLEUM CORPORATION		
3. Address and	•		- 3001520334 10. Field and Pool, or Exploratory Area
105 S.	4th Street, Artesia, NM 88210	(505) 748-1471	
4. Location of W	ell (Footage, Sec., T., R., M., or Survey Description		Dagger Draw Upper Penn, North
Section	10-T19S-R25E Unit J 1980' FSL & 1	980' FEL (NWSE)	11. County or Parish, State Eddy, N.M.
12. C	HECK APPROPRIATE BOX(s) TO IN	DICATE NATURE OF NOTICE, RE	PORT, OR OTHER DATA
]	TYPE OF SUBMISSION	TYPE OF ACTION	
[Notice of Intent	Abandonment	Change of Plans
-		Recompletion	New Construction
	Subsequent Report	Plugging Back	Non-Routine Fracturing
Г		Casing Repair	Water Shut-Off
Ĺ	J Final Abandonment Notice	Altering Casing	Conversion to Injection
		X Other Surface Commingling &	Dispose Water
		Storage	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
	sed or Completed Operatons (Clearly state all pertinent surface locations and measured and true vertical depths		ate of starting any proposed work. If well is directionally
measureme	eum Corporation respectfully request nt. tached application.	approval for surface commingling a	nd off lease storage and
Signed	that the foregoing is true and correct	ue Production Secretary	Date 08/23/96

Approved by	Title	Date	
Conditions of approval, if any:			
Title 18 U.S.C. Section 1001, makes it a crime for any	person knowingly and willfully to make to any depa	artment or agency of the United States any false, fict	itious o

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CRA BLM FORMAT

Wal

APPLICATION FOR SURFACE COMMINGLING OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

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

<u>Yates Petroleum Corporation</u> (Operator's Name) is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production form the following formation(s) and well(s) on Federal Lease No.<u>NM-023855-B</u>; Lease Name:<u>Apollo APU Federal</u>.

wei					
<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	Formation
1_	<u> </u>	<u>15</u>	<u>195</u>	<u>25E</u>	Dagger Draw Upper Penn, North

with hydrocarbon production from the following formation(s) and well(s) on a Federal lease No <u>NM-82845</u>: <u>Polo AOP Federal</u>.

No.	Loc.	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	Formation
1	K	<u>10</u>	<u>1928</u>	<u>25E</u>	Dagger Draw Upper Penn, North
2	<u> </u>	<u>10</u>	<u>1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North
3	<u>M</u>	<u>10</u>	<u> 1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North
4	N	<u>10</u>	<u> 1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North
<u>6</u>	0	<u>10</u>	<u>1925</u>	<u>25E</u>	Dagger Draw Upper Penn, North

Production from the well involved is as follows:

Well Name and No.	BOPD	<u>Oil Gravity</u>	<u>MCFPD</u>
Apollo APU Federal #1	<u>649</u>	<u>43.5</u>	<u>1008</u>
Polo AOP Fed. #1	_ <u>94.4</u>	<u>43.5.</u>	<u>88</u>
Polo AOP Fed. #2	5	<u>43.5</u>	44
Polo AOP Fed. #3	<u>233.3</u>	<u>43.5</u>	<u>311</u>
Polo AOP Fed. #4	<u>419</u>	<u>43.5</u>	<u>443</u>
Polo AOP Fed. #6	<u>135</u>	<u>43.5</u>	<u>75</u>

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the location of all the wells that will contribute production to the proposed commingling/common storage facility.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at <u>NWSE-1/4</u>, Sec. <u>10</u>, T<u>19S</u>, R<u>25</u>E, on Federal lease <u>Polo</u> <u>AOP #2</u>, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method of allocating production to contributing sources is as follows:

Continued.

Continued:

Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced leases.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office it we have not already done so.

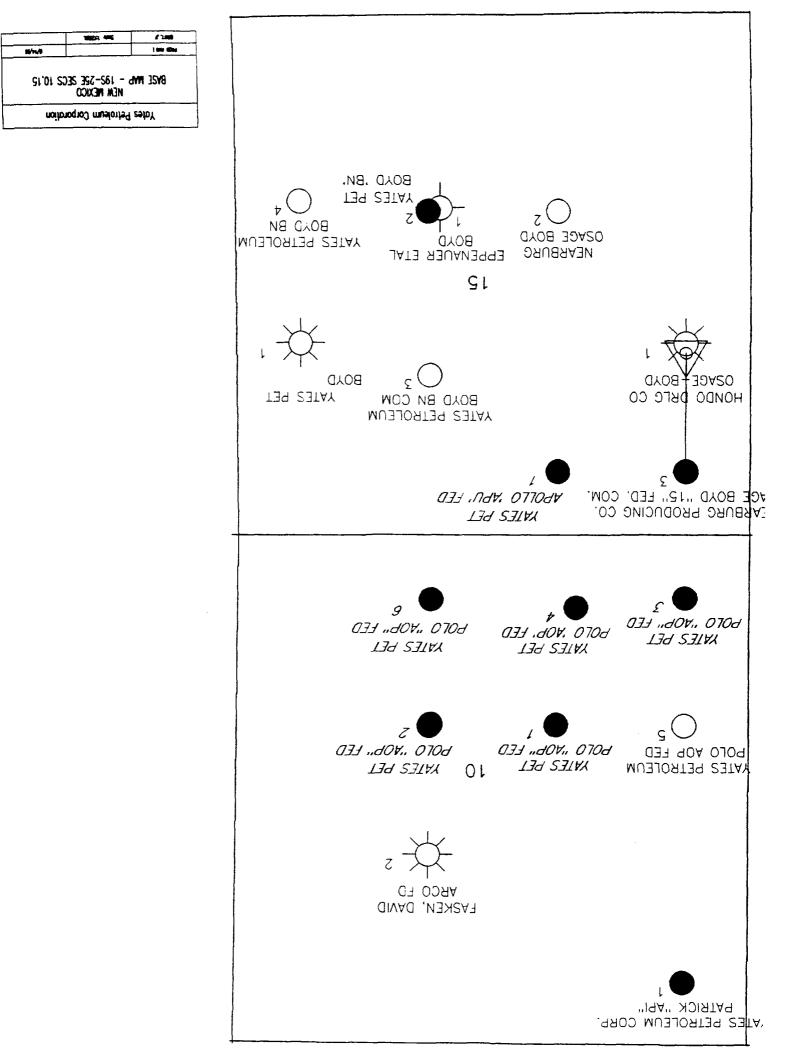
Signature: Pamela S. Evans

Name: <u>Pamela S. Evans</u>

Title: Production Clerk

Date: 8-23-96

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ATTACHMENT IV

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

Barbara T. Fasken 303 W. Wall , Suite 1900 Midland, TX 79701

James W. Childress P.O. Box 209 Roswell, NM 88202 0209

Charles H. Coll P.O. Box 1818 Roswell, NM 88202-1818

Jon F. Coll P.O. Box 1818 Roswell, NM 88202-1818

Lynn E. Desper 50 Coronado Rd. Corrales, NM 87048-9520

William Bryan Landsheft Rt. 6, 15880 S. Peoria Bixby, OK 74008

Payne-Johnson Management, Inc. 812 First Place Tyler, TX 75702

Sunwest Bank of Albuquerque, T.J. and Mary Ray Sivley Trust P.O. Box 26900 Albuquerque, NM 87125-6900 Brooks Oil & Gas Interest P.O. Box 620020 Dallas, TX 79262-0209

Shirley Childress 604 N. Delaware Ave. #2 Roswell, NM 88201-2135

James N. Coll P.O. Box 1818 Roswell, NM 88202-1818

Max Coll, 111 Rt.9, Box 72F Santa Fe, NM 87505

Richard H. Landsheft Jr. 2313 Jim Dent El Paso, TX 79936

Marshall & Winsotn, Inc. P.O. Box 50880 Midland, TX 79710-0880

Everett R. Sharp 7042 Turtle Creek Lane Dallas, TX 75205-1263

Devon Energy Corporation P.O. Box 843559 Dallas, TX 75284-3559

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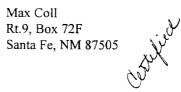
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