

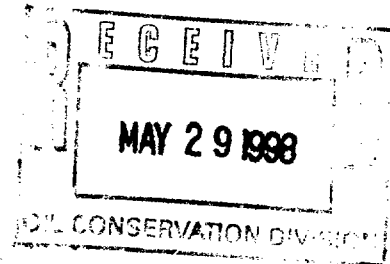
MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

~~CTB~~ 6/18/98  
PC-980  
S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

May 27, 1998



Oil Conservation Division  
Attn: Lori Wrotenbery  
P.O. Box 6429  
Santa Fe, NM 87505-6429

Re: Surface Commingling, Lease Commingling,  
Off-Lease Storage and Measurement.  
Dagger Draw Upper Penn, South Eddy Co., NM

Dear Ms. Wrotenbery,

Yates Petroleum Corporation respectfully requests administrative approval for surface commingling, lease commingling, off-lease storage and measurement for the following wells:

Conoco AGK Fed. #2  
Unit G, SWNE  
1980' FNL & 1980' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #3  
Unit I, NESE  
1980' FSL & 660' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #4  
Unit A, NENE  
660' FNL & 660' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #5  
Unit B, NWNE  
860' FNL & 1980' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #8  
Unit H, SENE  
1980' FNL & 810' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #9  
Unit P, SESE  
660' FSL & 860' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #11  
Unit J, NWSE  
1980' FSL & 1980' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

Conoco AGK Fed. #15  
Unit O, SWSE  
660' FSL & 1980' FEL  
Sec. 26-T20S-R24E  
Eddy Co., NM

The production from these wells is transported prior to measurement to a common tank battery, located at the Conoco AGK Fed. #2 (Unit G, 1980' FNL & 1980' FEL Sec. 26-T20S-R24E).

NM-045275

CONOCO "AGK" FED  
16

27

SAGUARO AGS 16 SAGUARO "AGS" FD 10 CONOCO "AGK" FED 5 CONOCO "AGK" FD 4

SAGUARO AGS 17 SAGUARO AGS 3 CONOCO "AGK" FD 2 CONOCO "AGK" FD 3

CONOCO "AGK" FED 6 CONOCO "AGK" FED 11 CONOCO "AGK" FED 3  
CONOCO AGK 13

CONOCO 15 CONOCO "AGK" FED 3



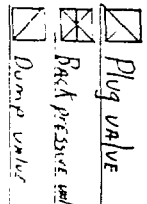
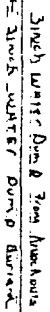
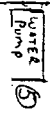
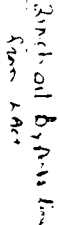
Measurement & Storage  
Facility

YATES PETROLEUM CORPORATION

NEW MEXICO  
DAGGER DRAW  
20s24e Sec. 26, 27

Precedence operator-rl	5/21/88	P. Evans
Precedence operator-rl	Scale 1:10000	S. Davidson

Wates Petro Corp



- |   |                            |                                  |
|---|----------------------------|----------------------------------|
| ① Oil 711 Lines sealed closed during sales      | "C" 210 BBL R. Sew Storage | D5 Converter #5 Separator        |
| ② Oil Equipment Line sealed closed during sales | D2 Converter #3 Separator  | E4 Converter #4 WATER knockout   |
| ③ Oil Sales Seal closed except during sales     | D4 Converter #4 Separator  | E6 Converter #6 WATER knockout   |
| ④ Emergency drums sealed closed                 | D8 Converter #2 Separator  | E3 Converter #3 WATER knockout   |
| ⑤ Water to Dwyer drum closed                    | D3 Converter #3 Separator  | E11 Converter #11 WATER knockout |
| "H" 500 BBL Oil Storage                         | D1 Converter #1 Separator  | E9 Converter #9 WATER knockout   |
| "B" 500 bbl. WATER Storage                      | D5 Converter #5 Separator  | E5 Converter #5 WATER knockout   |

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

R. E. Chambers Jr.  
2413 Clayton  
Wichita Falls, TX 76308

Lollie Dee King Chambers  
2413 Clayton  
Wichita Falls, TX 76308

Margaret Morris Wheeler  
P.O. Box 101535  
Fort Worth, TX 76185-1535

Alice Ann Hanks Freeman  
P.O. Box 9087  
Wichita Falls, TX 76308-9087

John B. Holstead  
3690 Del Monte  
Houston, TX 77019

Bonnie Morrison  
1200 California St, Apt. 17A  
San Francisco, CA 94109-5075

W.T. & Jeanette J. Probandt  
415 W. Wall  
Suite 2206  
Midland, TX 79701

The Riggs-Mills Limited  
P.O. Box 230430  
Anchorage, AK 99523-0430

Barbara Morris Emmett  
12407 Degas Lane  
Dallas, TX 75230

Wills Royalty, Inc.  
P.O. Box 1658  
Carlsbad, NM 88221-1658

P 216 557 212

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

R.E. Chambers

2413 Clayton

Wichita Falls, TX 76308

PS Form 3800, April 1995

Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date <b>Conoco #2</b> <b>4-24-98</b>	

P 216 557 213

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Postage for International Mail (See reverse)

Lollie Dee King Chambers

2413 Clayton

Wichita Falls, TX 76308

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	
Conoco #2 4-24-98	

P 216 557 214

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Margaret Morris Wheeler

P.O. Box 101535

Fort Worth, TX 76185-1535

PS Form 3800, April 1995

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date Conoco #2 4-24-98	

P 216 557 215

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Alice Ann Hanks Freeman

P.O. Box 9087

Wichita Falls, TX 76308-9087

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date Conoco #2 4-24-98	



P 216 557 216

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

John B. Holstead

3690 Del Monte

Houston, TX 77019

PS Form 3800, April 1 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date Cenoco #2 4-29-98	

P 216 557 217

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Domestic Mail Only (See reverse)

Bonnie Morrison

1200 California St.

Apt. 17A

San Francisco, CA 94109-5075

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date Cinoco #2 4-24-98	

P 216 557 218

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

W.T. & Jeanette J. Probrandt

415 W. Wall

Suite 2206

Midland, TX 79701

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ .</b>
Postmark or Date <i>Conoco #2 4-24-98</i>	

P 216 557 219

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

The Riggs-Mills Limited

P.O. Box 230430

Anchorage, AK 99523-0430

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date Monoco #2 4-24-98	

P 216 557 220

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (*See reverse*)

Barbara Morris Emmett

12407 Degas Lane

Dallas, TX 75230

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date Comoco #2 4-24-98	

P 216 557 221

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Postage for International Mail (See reverse)

Wills Royalty, Inc.

P.O. Box 1658

Carlsbad, NM 8821-1658

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date Comoco # 2 4-24-98	

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT-" for such proposals

*SUBMIT IN TRIPLICATE*

1. Type of Well

☐ Oil ☐ Gas ☐ Other  
☒ Well ☐ Well

2. Name of Operator

**YATES PETROLEUM CORPORATION**

3. Address and Telephone No.

105 S. 4th Street, Artesia, NM 88210 (505) 748-1471

4. Location of Well ( Footage, Sec., T., R., M., or Survey Description

1980' FNL & 1980' FEL, Sec. 26-T20S-R24E (Unit G, SWNE)

5. Lease Designation and Serial No.

NM-045275

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Conoco AGK Federal #2

9. API Well No.

30-015-20457

10. Field and Pool, or Exploratory Area

Dagger Draw Upper Penn, South

11. County or Parish, State

Eddy Co., NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☐ Abandonment

☐ Change of Plans

☒ Subsequent Report

☐ Recompletion

☐ New Construction

☐ Final Abandonment Notice

☐ Plugging Back

☐ Non-Routine Fracturing

☐ Casing Repair

☐ Water Shut-Off

☐ Altering Casing

☐ Conversion to Injection

☒ Other Surface Commingling &  
Storage

☐ Dispose Water

(Note: Report results of multiple completion on Well  
Completion or Recompletion Report and Log form )

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is direction drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Yates Petroleum Corporation respectfully request approval for surface commingling and off lease storage and measurement.

Please see attached application.

14. I hereby certify that the foregoing is true and correct

Signed

*Pamela S. Evans*

Title

Production Secretary

Date 5/27/98

(This space for Federal or State office use)

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 department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See Instruction on Reverse Side

**APPLICATION FOR SURFACE COMMINGLING**  
**OFF LEASE STORAGE AND MEASUREMENT APPROVAL**  
**This Format Should Be Attached To A Sundry Notice**

To: Bureau of Land Management  
620 East Greene Street  
Carlsbad, NM 88221-1778

Yates Petroleum Corporation (Operator's Name) is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM-045275; Lease Name: Conoco AGK Federal.

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>G</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>3</u>	<u>I</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>4</u>	<u>A</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>5</u>	<u>B</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>9</u>	<u>P</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>11</u>	<u>J</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>
<u>15</u>	<u>O</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>

with hydrocarbon production from the following formation(s) and well(s) on a federal lease: Conoco AGK

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>8</u>	<u>H</u>	<u>26</u>	<u>20S</u>	<u>24E</u>	<u>Undesignated Wolfcamp</u>

Production from the well(s) involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Conoco AGK Fed. #2</u>	<u>0</u>	<u>42.7</u>	<u>0</u>
<u>Conoco AGK Fed. #3</u>	<u>10</u>	<u>42.7</u>	<u>42.03</u>
<u>Conoco AGK Fed. #4</u>	<u>0</u>	<u>42.7</u>	<u>16</u>
<u>Conoco AGK Fed. #5</u>	<u>903</u>	<u>42.7</u>	<u>20.74</u>
<u>Conoco AGK Fed. #8</u>	<u>0</u>	<u>42.7</u>	<u>0</u>
<u>Conoco AGK Fed. #9</u>	<u>19</u>	<u>42.7</u>	<u>570.90</u>
<u>Conoco AGK Fed. #11</u>	<u>7</u>	<u>42.7</u>	<u>76.06</u>
<u>Conoco AGK Fed. #15</u>	<u>19</u>	<u>42.7</u>	<u>410.65</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 SWNE-1/4, Sec. 26, T20S, R24E, Federal lease Conoco AGK Fed. #2 Eddy Co. NM. 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:

Oil will be transported off lease prior to measurement and will be measured by turban metering equipment. Gas will also be measured separately. Total sales volume will be allocated back to individual wells based on daily well test.

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 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.

The proposed commingling is necessary for economic 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 if we have not already done so.

Signature: Pamela S. Evans

Name: Pamela S. Evans

Title: Production Clerk

Date: 5-27-98