

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

January 14, 1994

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

ATTENTION: Mr. William LeMay
Director

RE: Surface Commingling, Lease Commingling
and Off-Lease Storage
South Dagger Draw Upper Penn Pool
Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation respectfully requests administrative approval to commingle production from four wells into a common tank battery and to permit production from each well to be transported prior to measurement to another well for storage thereon. It is proposed to commingle the production from the following wells:

Ceniza AGZ Com #2
660' FSL and 725' FWL
Section 12-T20S-R24E
Eddy County, New Mexico
NM NM 84614 (A)

Ceniza AGZ Com #3
1980' FNL and 660' FWL
Section 13-T20S-R24E
Eddy County, New Mexico
NM NM 84636 (A)

Ceniza AGZ Com #4
1730' FSL and 660' FWL
Section 12-T20S-R24E
Eddy County, New Mexico
NM NM 84614 (A)

Hillview AHE Federal #7
660' FSL and 660' FWL
Section 13-T20S-R24E
Eddy County, New Mexico
NM NM 84638 (A)

The production from the wells will be commingled into a common storage facility located on the Ceniza AGZ Com #2 location. A map labeled Attachment I is enclosed for your information.

The purpose of this off-lease storage and surface commingling is to reduce operating costs for storage and treating and thereby extend 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 well.

Because working interests for the proposed wells are different from the well where the proposed storage facilities are located, 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 in the wells will be from the same producing zone which is the Canyon.

Off-Lease Storage, Etc.:
Page 2
January 14, 1994

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

Attachment II A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities".

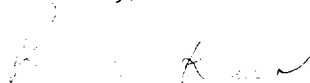
Attachment III Notification of working interest owners of the proposal to commingle production.

Attachment IV Notification to the Bureau of Land Management.

Yates Petroleum Corporation appreciates your cooperation in this matter. If you should have any questions or need further information, please give me a call at 505-748-1471.

Thank you.

Sincerely,



Rusty Klein
Production Clerk

RK/pbs

Attachments

Diff Live

3" vent

CEMIZER#4 motor Run

William #7 Motorless

Ceniza #3 Meter Run

Leniza Dr Meter Run

2" Circulating line

1" Roll Line to Tracks

Pump

3" water line from heater/dried
3" water line from street

3 inch WATER Pump Line

from tank out

21

47/14/8

$$\frac{1}{3\sqrt{2}} = \frac{1}{3 \times 1.414} = \frac{1}{4.242} = 0.2357$$

☐ Plug Valve

☒ Dump valve

<input checked="" type="checkbox"/>	Bath pressure
-------------------------------------	---------------

Attachment II

ATTACHMENT III

INTEREST OWNERS
Ceniza AGZ Com #2 Battery

Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Betty H. Adkins
7107 S. Hudson Circle
Littleton, CO 80122

Dorothy B. Bennett
15 Tall Pines Road
Scarborough, ME 04074

William Albert & Evelyn M. Buchanan
908 Fawn Lane
Las Cruces, NM 88001

David R. Buchanan
133 Sweetbay Drive
Aiken, SC 29803

Kenneth G. Buchanan
32512 Dohany
Farmington Hill, MI 48336

Roger E. Buchanan
641 Kulp Road
Perkiomenville, PA 18074

W.D. & Marilyn E. Buchanan
2012 Tech Drive
Levelland, TX 79336

Loneta S. Curtis
605 south 15th
Artesia, NM 88210

Fina Oil & Chemical Company
P. O. Box 951339
Dallas, TX 75395-1339

Barbara E. Hannifin
P. O. Drawer 2588
Roswell, NM 88202-2588

Daniel S. Hannifin
P. O. Box 218
Midland, TX 79702

Steven P. Hannifin
Training Air Station
Naval Air Station
Corpus Christi, TX 78419-5102

Margaret H. Baslim
1261 S. Tropez Circle
Orlando, FL 32806

Mark A. Hannifin
P. O. Box 218
Midland, TX 79702

Kathryn McCormick
2905 San Pablo, N.E.
Albuquerque, NM 87110

McCaw & Nix Partnership
P. O. Box 440
Artesia, NM 88210

Minerals Management Service
P. O. Drawer 1857
Roswell, NM 88201

Myco Industries, Inc.
P. O. Box 840
Artesia, NM 88211-0840

Frances Nix
P. O. Box 440
Artesia, NM 88211-0440

Ralph Nix Estate
P. O. Box 440
Artesia, NM 88211-0440

Joyce Pingrey
544 Florimond Drive
Colusa, CA 95932

Alice Smith
139 W. Norman Street
Wernersville, PA 19565

Betty Spilman
905 Axtell
Clovis, NM 88101

Margaret E.H. Wygocki
721 Robins Road
Lansing, MI 48917

Lillie M. Yates Estate
P. O. Box 840
Artesia, NM 88210

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210

Martin Yates, III Estate
P. O. Box 840
Artesia, NM 88210

Mary B. Hannifin
293 South Ashland Ave.
Lexington, KY 40502

P 083 924 672



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Bureau of Land Management</i>	
Street and No. <i>P.O. Box 4778</i>	
City, State and ZIP Code <i>Carlsbad, NM 88221-1778</i>	
Postage <i>McPe Kara</i>	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>January 13, 1994</i> <i>Canize AGZ Com #2</i>	

PS Form 3800, June 1991

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. Fee Lease NM 04527
2. Name of Operator YATES PETROLEUM CORPORATION (505) 748-1471	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 105 South 4th St., Artesia, NM 88210	7. If Unit or CA, Agreement Designation NMNM 84614
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 725' FWL of Section 12-T20S-R24E (Unit M)	8. Well Name and No. Ceniza AGZ Com #2
	9. API Well No. 30-015-26466
	10. Field and Pool, or Exploratory Area North Dagger Draw Upper Penn
	11. County or Parish, State Eddy Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Off-Lease Storage & Measurement & Surface Commingling
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

3. 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Please see the attached form for the off-lease storage and measurement and surface commingling of the following four (4) wells:

Ceniza AGZ Com #2
660' FSL & 725' FWL (Unit M)
Section 12-T20S-R24E
Eddy County, New Mexico
Fee Lease/CA No.: NMNM84614

Ceniza AGZ Com #3
1980' FNL & 660' FWL (Unit E)
Section 13-T20S-R24E
Eddy County, New Mexico
Fee Lease/CA No.: NMNM 84636

Ceniza AGZ Com #4
1730' FSL & 660' FWL (Unit L)
Section 12-T20S-R24E
Eddy County, New Mexico
Fee Lease/CA No.: NMNM84614

Hillview AHE Federal Com #7
660' FSL & 660' FWL (Unit M)
Section 13-T20S-R24E
Eddy County, New Mexico
NM 86241/CA No.: NMNM 84638

Battery is located at the Ceniza AGZ Com #2 location. Please see attached map and site facility diagram.

I hereby certify that the foregoing is true and correct
Signed Rusty Allen Title Production Clerk Date Jan. 12, 1994
(This space for Federal or State office use)

Approved by Adam St. Sene Title Production Engineer Date 2/4/94
Conditions of approval, if any:

Subject to
Like Approval
By State

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

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

Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

Name of Operator
YATES PETROLEUM CORPORATION (505) 748-1471

Address and Telephone No.
105 South 4th St., Artesia, NM 88210

Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 725' FWL of Section 12-T20S-R24E (Unit M)

5. Lease Designation and Serial No.
Fee Lease

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation
NMNM 84614

8. Well Name and No.
Ceniza AGZ Com #2

9. API Well No.
30-015-26466

10. Field and Pool, or Exploratory Area
North Dagger Draw Upper Penn

11. County or Parish, State
Eddy Co., NM

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Off-Lease Storage & Measurement & Surface Commingling	<input type="checkbox"/> Dispose Water

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

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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Please see the attached form for the off-lease storage and measurement and surface commingling of the following four (4) wells:

Ceniza AGZ Com #2
660' FSL & 725' FWL (Unit M)
Section 12-T20S-R24E
Eddy County, New Mexico
Fee Lease/CA No.: NMNM84614

Ceniza AGZ Com #3
1980' FNL & 660' FWL (Unit E)
Section 13-T20S-R24E
Eddy County, New Mexico
Fee Lease/CA No.: NMNM 84636

Ceniza AGZ Com #4
1730' FSL & 660' FWL (Unit L)
Section 12-T20S-R24E
Eddy County, New Mexico
Fee Lease/ CA No.: NMNM84614

Hillview AHE Federal Com #7
660' FSL & 660' FWL (Unit M)
Section 13-T20S-R24E
Eddy County, New Mexico
NM 86241/CA No.: NMNM 84638

Battery is located at the Ceniza AGZ Com #2 location. Please see attached map and site facility diagram.

I hereby certify that the foregoing is true and correct

Signed Rusty Klen Title Production Clerk Date Jan. 12, 1994

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

CRA BLM FORMAT

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, New Mexico 88221-1778

Yates Petroleum Corp. (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. CA NMNM84614 ; Lease Name: Ceniza AGZ Com

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>M</u>	<u>12</u>	<u>20S</u>	<u>24E</u>	<u>Canyon</u>
<u>4</u>	<u>L</u>	<u>12</u>	<u>20S</u>	<u>24E</u>	<u>Canyon</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

with hydrocarbon production from the following formation(s) and
well(s) on Federal lease No. CA NMNM 84636 ; Lease Name: Ceniza AGZ Com
CA NMNM 84638 Hillview AHE Fed. Com

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>AGZ #3</u>	<u>E</u>	<u>13</u>	<u>20S</u>	<u>24E</u>	<u>Canyon</u>
<u>AHE #7</u>	<u>M</u>	<u>13</u>	<u>20S</u>	<u>24E</u>	<u>Canyon</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Production from the wells involved is as follows:

	<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
NMNM84614	<u>Ceniza AGZ Com #2</u>	<u>4</u>	<u>40.9</u>	<u>38</u>
NMNM84614	<u>Ceniza AGZ Com #4</u>	<u>49</u>	<u>40.9</u>	<u>151</u>
NMNM84636	<u>Ceniza AGZ Com #3</u>	<u>2</u>	<u>40.9</u>	<u>30</u>
NMNM84638	<u>Hillview AHE Fed Com #7</u>	<u>1</u>	<u>40.9</u>	<u>0</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Continued ...

Continued:

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

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

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

The storage and measuring facility is located at SW/4 SW/4-1/4, Sec. 12, T20 S, R24E E, on lease No. CA NMNM84614 Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

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

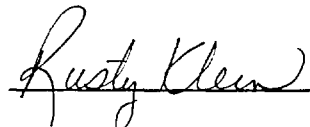
Oil from each individual well will be measured by positive displacement, temperature compensated metering equipment prior to commingling on the surface.
Gas from the wells will also be metered separately.

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 Federal leases.

We understand that the requested 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: 

Name: Rusty Klein

Title: Production Clerk

Date: January 12, 1994

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

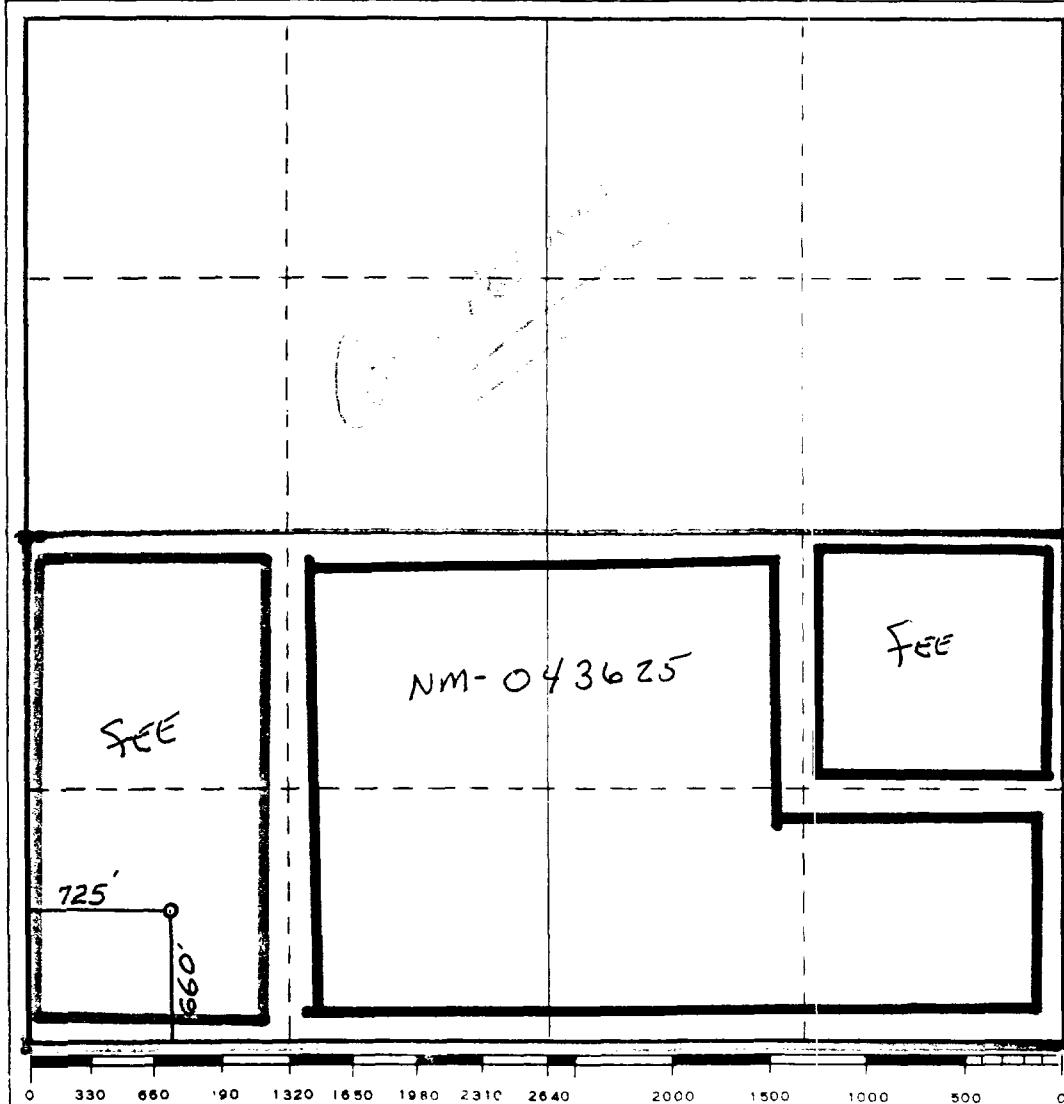
Operator YATES PETROLEUM CORPORATION			Lease Spanish Dagger AID Com		Well No. 1
Unit Letter M	Section 12	Township 20 South	Range 24 East	County Eddy County, N.M.	
Actual Footage Location of Well: 725 feet from the West line and 660 feet from the South line					
Ground Level Elev. 3602.	Producing Formation Cisco Canyon		Pool Arroyo South Dagger Draw Upper Unit	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

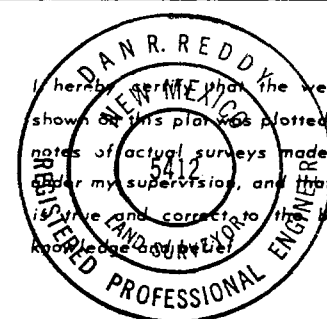
Ken Beardempfl

Name
KEN BEARDEMPFL

Position
LANDMAN

Company
Yates Pet. Corp.

Date
9-5-90



I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
September 4, 1990

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PE&PS NO. 5412

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

APR 30 1991

O. C. D.
ARTESIA, OFFICE

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

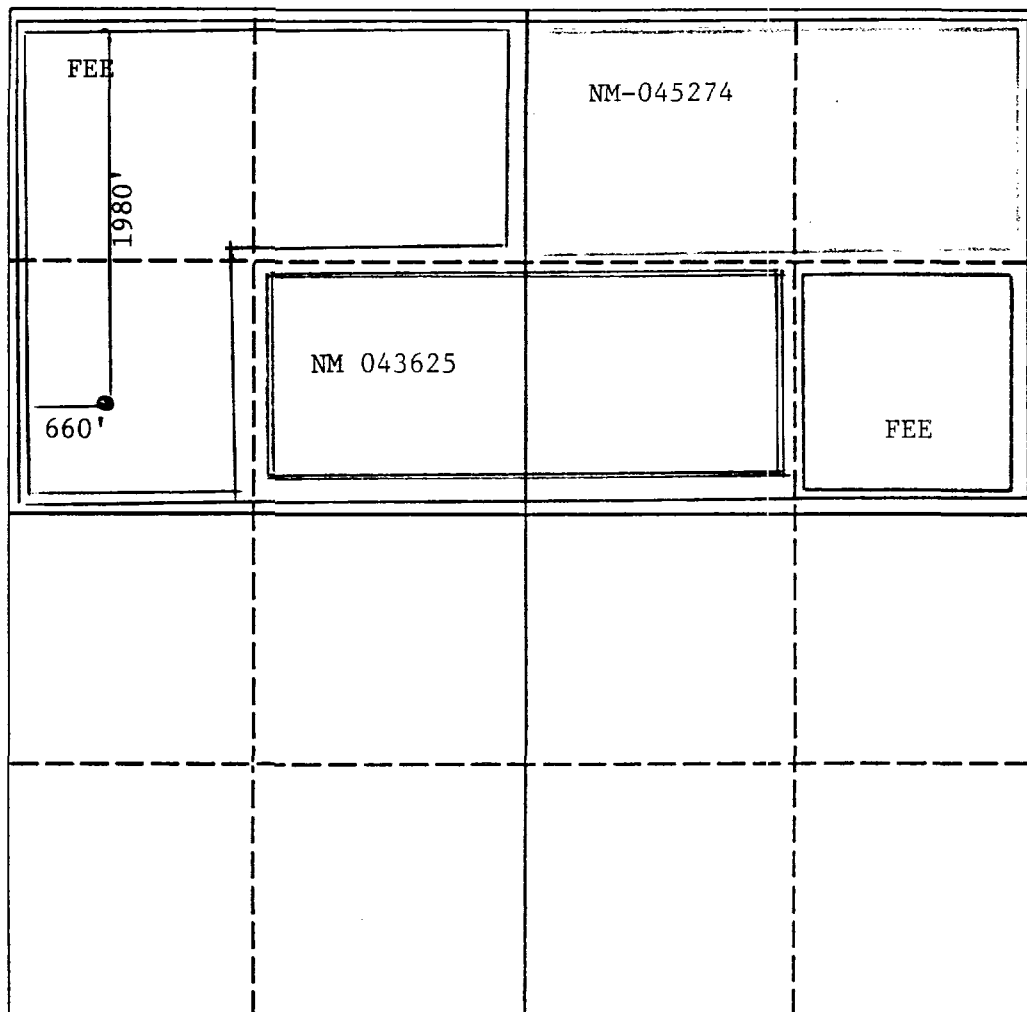
All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease Ceniza AGZ Com		Well No. 3
Unit Letter E	Section 13	Township 20S	Range 24E	County NMPM Eddy	

Actual Footage Location of Well:

1980 feet from the North line and 660 feet from the West line			
Ground level Elev. 3603'	Producing Formation Canyon	Pool South Dagger Draw Upper Penn	Dedicated Acreage: 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☒ Yes ☐ No If answer is "yes" type of consolidation Communitization
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Juanita Goodlett
Printed Name
JUANITA GOODLETT
Position
PRODUCTION SUPERVISOR
Company
YATES PETROLEUM CORPORATION
Date
4-29-91

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Refer to original plat
Signature & Seal of
Professional Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-128
 Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator YATES PETROLEUM CORPORATION		Lease Hill View AHE Federal Com		Well No. 7
Unit Letter M	Section 13	Township 20 South	Range 24 East	County Eddy County, N.M.
Actual Footage Location of Well:				
660 feet from the South line and		660 feet from the West line		
Ground Level Elev. 3605.	Producing Formation Cisco Canyon	Pool S. Dagger Draw Upper Penn	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Ken Beardemuhl</i>	
Name	Ken Beardemuhl
Position	Landman
Company	Yates Petroleum Corporation
Date	12-4-90
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	November 28, 1990
Registered Professional Engineer and/or Land Surveyor	
<i>Dan R. Reddy</i>	
Certificate No.	NM PE&PS NO. 5412