

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 several 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 add the following well to existing Order Number CTB-359:

Hillview AHE Federal Com #12
1980' FSL and 660' FEL
Section 23-T20S-R24E
Eddy County, New Mexico
SCR 70 (A)

The production from the well will be commingled into a common storage facility located on the Hillview AHE Federal 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.

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".

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

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,

A handwritten signature in cursive script that reads "Rusty Klein".

Rusty Klein
Production Clerk

RK/pbs

Attachments

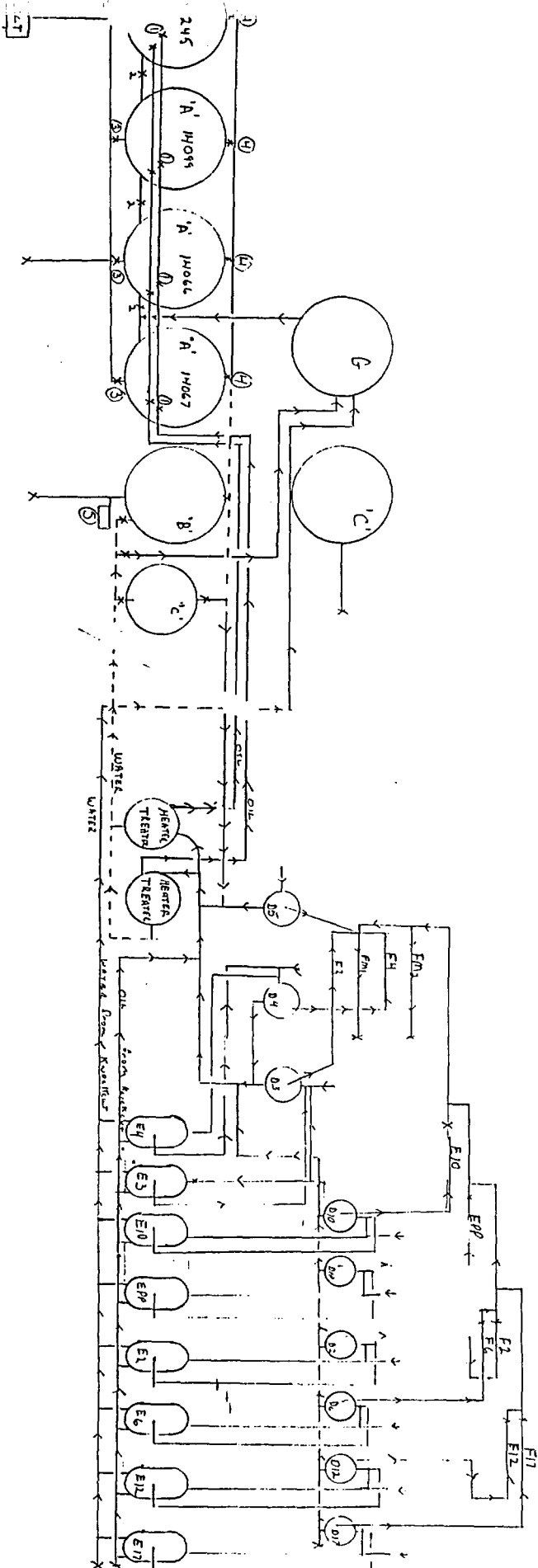
HILLVIEW AHE F.D. COM #2 TANK BATTERY

LEASE NO. SCR # 70

LEGAL DESCRIPTION: SEC. 23 T20S R24E

COUNTY: Eddy NM

VATES Petro Corp



Hillview AHE Fed Com #2 TANK Battery

- ① OIL FILL LINES sealed during sales
- ② OIL Equalizer Lines sealed closed during sales
- ③ OIL SALES LINES sealed closed except during sales
- ④ Emergency Drains sealed closed
- ⑤ WATER TO An APPROVED disposal system

A 500 BBL OIL STORAGE

B 500 BBL WATER STORAGE

C 210 BBL BS&W Storage

G 750 BBL Gunbarrel

D2 Hillview #2 Separator

D3 Hillview #3 " "

D4 Hillview #4 " "

D5 Hillview 5 " "

D6 Hillview 6 " "

D10 Hillview 10 " "

D12 Hillview 12 " "

D17 Hillview 17 " "

DPP Prickly Pear " "

E2 Hillview #2 WATER Knockout

E3 Hillview #3 "

E4 Hillview #4 "

E6 Hillview #6 "

E10 Hillview 10 " "

E12 Hillview 12 "

E17 Hillview 17 "

EPP Prickly Pear "

FM1 MAIN METER #1 CDP

FM2 MAIN METER #2 CDP

F2 Hillview #2 METER RUN

F3 Hillview #3 "

F4 Hillview #4 "

F6 Hillview #6 "

F10 Hillview #10 "

F12 Hillview 12 "

F17 Hillview 17 "

FPP Prickly Pear "

ATTACHMENT III

INTEREST OWNERS
Hillview AHE Fed Com #2 Battery

Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

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

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

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210

OIL CONSERVATION DIVISION

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

Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

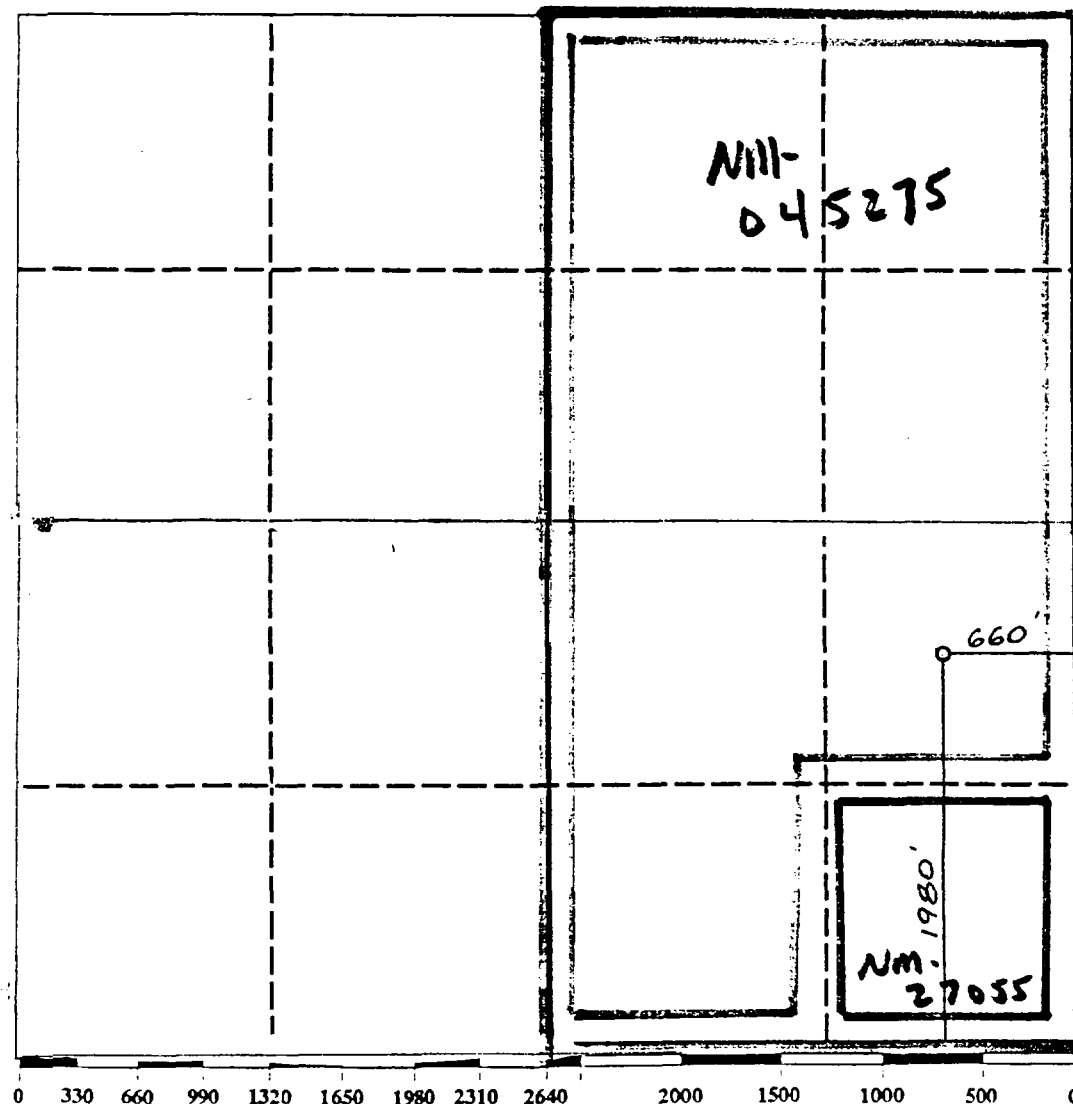
DISTRICT III

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 HILLVIEW AHE FEDERAL COM		Well No. 12
Unit Letter I	Section 23	Township 20 SOUTH	Range 24 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well:					
1980 feet from the SOUTH line and		660 feet from the EAST line			
Ground level Elev. 3630.	Producing Formation Cisco Canyon		Pool South Dagger Draw Upper Penn		Dedicated Acreage: 320 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>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).</p> <p>3. 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.?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation Communitization</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)</p> <p>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.</p>					



OPERATOR CERTIFICATION

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

Signature

Printed Name

Position

Company

Date

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.

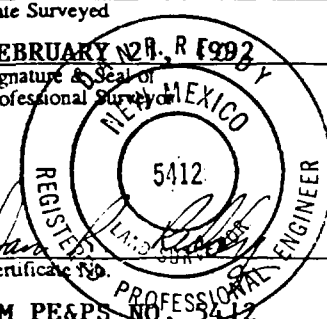
Date Surveyed

FEBRUARY 28, 1992

Signature & Seal of Professional Surveyor

REGISTERED
Certificate No.

NM PE&PS NO. 5412



Operator Roger C. Hanks		Lease Penny-Federal		Well No. O. C. C. 1	
Unit Letter N	Section 23	Township 20 South	Range 24 East	County Eddy	
Actual Footage Location of Well: 660 feet from the South line and 1980 feet from the West line					
Ground Level Elev. 3682	Producing Formation Cisco Canyon	Pool South Dagger Draw-Upper Pennsylvanian <i>Basal</i>		Dedicated Acreage 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 work 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 _____

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.

R-24-E

CERTIFICATION

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

Name
Roger C. Hanks
Position
Production Clerk

Company
Roger C. Hanks

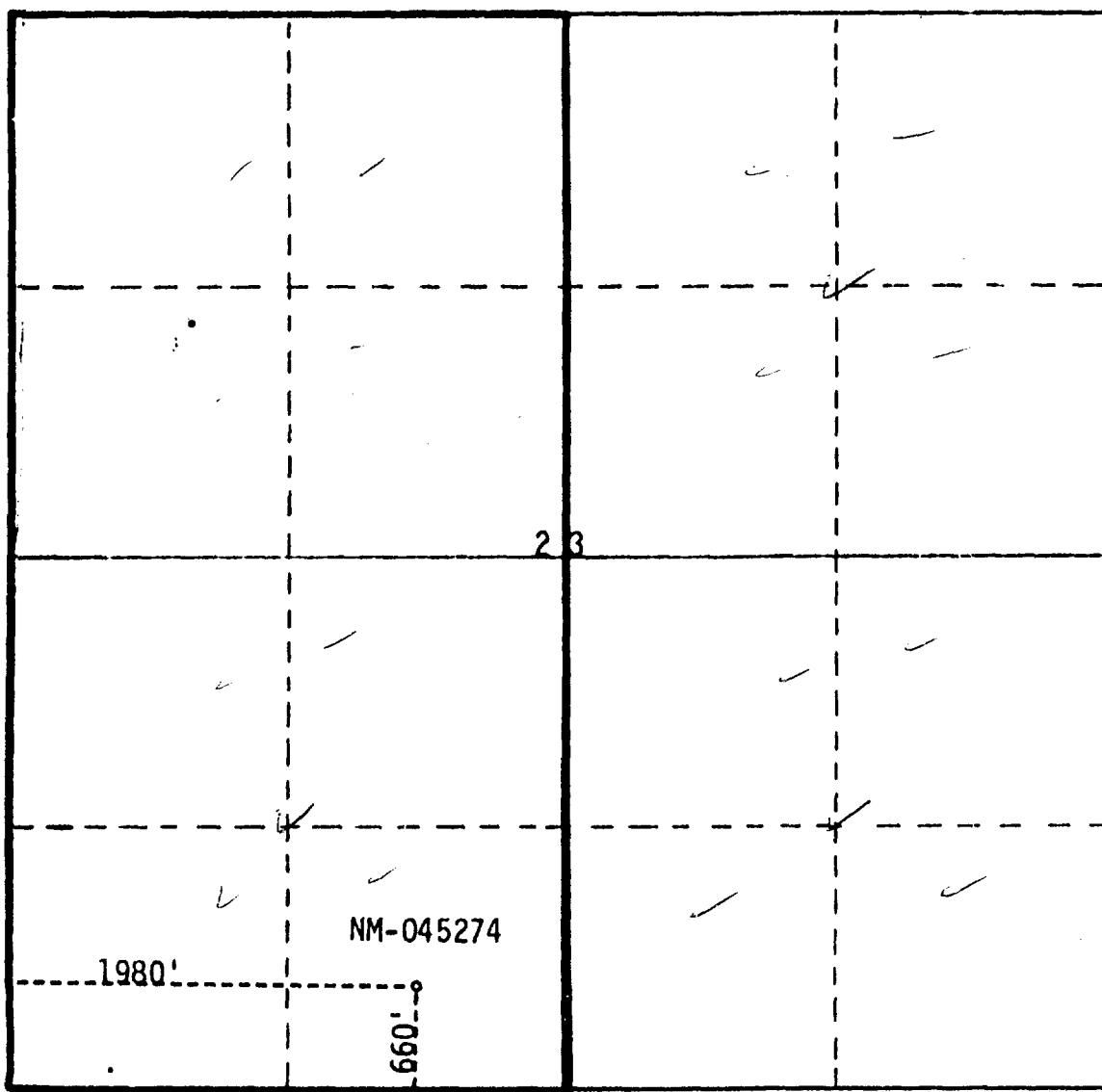
Date
October 1, 1973

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

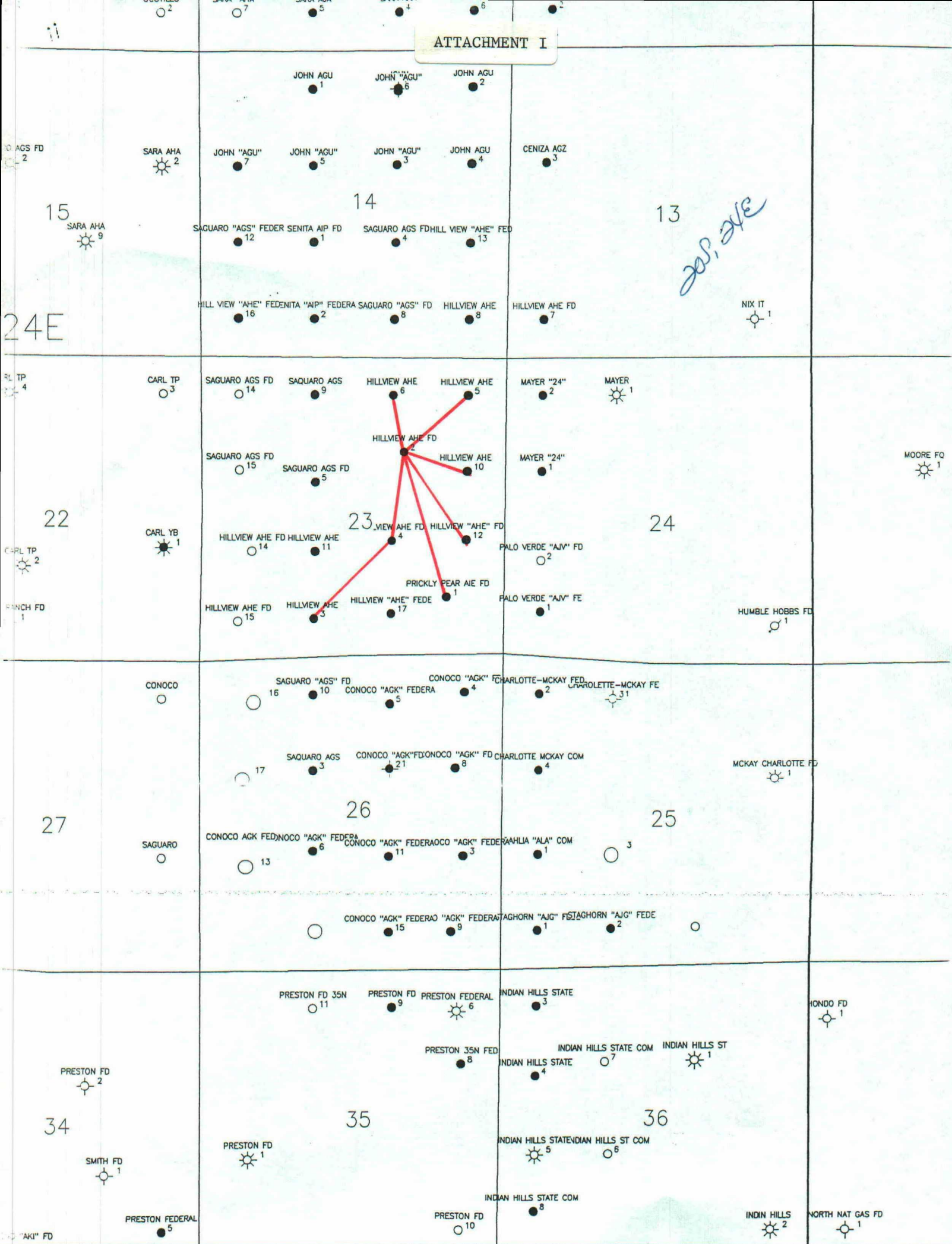
Date Surveyed _____

Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____



ATTACHMENT I



Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

OPERATOR'S COPY

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 Well ☐ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

(505) 748-1471

3. Address and Telephone No.

105 South 4th St., Artesia, NM 88210

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

1650' FNL & 1780' FEL of Section 23-T20S-R24E (Unit G)

5. Lease Designation and Serial No.

NM-045274

6. If Indian, Allotment or Tribe Name

7. If Unit or CA, Agreement Designation

SCR70

8. Well Name and No.

Hillview AHE Fed Com #2

9. API Well No.

30-015-23541

10. Field and Pool, or Exploratory Area

South 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

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Surface Commingling,
Off-Lease Storage & Measurement
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

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

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 surface commingling, off lease storage and measurement for the attached list of well.

The battery is located at the Hillview AHE Federal Com #2 location. Please see the attached map and site facility diagram.

Subject to
Like Approval
By State

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

Signed

Title Production Clerk

Date January 13, 1994

(This space for Federal or State office use)

Approved by

Title Petroleum Engineer

Date 2/2/94

Conditions of approval, if any:

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