


APPLICATION FOR SURFACE COMMINGLING, LEASE COMMINGLING,
POOL COMMINGLING, OFF-LEASE STORAGE AND MEASUREMENT

Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88221-1778

Yates Petroleum Corporation is requesting approval for surface commingling, off-lease storage and measurement etc. of hydrocarbon production from the following wells and formation: 

Scout EH Federal Com #3, NWNE of Section 34-T18S-R25E, Lease No. LC-067136, CA No. MNM92014 - Wolfcamp Formation
Scout EH Federal Com #6, SWNE of Section 34-T18S-R25E, Lease No. LC-067136, CA No. MNM92014 - Wolfcamp Formation

with hydrocarbon production from the following well and formation:

Scout EH Federal #5, SENW of Section 34-T18S-R25E, Lease No. LC-067136 - Wolfcamp Formation

Production from the wells involved is as follows:

Scout EH Federal #5	79 BOPD, 637 MCF, 46.2 gravity
Scout EH Federal Com #3	10 BOPD, 50 MCF, 46.2 gravity
Scout EH Federal Com #6	5 BOPD, 30 MCF, 46.2 gravity

The proposed operation is described in detail on the attached site security diagram. Also enclosed is a map showing the location of the wells.

The storage and measuring facility is located in the SENW of Section 34-T18S-R25E (Scout EH Federal #5 battery) on Lease No. LC-067136, Eddy County, New Mexico.

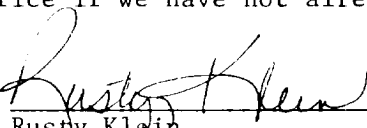
Oil is measured by positive displacement, temperature compensated metering equipment. Gas is also metered separately.

The working interest, royalty interest and overriding royalty interest owners have been notified of this 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 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.



Rusty Klein
Operations Technician
May 20, 1996