

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

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

Yates Petroleum Corporation is respectfully requesting approval for surface commingling, lease commingling, pool commingling, off-lease storage and measurement of hydrocarbon production from the following well:

Ottawa AOW Federal #1, NESW of Section 3-T19S-R25E, Lease No. LC-064488E, Canyon

with hydrocarbonds production from the following wells:

Matlock AJW #1, NWSE of Section 4-T19S-R25E, Fee Lease, Upper Penn (Canyon) formation
Bradshaw #1, SESE of Section 4-T19S-R25E, Fee Lease, Upper Penn (Canyon) formation

Production from the wells involved is as follows:

Bradshaw #1	82 BOPD, 420 BWPD, 172 MCFPD	- gravity 43.5
Matlock AJW #1	27 BOPD, 44 BWPD, 34 MCFPD	- gravity 43.5
Ottawa AOW Federal #1	58 BOPD, 284 BWPD, 74 MCFPD	- gravity 43.5

A map is enclosed showing the location of the wells that contribute production to this commingling and common storage facility. The storage facility is located at the Matlock AJW #1 location, NWSE of Section 4-T19S-R25E, Eddy County, New Mexico.

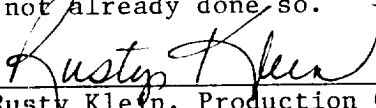
A Site Security Diagram for the Matlock AJW battery is attached.

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

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

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 mentioned 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, Production Clerk
March 29, 1996