

LTR



Job separation sheet

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia NM 88210-2834

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

C/SF

5 Lease Designation and Serial No.
NM-92748

6 If Indian, Allottee or Tribe Name

7 If Unit or CA, Agreement Designation

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 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' FSL & 660' FWL, Section 11-T19S-R25E (Unit L, NWSW)

8 Well Name and No.
Serrano Federal #2

9 API Well No.
30-015-29401

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

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
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Surface Commingling & Storage

- 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.)

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 L. Evans Title Production Secretary Date 3/30/98

(This space for Federal or State office use)
(ORIG. SGD.) ALEXIS C. SWOBODA PETROLEUM ENGINEER

Approved by _____ Date APR 03 1998

Conditions of approval, if any

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

RECEIVED
OCD - ARTESIA
APR 1998

**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-92748; Lease Name: Serrano Federal.

<u>Well</u>					
<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>M</u>	<u>11</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn, North</u>
<u>2</u>	<u>L</u>	<u>11</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn, North</u>

with hydrocarbon production from the following formation(s) and well(s) on a Federal lease: Apollo APU Federal Com. and Arrow ARW Federal Com

<u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>A</u>	<u>15</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn, North</u>
<u>1</u>	<u>J</u>	<u>11</u>	<u>19S</u>	<u>25E</u>	<u>Dagger Draw Upper Penn, North</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>Serrano Federal #1</u>	<u>63.43</u>	<u>41.8</u>	<u>155.36</u>
<u>Serrano Federal #2</u>	<u>155.25</u>	<u>41.8</u>	<u>354.21</u>
<u>Apollo APU Federal Com #2</u>	<u>102.25</u>	<u>41.8</u>	<u>117.68</u>
<u>Arrow ARW Federal Com #1</u>	<u>207.44</u>	<u>41.8</u>	<u>384.83</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 NWSW-1/4, Sec. 11, T19S, R25E, Federal lease Serrano Federal #2, Eddy Co., New Mexico. 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:

Continued.

Continued:

Oil will be transported off lease prior to measurement and will be measured by positive displacement, temperature compensated 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: 3-30-98

PATRICK 'API' ● 1

OTTAWA 'AOW' FEDERA ● 3

Lease No. NM-02748

RIO PENASCO KD



PATRICK 'API' ● 4

ARCO FD OTTAWA 'AOW' FEDERA ● 6

RIO PENASCO 'MF' FED COM RIO PENASCO MF FD ● 2

● 1

POLO 'AOP' FFD POLO 'AOP' FEDERAL POLO 'AOP' FEDERAL ● 1

● 5

● 2

SERRANO FFD ● 2

FEDERAL 11 ● 1

ARROW 'ARW' FED COM ● 1

ARCO 110

ARROW

POLO 'AOP' FEDERAL ● 3

● 4

● 6

● 3

SERRANO FEDERAL ● 1



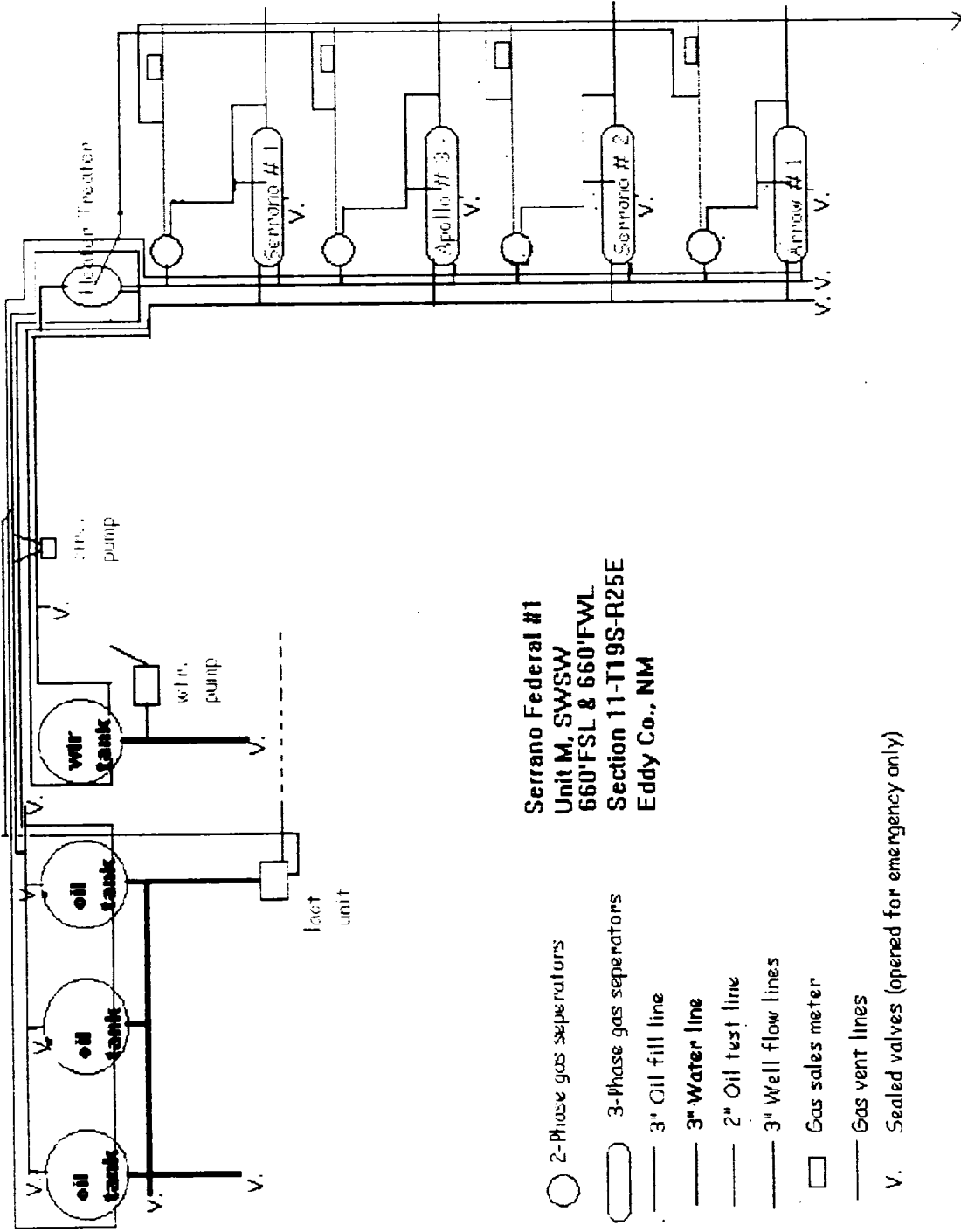
Measurement & Storage FACILITY



YATES PETROLEUM CORPORATION

NEW MEXICO
DAGGER DRAW
19S25e Sec. 10, 11

Plan de Operación #1	1/24/98	P. Evans
Plan de Adquisición #1	Scale 1:14880	S. Davidson



Serrano Federal #1
 Unit M, SWSW
 660'FSL & 660'FWL
 Section 11-T19S-R25E
 Eddy Co., NM

- 2-Phase gas separators
- 3-Phase gas separators
- 3" Oil fill line
- 3" Water line
- 2" Oil test line
- 3" Well flow lines
- Gas sales meter
- Gas vent lines
- V. Sealed valves (opened for emergency only)