



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

BRUCE KING
GOVERNOR

July 27, 1992

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attn: Paul Ragsdale

RE: Request for Off-Lease Storage - Temporary Exception Rule 309-C
Juandell ALG #1
Unit P, Sec. 5, T16S, R33E

Gentlemen:

Your request for permission for temporary offlease storage for your Juandell ALG #1 on your Eidson Unit #1 lease Unit I, Sec. 5, T16S, R33E, has been reviewed and we have no problem with this temporary arrangement as long as you have proper approval from the landowner to lay temporary lines.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

ed

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
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TREASURER

July 21, 1992

New Mexico Energy, Minerals & Natural Resources Department
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, NM 87504

ATTN: Mr. William LeMay, Director

RE: Juandell ALG #1
3300'FSL & 660'FEL
Unit P Sec. 5-T16S-R33E

Off-Lease Storage
Rule 309-C
Lea County, New Mexico

Dear Mr. LeMay:

Yates Petroleum respectfully requests administrative approval to temporarily store off-lease the oil produced from the Juandell ALG #1 in the battery located on the Eidson Unit #1 (2080' FSL & 660' FEL in Sec. 5-T16S-R33E). It is anticipated that the Eidson Unit #1 well will be shut in while the Juandell ALG #1 is producing into the battery. If the Juandell ALG #1 is an economic well then after the test period a new battery will be built on the Juandell ALG #1 location. An application to commingle production with the Eidson Unit #1 will be submitted.

The purpose of this off lease storage is to reduce initial investment costs for storage and treating and also provide a means to temporarily test the well before building facilities on lease. In accordance with the referenced Rule 309-C, the following diagrams, maps and well data are submitted for your information.

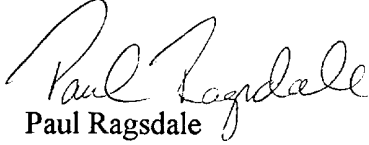
Attachment I - A map of leases indicating ownership.

Attachment II - Plats for the leases showing the wells and the formations in which they are completed or are proposed to be completed.

Attachment III - Notice to lease interest owners of the proposal to commingle production.

Yates Petroleum appreciates your cooperation in this matter. If you should need further information please contact me.

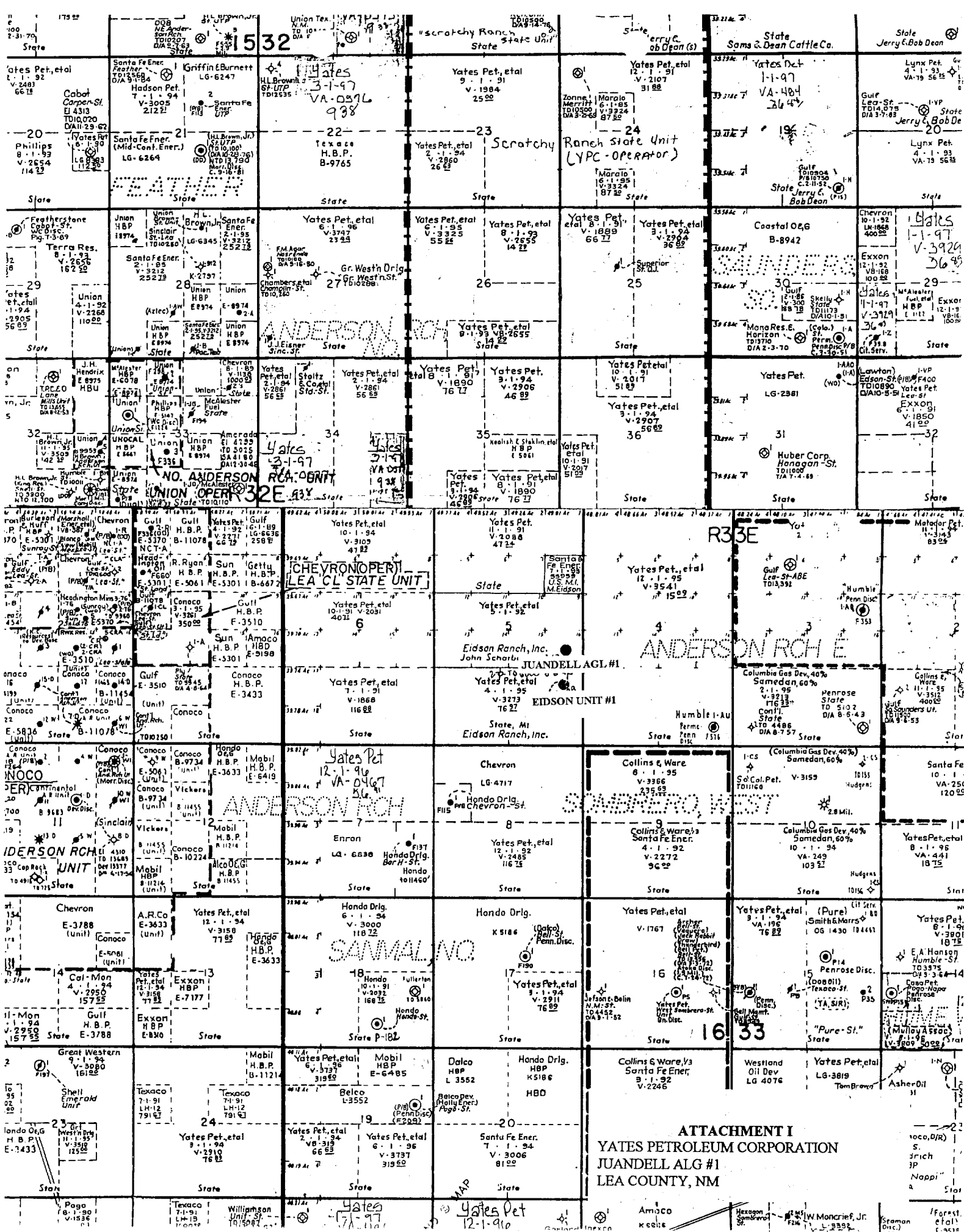
Sincerely,

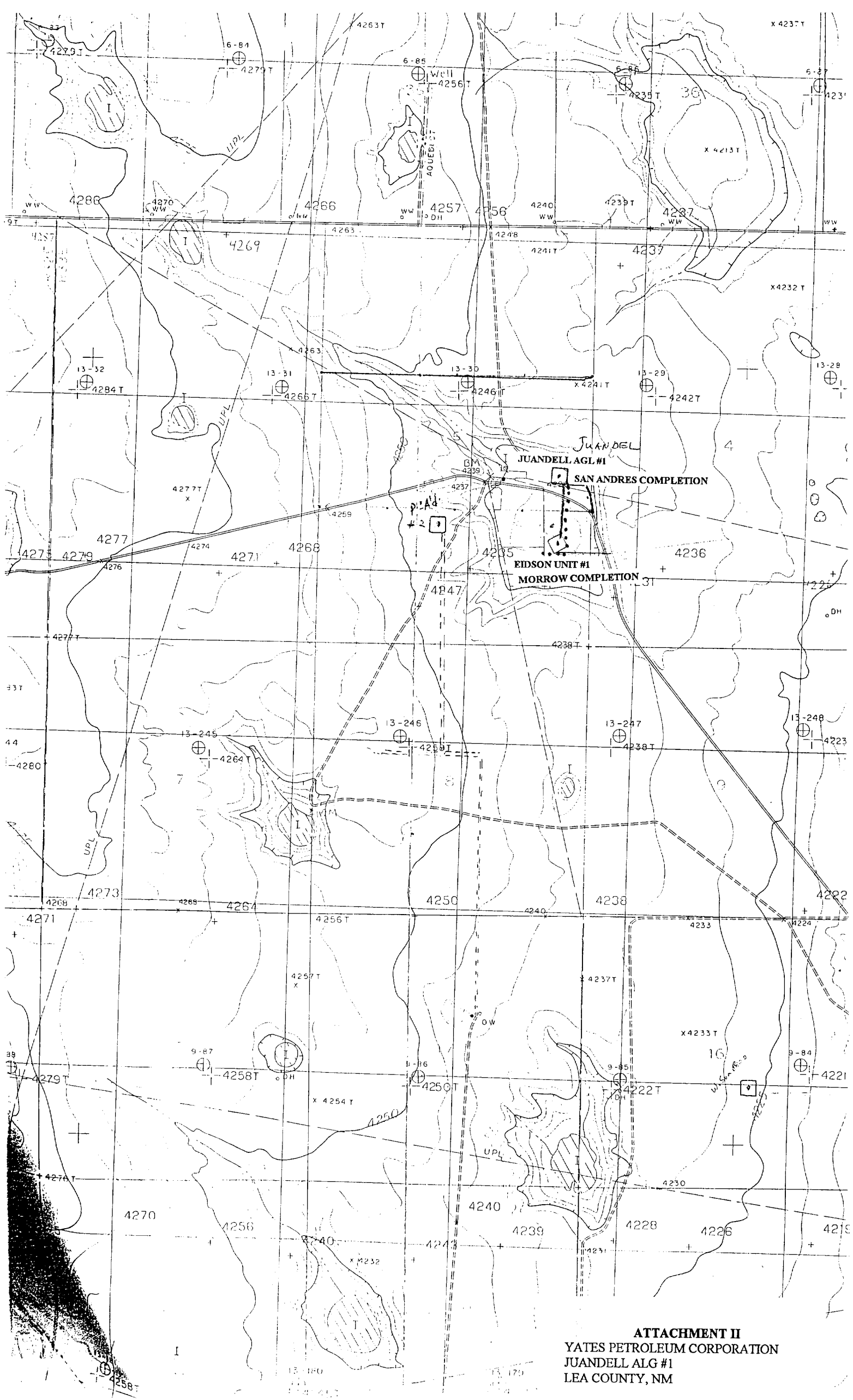
A handwritten signature in cursive script, reading "Paul Ragsdale".

Paul Ragsdale
Operations Engineer

PR/th

Attachments





ATTACHMENT II
YATES PETROLEUM CORPORATION
JUANDELL AGL #1
LEA COUNTY, NM

ATTACHMENT III

COPY OF NOTIFICATION OF INTEREST OWNERS

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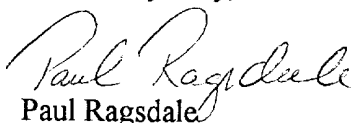
Santa Fe Energy
500 W. Texas
Suite 1330
Midland, TX 79701

RE: Juandell ALG #1
3300' FSL & 660' FEL
Sec. 5-T16S-R33E
Lea County, New Mexico

Gentlemen:

Yates Petroleum proposes to temporarily store the production from the referenced Juandell ALG #1 in the battery located on the Eidson Unit #1, located 2080' FSL & 660' FEL in Sec. 5-T16S-R33E. The purpose of this off-lease storage is to reduce operating costs for storage and treating and also provide a means to temporarily test the well before building facilities on lease. If you object to the off-lease storage proposal, according to NMOCD Rule 309-C, item #5, please notify Yates Petroleum and the Division Director within 20 days from receipt of this letter. If you have any questions please contact me.

Yours very truly,


Paul Ragsdale
Operations Engineer

PR/th

Enclosure

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July 21, 1992

Mr. Herbert E. Ware, Jr.
701 Hightower Bldg.
Midland, TX 79705

RE: Juandell ALG #1
3300' FSL & 660' FEL
Sec. 5-T16S-R33E
Lea County, New Mexico

Dear Mr. Ware:

Yates Petroleum proposes to temporarily store the production from the referenced Juandell ALG #1 in the battery located on the Eidson Unit #1, located 2080' FSL & 660' FEL in Sec. 5-T16S-R33E. The purpose of this off-lease storage is to reduce operating costs for storage and treating and also provide a means to temporarily test the well before building facilities on lease. If you object to the off-lease storage proposal, according to NMOC Rule 309-C, item #5, please notify Yates Petroleum and the Division Director within 20 days from receipt of this letter. If you have any questions please contact me.

Yours very truly,

Paul Ragsdale
Operations Engineer

PR/th

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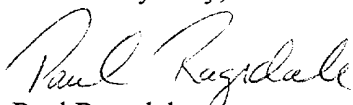
Mr. Bob Eidson
c/o Eidson Ranch
P. O. Box 1286
Lovington, NM 88260

RE: Juandell ALG #1
3300' FSL & 660' FEL
Sec. 5-T16S-R33E
Lea County, New Mexico

Dear Mr. Eidson,

Yates Petroleum proposes to temporarily store the production from the referenced Juandell ALG #1 in the battery located on the Eidson Unit #1, located 2080' FSL & 660' FEL in Sec. 5-T16S-R33E. The purpose of this off-lease storage is to reduce operating costs for storage and treating and also provide a means to temporarily test the well before building facilities on lease. If you object to the off-lease storage proposal, according to NMOCD Rule 309-C, item #5, please notify Yates Petroleum and the Division Director within 20 days from receipt of this letter. If you have any questions please contact me.

Yours very truly,


Paul Ragsdale
Operations Engineer

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TREASURER

July 21, 1992

Collins & Ware
W. B. Collins
P. O. Box 10010
Midland, TX 79702

RE: Juandell ALG #1
3300' FSL & 660' FEL
Sec. 5-T16S-R33E
Lea County, New Mexico

Gentlemen:

Yates Petroleum proposes to temporarily store the production from the referenced Juandell ALG #1 in the battery located on the Eidson Unit #1, located 2080' FSL & 660' FEL in Sec. 5-T16S-R33E. The purpose of this off-lease storage is to reduce operating costs for storage and treating and also provide a means to temporarily test the well before building facilities on lease. If you object to the off-lease storage proposal, according to NMOCD Rule 309-C, item #5, please notify Yates Petroleum and the Division Director within 20 days from receipt of this letter. If you have any questions please contact me.

Yours very truly,

Paul Ragsdale
Operations Engineer

PR/th

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