



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

February 22, 1996

**Yates Petroleum Corporation**  
**c/o Campbell, Carr, Berge & Sheridan, P. A.**  
**P. O. Box 2208**  
**Santa Fe, New Mexico 87504-2208**

**Attention: William F. Carr**

*Administrative Order DD-132(NSBHL)*

Dear Mr. Carr:

Reference is made to your applications on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated February 8, 16, and 20, 1996 for approval of its Zinnia Federal Unit Well No. 1 (API No. 30-015-27939) which was directionally drilled to a pre-determined bottom-hole location at a total measured depth of 12,550 feet in the winter of 1994/95. The surface location of the subject well, which is considered to be unorthodox, is 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

**The Division Director Finds That:**

- (1) This matter was originally docketed as Case No. 11,339 for hearing before a Division examiner on July 13, 1995, Yates however has caused this matter to be continued on a regular bases;
- (2) The Zinnia Federal Unit Well No. 1 is within both the Federal Oil/Potash enclave area and within the Division's Oil/Potash "R-111-P" area, and was therefore subject to all applicable restrictions and rules therein, said "potash rules" necessitated, in part, the need for the directional drilling of this well;
- (3) The application has been duly filed under the provisions of **Rules 104.F (2) and (3) and Rules 111.D and E** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), Rule 111 revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995 and Rule 104 revised by Division Order No. R-10533, issued by

the Oil Conservation Commission in Case 11,351 on January 18, 1996;

- (4) The primary zone of interest for the Zinnia Federal Unit Well No. 1 was the Undesignated East Burton Flat-Strawn Gas Pool, which is subject to the statewide rules and regulations for gas wells to all horizons of Wolfcamp age or older, as promulgated by **Rule 104.C(2)(b)**, which provides for 320-acre gas spacing and proration units, or drilling units, and requires that wells be located no closer than 660 feet to the nearest side boundary of the designated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary thereon; however, the deeper Undesignated East Burton Flat-Morrow Gas Pool, which is also subject to the above-described spacing and well location requirements, would be tested as a secondary zone of interest; further, the 320 acres comprising the N/2 of said Section 27 was proposed by the operator to be the dedicated acreage for both zones;
- (5) The Morrow interval within the Zinnia Federal Unit Well No.1:
  - (a) was tested and subsequently plugged off in mid-1995; and,
  - (b) pursuant to the directional survey, at a depth of 11,942 feet, is found to be 2093 feet from the North line and 2542 feet from the West line (Unit F) of said Section 27;
- (6) By Division Administrative Order DHC-1143, dated August 14, 1995 and issued for an application filed by Yates Petroleum Corporation which was dated July 10, 1995, gas production from both the Undesignated East Burton Flat-Strawn Gas Pool and, either the Undesignated East Burton Flat-Wolfcamp Gas Pool or Undesignated Scalon-Wolfcamp Gas Pool, is allowed to be commingled within the wellbore of the Zinnia Federal Unit Well No. 1; further, both the aforementioned Wolfcamp pools are also subject to said **Rule 104.C(2)(b)**;
- (7) As indicated by the directional survey the wellbore intersects:
  - (a) with the Wolfcamp formation at a measured depth of 9,870 feet, at a point located 2055 feet from the North line and 2277 feet from the West line of said Section 27; and,
  - (b) with the Strawn formation at a measured depth of 10,935 feet, at a point located 2065 feet from the North line and 2480 feet from the West line of said Section 27;

- (8) Both subsurface locations for the Strawn and Wolfcamp intervals are considered to be unorthodox and both intervals are dedicated to the N/2 of said Section 27;
- (9) It was Yates' original intent to drill this well at the more geologically acceptable (1980'FNL & 2405'FEL) location in the Strawn interval, however to honor an agreement with Eddy Potash the current surface location was accepted and the wellbore was drilled directionally to the geologically favored sub-surface location as described above; and,
- (10) Other than being extremely overdue, the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

**IT IS THEREFORE ORDERED THAT:**

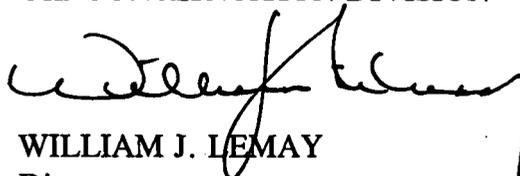
- (1) The operator, Yates Petroleum Corporation, is hereby authorized to continue operating its Zinnia Federal Unit Well No. 1 (API No. 30-015-27939), located at an unorthodox surface gas well location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico and drilled in the manner described in the Finding Nos. (1), (5), and (7) of this order.
- (2) Gas production from both the Undesignated East Burton Flat-Strawn Gas Pool and, either the Undesignated East Burton Flat-Wolfcamp Gas Pool or Undesignated Scalon-Wolfcamp Gas Pool may continue without interruption.
- (3) The 320 acres comprising the N/2 of said Section 27 is the dedicated acreage in both aforementioned intervals for this well.
- (4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and 104.
- (5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Administrative Order DD-132(NSBHL)  
Yates Petroleum Corporation  
February 22, 1996  
Page No. 4

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

SEAL

WJL/MES/kv

cc: Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
File: Case 11,339

Rec. 2/19/96  
Susp. WA  
Released 2/21/96

DD-Yates.1

February 21, 1996

Yates Petroleum Corporation  
c/o Campbell, Carr, Berge & Sheridan, P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

16, and 20

132

~~Administrative Order DD-\*\*\*\*\*(NSBHL)~~

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated February 8, 1996 for approval of its Zinnia Federal Unit Well No. 1 (API No. 30-015-27939) which was directionally drilled to a pre-determined bottom-hole location at a total measured depth of 12,550 feet in the winter of 1994/95. The surface location of the subject well, which is considered to be unorthodox, is 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

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  - (a) was tested and subsequently plugged off in mid-1995; and,
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- (9) It was Yates' original intent to drill this well at the more geologically acceptable

(1980'FNL & 2405'FEL) location in the Strawn interval, however to honor an agreement with Eddy Potash the current surface location was accepted and the wellbore was drilled directionally to the geologically favored sub-surface location as described above; and,

- (10) Other than being extremely overdue, the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

**IT IS THEREFORE ORDERED THAT:**

(1) The operator, Yates Petroleum Corporation, is hereby authorized to continue operating its Zinnia Federal Unit Well No. 1 (API No. 30-015-27939), located at an unorthodox surface gas well location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico and drilled in the manner described in the Finding Nos. (1), (5), and (7) of this order.

(2) Gas production from both the Undesignated East Burton Flat-Strawn Gas Pool and, either the Undesignated East Burton Flat-Wolfcamp Gas Pool or Undesignated Scalon-Wolfcamp Gas Pool may continue without interruption.

(3) The 320 acres comprising the N/2 of said Section 27 is the dedicated acreage in both aforementioned intervals for this well.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and 104.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

*Administrative Order DD-\*\*\*\*(NSBHL)*

*Yates Petroleum Corporation*

*February 21, 1996*

*Page No. 4*

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S E A L

WJL/MES/kv

cc: Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
File: Case 11,339

CAMPBELL, CARR & BERGE, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 20, 1996

**HAND-DELIVERED**

Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87505



Re: Application of Yates Petroleum Corporation for directional drilling and various unorthodox bottomhole gas well locations: **Zinnia Federal Unit Well No. 1 (API No. 30-015-27939)** located in Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico

Dear Mr. Stogner:

I have reviewed your letters of February 19, 1996 with Mr. Randy Patterson and Ms. Janet Richardson of Yates Petroleum Corporation. Yates would have preferred to drill the Zinnia Federal Unit Well No. 1 as a straight hole to test the Strawn and other formations. The Application for Permit to Drill shows the preferred location in the Strawn and Morrow formations of 1980' from the North line and 2405' from the East line of Section 27, Township 20 South, Range 29 East.

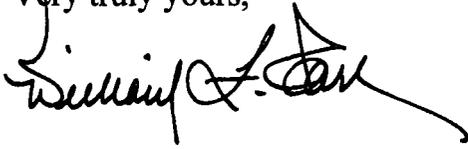
Yates negotiated with Eddy Potash owner of the Potash rights under the East half of Section 27 concerning the location of this well. Eddy Potash agreed not to object to this well if drilled so as to be at least within 1980' of the West line of Section 27 in the Potash zones. This well was drilled to honor this agreement from a surface location 1980' from the North line and 910' from the West line of this section.

Michael E. Stogner  
Hearing Examiner  
February 20, 1996  
Page 2

Enclosed is a copy of the directional survey run on this well.

If you have further questions concerning this application, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written in a cursive style.

WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh  
Enclosure

cc: Randy Patterson  
Yates Petroleum Corporation

Ms. Janet Richardson  
Yates Petroleum Corporation

JAN-20-1995

17:34

FROM ACE STRUC & SUP WELD

TO

15057484519

P.01

SCIENTIFIC DRILLING INTERNATIONAL  
MIDLAND, TEXAS

Finder Survey  
for

YATES PETROLEUM  
MIDLAND, TEXAS

Job Number : 8ZF0105022  
 Well Number : ZINNIA UNIT FEDERAL NO. 1  
 Site Location : EDDY COUNTY, NEW MEXICO  
 Latitude : 32.782  
 Survey Date(s) : 15-JAN-95  
 S.D.C. personnel : GARY DESPAIN  
 Calculation Method : Minimum Curvature  
 Survey Depth Zero : RKB  
 Proposal Direction :  
 Depth Unit : Feet  
 Comments :

748-4619

JAN-22-1995 17:34

FROM ACE STRUC &amp; SUP WELD

TO

15257484619 P.02

page 1

Inrun Survey  
YATES PETROLEUM

Well number : ZINNIA UNIT FEDERAL

Date : 15-JAN-85

Measured Depth	Vertical Depth	Vert. Section	Inc Deg	Azimuth Deg	Coordinates Latitude Departure		D-leg /100ft
0.0	0.00	0.0	0.00	0.00	0.00	0.00	0.00
100.0	100.00	0.4	0.69	317.55	0.44	-0.41	0.69
200.0	199.98	1.4	0.73	321.72	1.38	-1.21	0.97
300.0	299.98	2.2	0.48	324.81	2.23	-1.84	0.25
400.0	399.98	2.7	1.23	93.87	2.69	-1.02	1.52
500.0	499.95	3.4	1.47	63.11	3.38	1.19	0.54
599.0	599.90	4.9	2.82	59.39	4.86	3.85	0.56
700.0	699.88	7.1	2.87	59.40	7.08	7.80	0.85
800.0	799.62	10.2	4.08	59.78	10.24	12.87	1.11
900.0	899.33	14.2	4.57	57.92	14.20	19.29	0.49
1000.0	999.00	18.5	4.72	57.62	18.52	26.14	0.16
1100.0	1098.66	22.9	4.69	57.02	22.85	33.05	0.06
1200.0	1198.40	28.7	3.53	59.58	28.73	39.13	1.17
1300.0	1298.26	29.4	2.53	59.52	29.38	43.71	1.00
1400.0	1398.19	31.2	1.79	63.10	31.17	47.02	0.75
1500.0	1498.15	32.3	1.45	72.58	32.25	49.82	0.43
1599.0	1598.12	32.8	1.35	83.19	32.77	52.08	0.28
1700.0	1698.10	33.0	1.16	88.08	32.98	54.18	0.20
1800.0	1798.08	33.1	0.99	89.97	33.05	56.05	0.19
1900.0	1898.06	32.9	1.07	88.19	32.92	57.84	0.17
2000.0	1998.04	32.8	1.19	99.22	32.82	59.78	0.12
2100.0	2098.02	32.2	1.41	100.53	32.23	62.02	0.22
2200.0	2197.99	32.0	1.53	80.65	31.99	64.67	0.28
2300.0	2297.86	32.1	1.57	82.65	32.15	67.25	0.22
2400.0	2397.91	32.5	1.50	78.67	32.58	69.80	0.13
2500.0	2497.88	33.2	1.63	75.80	33.19	72.98	0.15
2599.0	2597.84	34.0	1.43	70.62	33.95	75.12	0.24
2700.0	2697.81	34.8	1.42	87.33	34.84	77.44	0.08
2800.0	2797.78	35.7	1.37	78.81	35.73	78.71	0.09
2900.0	2897.75	35.6	1.36	87.66	35.59	81.93	0.06
3000.0	2997.72	37.5	1.25	66.87	37.47	84.03	0.11
3100.0	3097.70	38.2	1.15	59.38	38.25	85.97	0.11
3200.0	3197.68	39.0	1.08	64.11	39.01	87.76	0.12
3300.0	3297.67	39.9	0.98	58.84	39.87	89.34	0.14
3400.0	3397.65	40.7	0.87	55.48	40.74	90.69	0.12
3500.0	3497.64	41.5	0.87	51.09	41.54	91.88	0.09
3600.0	3597.63	42.4	1.02	53.57	42.44	93.36	0.19
3700.0	3697.62	43.4	0.82	51.88	43.41	94.84	0.20
3800.0	3797.61	44.4	0.78	38.64	44.39	95.84	0.19



FEB-18-1995 17:03 FROM ACE STRUC & SUP WELD TO

15257484584 P.02

D I G Inc.

YATES PETROLEUM CORP.  
SIBERIA AND FED. #1  
SEC. 27 T208 R291  
HOOY COUNTY, NEW MEXICO

Calculated by Minimum Curvature Method  
Vert Sect Plane: N 90.00 E

- RECORD OF SURVEY -

MEASURED DEPTH (FT)	INCL ANGLE (DEG)	D R I F T DIRECTION (DEG)	COURSE LENGTH (FT)	TRUE VERTICAL DEPTH	TOTAL RECTANGULAR COORDINATES (FT)	VERTICAL SECTION (FT)	C L O S U R E DISTANCE (FT)	DIRECTION (DEG)	DOGLEG SEVERITY (DG/100')
TIE-IN TO CYRO SURVEY									
6053.00	0.49	S 17.94 E	0.00	6050.41	50.44 N 117.82 E	117.82	128.16	N 66.82 E	0.00
6144.00	3.00	S 66.00 E	91.00	6141.36	49.10 N 120.12 E	120.12	129.76	N 67.77 E	2.96
6238.00	5.00	S 63.00 E	94.00	6235.13	46.24 N 126.01 E	126.01	134.23	N 69.85 E	2.14
6333.00	7.50	S 70.00 E	95.00	6329.56	42.24 N 135.53 E	135.53	141.96	N 72.69 E	2.75
6427.00	8.50	S 70.00 E	94.00	6422.64	37.77 N 147.82 E	147.82	152.87	N 75.67 E	1.06
6522.00	10.00	S 77.00 E	95.00	6516.41	33.51 N 162.46 E	162.46	165.89	N 78.35 E	1.97
6616.00	12.00	S 85.00 E	94.00	6608.69	31.33 N 180.18 E	180.18	182.84	N 80.14 E	3.08
6710.00	14.00	S 87.00 E	94.00	6700.27	31.59 N 201.30 E	201.30	203.77	N 81.08 E	2.44
6805.00	16.00	N 79.00 E	95.00	6792.04	34.69 N 225.64 E	225.64	228.29	N 81.26 E	3.03
6899.00	18.00	N 74.00 E	94.00	6881.94	41.16 N 252.32 E	252.32	255.65	N 80.73 E	2.63
6994.00	20.00	N 73.00 E	95.00	6971.76	49.96 N 281.97 E	281.97	286.36	N 79.95 E	2.13
7088.00	19.25	N 76.00 E	94.00	7060.30	58.41 N 312.38 E	312.38	317.79	N 79.41 E	1.34
7182.00	18.25	N 82.00 E	94.00	7149.32	64.20 N 341.99 E	341.99	347.97	N 79.37 E	2.31
7277.00	17.75	S 88.00 E	95.00	7239.69	65.77 N 371.20 E	371.20	376.98	N 79.95 E	3.29
7371.00	17.25	S 80.00 E	94.00	7329.35	62.85 N 399.25 E	399.25	404.17	N 81.05 E	2.61
7466.00	17.00	S 69.00 E	95.00	7420.16	55.42 N 426.10 E	426.10	429.68	N 82.59 E	3.41
7560.00	16.50	S 66.00 E	94.00	7510.18	45.07 N 451.12 E	451.12	453.37	N 84.29 E	1.06
7654.00	17.50	S 68.00 E	94.00	7600.07	34.35 N 476.42 E	476.42	477.66	N 85.88 E	1.23
7749.00	19.50	S 69.00 E	95.00	7690.15	23.31 N 504.47 E	504.47	505.01	N 87.35 E	2.13
7843.00	21.50	S 71.00 E	94.00	7778.20	12.08 N 535.41 E	535.41	535.54	N 88.71 E	2.25
7938.00	25.00	S 73.00 E	95.00	7865.47	0.54 N 571.07 E	571.07	571.07	N 89.95 E	3.78
8032.00	27.25	S 74.00 E	94.00	7949.86	11.20 S 610.76 E	610.76	610.86	S 88.95 E	2.44
8126.00	28.75	S 78.00 E	94.00	8032.86	21.83 S 653.57 E	653.57	653.93	S 88.09 E	2.56
8315.00	29.00	S 80.00 E	189.00	8198.37	39.24 S 743.15 E	743.15	744.18	S 86.98 E	0.53
8410.00	28.75	S 80.00 E	95.00	8281.56	47.21 S 788.33 E	788.33	789.74	S 86.57 E	0.26
8504.00	28.50	S 80.00 E	94.00	8364.07	55.03 S 832.67 E	832.67	834.49	S 86.22 E	0.27
8598.00	28.00	S 83.00 E	94.00	8446.88	61.61 S 876.66 E	876.66	878.83	S 85.98 E	1.60
8693.00	25.75	S 86.00 E	95.00	8531.24	65.82 S 920.13 E	920.13	922.48	S 85.91 E	1.96
8787.00	26.00	S 87.00 E	94.00	8615.46	68.37 S 961.81 E	961.81	964.24	S 85.93 E	0.93
8882.00	25.00	S 87.00 E	95.00	8701.20	70.51 S 1002.65 E	1002.65	1005.13	S 85.98 E	1.05
8976.00	24.25	S 87.00 E	94.00	8786.65	72.56 S 1041.76 E	1041.76	1044.29	S 86.02 E	0.80

Survey Ref: Well Head Closure Ref: Well Head  
New Feb 20 1995 20:38:07

Vert Sect Ref: Well Head  
File: yatesri.dat

(3) heat 5/3/95 CB

FEB-18-1995 17:04 FROM ACE STRUC & SUP WELD TO

15057484584 P.03

D I G Inc.

YATES PETROLEUM CORP.  
XIDENIA ANS FED. #1  
SEC.27 T20S R29E  
HNDY COUNTY, NEW MEXICO

Calculated by Minimum Curvature Method  
Vert Sect Plane: N 90.00 E

- RECORD OF SURVEY -

MEASURED DEPTH (FT)	INCL ANGLE (DEG)	D R I F T DIRECTION (DEG)	COURSE LENGTH (FT)	TRUE VERTICAL DEPTH	T O T A L RECTANGULAR COORDINATES (FT)		VERTICAL SECTION (FT)	C L O S U R E DISTANCE DIRECTION (DEG)		DOGLBO SEVERITY (DG/100')
9070.00	22.75	S 88.00 E	94.00	8872.85	74.21 S	1079.21 E	1079.21	1081.76	S 86.07 E	1.65
9165.00	22.50	S 89.00 E	95.00	8960.54	75.17 S	1115.74 E	1115.74	1118.27	S 86.15 E	0.48
9259.00	22.00	N 90.00 E	94.00	9047.84	75.48 S	1151.33 E	1151.33	1153.80	S 86.25 E	0.67
9354.00	22.00	S 88.00 E	95.00	9135.63	76.10 S	1186.91 E	1186.91	1189.34	S 86.33 E	0.79
END OF 1st. MULTI-SHOT										
9510.00	22.00	N 90.00 E	156.00	9280.27	77.12 S	1245.33 E	1245.33	1247.72	S 86.48 E	0.48
9635.00	21.00	N 89.00 E	125.00	9396.57	76.73 S	1291.14 E	1291.14	1293.42	S 86.60 E	0.85
9729.00	19.00	N 88.00 E	94.00	9484.90	75.90 S	1323.27 E	1323.27	1325.45	S 86.72 E	2.16
9824.00	17.75	N 89.00 E	95.00	9575.05	75.11 S	1359.21 E	1359.21	1358.29	S 86.82 E	1.36
9918.00	17.00	S 89.00 E	94.00	9664.76	75.10 S	1381.28 E	1381.28	1383.32	S 86.89 E	1.02
10013.00	15.50	N 89.00 E	95.00	9755.97	75.12 S	1407.86 E	1407.86	1409.86	S 86.95 E	1.69
10107.00	15.00	N 86.00 E	94.00	9846.66	74.05 S	1432.55 E	1432.55	1434.46	S 87.04 E	0.99
10202.00	13.50	N 90.00 E	95.00	9938.73	73.20 S	1455.90 E	1455.90	1457.74	S 87.12 E	1.89
10296.00	13.00	S 89.00 E	94.00	10030.23	73.38 S	1477.45 E	1477.45	1479.27	S 87.16 E	0.59
10390.00	12.00	S 88.00 E	94.00	10122.00	73.91 S	1497.78 E	1497.78	1499.61	S 87.18 E	1.09
10485.00	10.50	S 83.00 E	95.00	10215.18	75.31 S	1516.25 E	1516.25	1518.12	S 87.16 E	1.88
10579.00	8.75	S 83.00 E	94.00	10307.85	77.22 S	1531.85 E	1531.85	1533.79	S 87.11 E	1.46
10674.00	7.00	S 82.00 E	95.00	10401.95	78.91 S	1544.75 E	1544.75	1546.77	S 87.08 E	1.85
10768.00	6.00	S 76.00 E	94.00	10495.35	80.89 S	1555.19 E	1555.19	1557.29	S 87.02 E	1.28
10863.00	5.25	S 76.00 E	95.00	10589.89	83.15 S	1564.23 E	1564.23	1566.43	S 86.96 E	0.79
10957.00	4.50	S 74.00 E	94.00	10683.58	85.20 S	1571.94 E	1571.94	1574.25	S 86.90 E	0.82
11052.00	4.50	S 71.00 E	95.00	10778.28	87.44 S	1579.05 E	1579.05	1581.47	S 86.83 E	0.25
11146.00	4.50	S 70.00 E	94.00	10871.96	89.90 S	1586.00 E	1586.00	1588.55	S 86.76 E	0.08
11241.00	4.50	S 77.00 E	95.00	10966.67	92.02 S	1593.14 E	1593.14	1595.79	S 86.69 E	0.58
11335.00	4.50	S 70.00 E	94.00	11060.38	94.11 S	1600.19 E	1600.19	1602.96	S 86.63 E	0.58
11430.00	4.00	S 66.00 E	95.00	11155.12	96.73 S	1606.72 E	1606.72	1609.63	S 86.55 E	0.61
11524.00	3.75	S 57.00 E	94.00	11248.91	99.74 S	1612.30 E	1612.30	1615.38	S 86.46 E	0.70
11618.00	3.50	S 58.00 E	94.00	11342.72	102.93 S	1617.31 E	1617.31	1620.58	S 86.36 E	0.27
11713.00	3.50	S 59.00 E	95.00	11437.54	105.96 S	1622.25 E	1622.25	1625.71	S 86.26 E	0.06
11807.00	3.00	S 56.00 E	94.00	11531.39	108.82 S	1626.75 E	1626.75	1630.39	S 86.17 E	0.56
11902.00	3.00	S 50.00 E	95.00	11626.26	111.80 S	1630.72 E	1630.72	1634.54	S 86.08 E	0.33
11996.00	3.00	S 45.00 E	94.00	11720.13	115.13 S	1634.34 E	1634.34	1638.39	S 85.97 E	0.28
12091.00	3.50	S 46.00 E	95.00	11814.98	118.90 S	1638.18 E	1638.18	1642.49	S 85.85 E	0.59

Survey Ref: Well Head Closure Ref: Well Head  
New Feb 20 1995 20:38:07

Vert Sect Ref: Well Head  
File: yates1.dat

FEB-18-1995

17:04

FROM ACE STRUC & SLP WELD

TO

15057484584

P.04

D I G Inc.

YATES PETROLEUM CORP.  
SINDIA ANN FED. #1  
SEC.27 T20S R29E  
EDDY COUNTY, NEW MEXICO

Calculated by Minimum Curvature Method  
Vert Sect Plane: N 90.00 E

- RECORD OF SURVEY -

MEASURED DEPTH (FT)	INCL ANGLE (DEG)	D R I F T DIRECTION (DEG)	COURSE LENGHT (FT)	TRUE VERTICAL DEPTH	TOTAL RECTANGULAR COORDINATES (FT)	VERTICAL SECTION (FT)	CLOSURE DISTANCE (FT)	DIRECTION (DEG)	DOGLEG SEVERITY (DG/100')
12185.00	3.00	S 49.00 E	94.00	11908.83	122.50 S 1642.10 E	1642.10	1646.67	S 85.73 E	0.56
12290.00	3.00	S 48.00 E	95.00	12003.70	125.80 S 1645.83 E	1645.83	1650.63	S 85.63 E	0.06
12374.00	2.50	S 34.00 E	94.00	12097.59	129.14 S 1648.80 E	1648.80	1653.85	S 85.52 E	0.69
12469.00	2.00	S 41.00 E	95.00	12192.52	132.11 S 1651.05 E	1651.05	1656.33	S 85.43 E	0.60
PROJECTION @ T.D.									
12550.00	2.00	S 41.00 E	81.00	12273.47	134.25 S 1652.90 E	1652.90	1658.35	S 85.36 E	0.00

Survey Ref: Well Head

Closure Ref: Well Head

Vert Sect Ref: Well Head

Mon Feb 20 1995

20:38:07

File: yates1.dat

Page 3



February 19, 1996

Yates Petroleum Corporation  
c/o Campbell, Carr, Berge & Sheridan, P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attn: William F. Carr

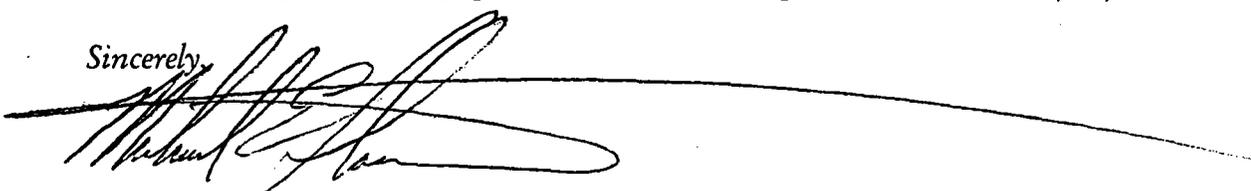
RE: Application for directional drilling and various unorthodox bottohole gas well locations: Zinnia Federal Unit Well No. 1 (API No. 30-015-27939) in Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

In reviewing the subject application dated February 8, 1996 further, along with the file of Case 11339, the OCD's well record, and the file of Administrative Order DHC-1143, I could not find who requested or required the current surface location of this well, was it moved at the request of the U. S. Bureau of Land Management and/or the potash lessee? Where was this well originally to have been drilled? Again, thank you for your cooperation in this matter.

Should you have any questions or comments, please contact me at (505) 827-8185.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/kv

cc: Oil Conservation Division - Artesia  
William J. LeMay, Director - OCD, Santa Fe  
Case File 11,339  
Randy Patterson, Yates Petroleum Corporation - Artesia, New Mexico

**OIL CONSERVATION DIVISION**

February 19, 1996

**Campbell, Carr, Berge & Sheridan, P. A.**  
**Attn: William F. Carr**  
**P. O. Box 2208**  
**Santa Fe, New Mexico 87504-2208**

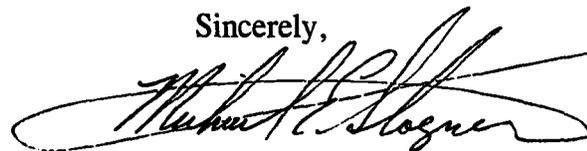
**Re: Application of Yates Petroleum Corporation for directional drilling and various unorthodox bottomhole gas well locations: Zinnia Federal Unit Well No. 1 (API No. 30-015-27939) located in Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.**

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation, dated February 8, 1996 and to the file on Case No. 11339. Please submit a copy of the directional survey run on this well. Once this information is submitted I can then begin processing this application. Thank you for your cooperation in this matter.

Should you have any further questions or comments concerning this matter, please contact me at (505) 827-8185. Thank you.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Artesia  
Case File 11,339  
William J. LeMay, Director - OCD, Santa Fe  
Randy Paterson, Yates Petroleum Corporation - Artesia, New Mexico

# **New Mexico Oil Conservation Division**

*Please Deliver This Fax:*

**TO:** Bill Carr

**FROM:** Michael E. Stogner

**DATE:** February 19, 1996

**SUBJECT:** Zinnia Federal Unit Well No. 1

**MESSAGE:** One other question. If you have any questions please call me in Santa Fe at (505) 827-8185.

**PAGES:** Including Cover Sheet - 2

*If you should have any trouble receiving  
this "Fax" Please call: 505-827-7133*

February 19, 1996

Yates Petroleum Corporation  
c/o Campbell, Carr, Berge & Sheridan, P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attn: William F. Carr

RE: Application for directional drilling and various unorthodox bottohole gas well locations: Zinnia Federal Unit Well No. 1 (API No. 30-015-27939) in Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

In reviewing the subject application dated February 8, 1996 further, along with the file of Case 11339, the OCD's well record, and the file of Administrative Order DHC-1143, I could not find who requested or required the current surface location of this well, was it moved at the request of the U. S. Bureau of Land Management and/or the potash lessee? Where was this well originally to have been drilled? Again, thank you for your cooperation in this matter.

Should you have any questions or comments, please contact me at (505) 827-8185.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/kv

cc: Oil Conservation Division - Artesia  
William J. LeMay, Director - OCD, Santa Fe  
Case File 11,339  
Randy Patterson, Yates Petroleum Corporation - Artesia, New Mexico

# **New Mexico Oil Conservation Division**

*Please Deliver This Fax:*

**TO:** Bill Carr

**FROM:** Michael E. Stogner

**DATE:** February 19, 1996

**SUBJECT:** Directional Drilling and Unorthodox Bottomhole  
Gas Well Locations

**MESSAGE:** F.Y.I. If you have any questions please call me in Santa Fe at (505)  
827-8185.

**PAGES:** Including Cover Sheet - 2

*If you should have any trouble receiving  
this "Fax" Please call: 505-827-7133*

**OIL CONSERVATION DIVISION**

February 19, 1996

Campbell, Carr, Berge & Sheridan, P. A.  
Attn: William F. Carr  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

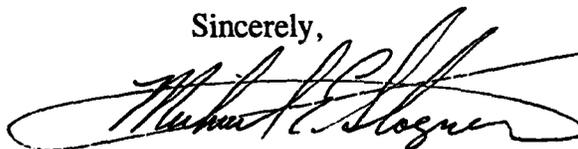
Re: Application of Yates Petroleum Corporation for directional drilling and various unorthodox bottomhole gas well locations: **Zinnia Federal Unit Well No. 1 (API No. 30-015-27939)** located in Section 27, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation, dated February 8, 1996 and to the file on Case No. 11339. Please submit a copy of the directional survey run on this well. Once this information is submitted I can then began processing this application. Thank you for your cooperation in this matter.

Should you have any further questions or comments concerning this matter, please contact me at (505) 827-8185. Thank you.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Artesia  
Case File 11,339  
William J. LeMay, Director - OCD, Santa Fe  
Randy Paterson, Yates Petroleum Corporation - Artesia, New Mexico

**CAMPBELL, CARR & BERGE, P.A.**  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 16, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**RECEIVED**

FEB 16 1996

Oil Conservation Division

Re: Yates Petroleum Corporation  
Zinnia Federal Unit Well No. 1  
Section 27, Township 20 South, Range 29 East,  
Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation has requested that I submit the following information in response to your letter of February 9, 1996 as further explanation of the circumstances surrounding the drilling of the above-referenced well. The history of this well is set forth in my letter of February 8, 1996, in which I transmitted applications of Yates Petroleum Corporation for either administrative approval or a hearing to approve the directional drilling and the unorthodox locations for this well.

The application for permit to drill the Yates Zinnia AMZ Federal Well was approved by the Bureau of Land Management on April 26, 1994. Due to the well being located in close proximity to the Potash Area, the well had to be directionally drilled. Between the date the well was permitted and the spud date, a Federal Unit was formed which included the spacing unit dedicated to the well. The well's name was thereafter changed to the Zinnia Federal Unit Well No. 1. Drilling commenced on November 17, 1994 following notice to the BLM and continued until late February, 1995. The rig was released on February 25, 1995.

William J. LeMay, Director  
Oil Conservation Division  
February 16, 1996  
Page 2

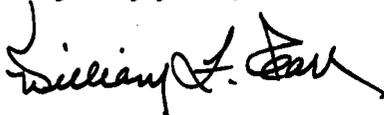
Although first sales from the well occurred on March 9, 1995, from March 4, 1995 through late June, 1995, Yates continued to work on this well in an attempt to establish production from either the Morrow, Strawn or Wolfcamp formations. On June 8, 1995, the Bureau of Land Management approved the recompletion of the well in the Wolfcamp formation. On that date, I was contacted concerning the filing of an application with the Oil Conservation Division seeking approval of the directional drilling of the well and bottomhole location in the subject formations. The details after that date are set out in my letter to you and Mr. Gum dated February 8, 1996. A copy of that letter is attached hereto for your easy reference.

As is obvious from the above, Yates worked closely with the Bureau of Land Management in drilling this well. However, it was not Yates Petroleum Corporation's intention to ignore or otherwise violate any of the rules of the Oil Conservation Division. We believed both the BLM and OCD were aware of what was being done on this well.

The extent to which this well has been operated outside OCD rules is absolutely unintentional. As you are aware, applications are pending before your agency which could be immediately approved thereby bringing this well into full compliance with OCD rules. If administrative approval is not available, the matter is scheduled for hearing on March 7th and that application should be approved soon thereafter.

We would ask you to consider the facts of this letter and my letter of February 8th, determination whether or not this well should be shut in. We submit that permitting the well to continue to produce in view of these facts and the pending applications before the Division is reasonable under these circumstances.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

Enclosure

cc: Mr. Randy Patterson



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

February 9, 1996

Mr. Randy Patterson  
Yates Petroleum Corporation  
105 South 4th  
Artesia, New Mexico 88210

***Re: Shut In Order for Zinnia Federal Unit No. 1 (E-27-20S-29E) Eddy County, New Mexico***

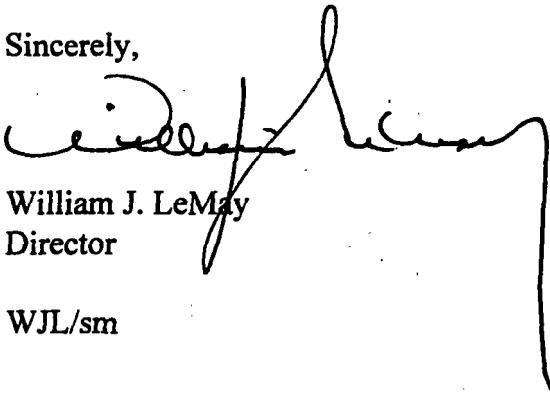
Dear Mr. Patterson:

The Oil Conservation Division (OCD), pursuant to the New Mexico Oil and Gas Act, has adopted rules regulating the drilling, production and sale of oil and gas. These rules require prior approval before certain operations occur. Violation of these rules may result in fines or penalties.

The drilling, production and sale of oil and gas from the Zinnia Federal Unit Well No. 1 prior to OCD approval violated or continue to violate OCD Rules 104, 111, 503, 504(B), 801 and 1104.

We have received the letter dated February 8, 1996, from Mr. Bill Carr regarding this well and the explanation for non-compliance with OCD Rules; however, we request a further explanation as to why you believe the Zinnia Federal Well No. 1 should not be shut in immediately and why no additional sales of product should be made until all required OCD approvals are obtained. Whether or not an oversight occurred, operations should still not be conducted prior to OCD approval. Please respond by February 16, 1996

Sincerely,

  
William J. LeMay  
Director

WJL/sm

**CAMPBELL, CARR & BERGE, P.A.**  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
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JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 8, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of Unorthodox Bottomhole Well  
Locations and for Directional Drilling, Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation ("Yates") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F(2) adopted on January 18, 1996, of the following unorthodox bottomhole well locations for its Zinnia Federal Unit Well No. 1 which has been drilled at a surface location 1,980 feet from the North line and 910 feet from the West line of Section 27, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico:

- (a) in the Strawn formation, East Burton Flat-Strawn Gas Pool, 2,065 feet from the North line and 2,480 feet from the West line of said Section 27 at a measured depth of 10,935 feet;
- (b) in the Wolfcamp formation, 2,055 feet from the North line and 2,277 feet from the West line of said Section 27 at a measured depth of 9,870 feet; and
- (c) in the Morrow formation 2,093 feet from the North line and 2,542 feet from the West line of said Section 27 at a measured depth of 11,942 feet.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
February 8, 1996  
Page 2

The bottomhole in the Strawn formation is necessary for geological reasons. As shown on the Isopach Map, attached hereto as Exhibit A, the bottomhole location in the Strawn A porosity zone is necessary to maximize the porosity thickness penetrated by the well. The bottomhole location will encounter ten feet more porosity of 3% or greater than a well drilled as a straight hole at this location.

This bottomhole location cannot be drilled with a straight hole due to its being within the Potash Area as shown on the plat attached hereto as Exhibit B. A plat of the spacing unit showing the surface and bottomhole locations for the Zinnia Federal Unit No. 1 is attached hereto as Exhibit C.

The unorthodox location in the Wolfcamp is the result of the recompletion of the directional well drilled to the unorthodox bottomhole location in the Strawn formation and the unorthodox location in the Morrow formation was the result of continuing the drilling after penetrating the Strawn formation to enable Yates to test the Morrow formation.

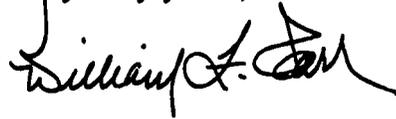
Yates Petroleum Corporation also seeks administrative approval pursuant to the provisions of Rule 111 (C) of the directional drilling of the Zinnia Federal Unit No. 1 Well from a surface location 1,980 feet from the North line and 910 feet from the West line to a bottomhole location in the Morrow formation 2,093 feet from the North line and 2,542 feet from the West line of said Section 27. The surface location for the well was not a satisfactory drill site due to its being in the Potash Area, as shown on Exhibit B, attached hereto, and administrative approval of the bottomhole locations are authorized by Rule 104.

This well is located within the Zinnia Federal Unit and the unorthodox locations do not encroach on any immediately adjacent existing spacing units in the same Strawn or Wolfcamp pools and/or formations. Therefore, since Yates is the operator of all adjoining spacing units, there are no affected parties to whom notification of this application is required to be made in accordance with Rule 1207 (A) (5).

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
February 8, 1996  
Page 3

Your attention to this request is appreciated.

Very truly yours,



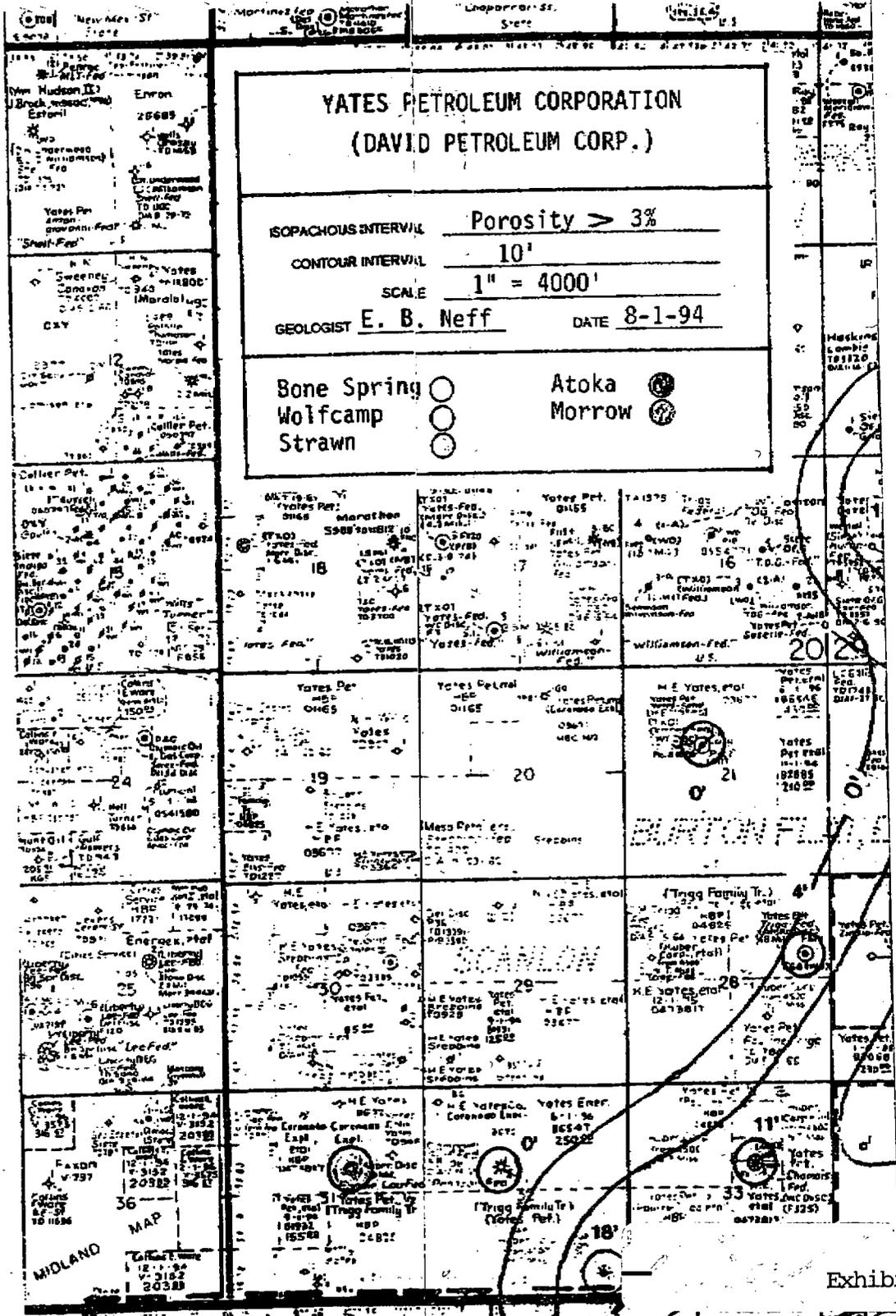
WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh  
Enclosures

cc: Mr. Tim Gum, District Supervisor  
Oil Conservation Division  
District II  
Post Office Drawer DD  
Artesia, NM 88210

Ms. Janet Richardson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210



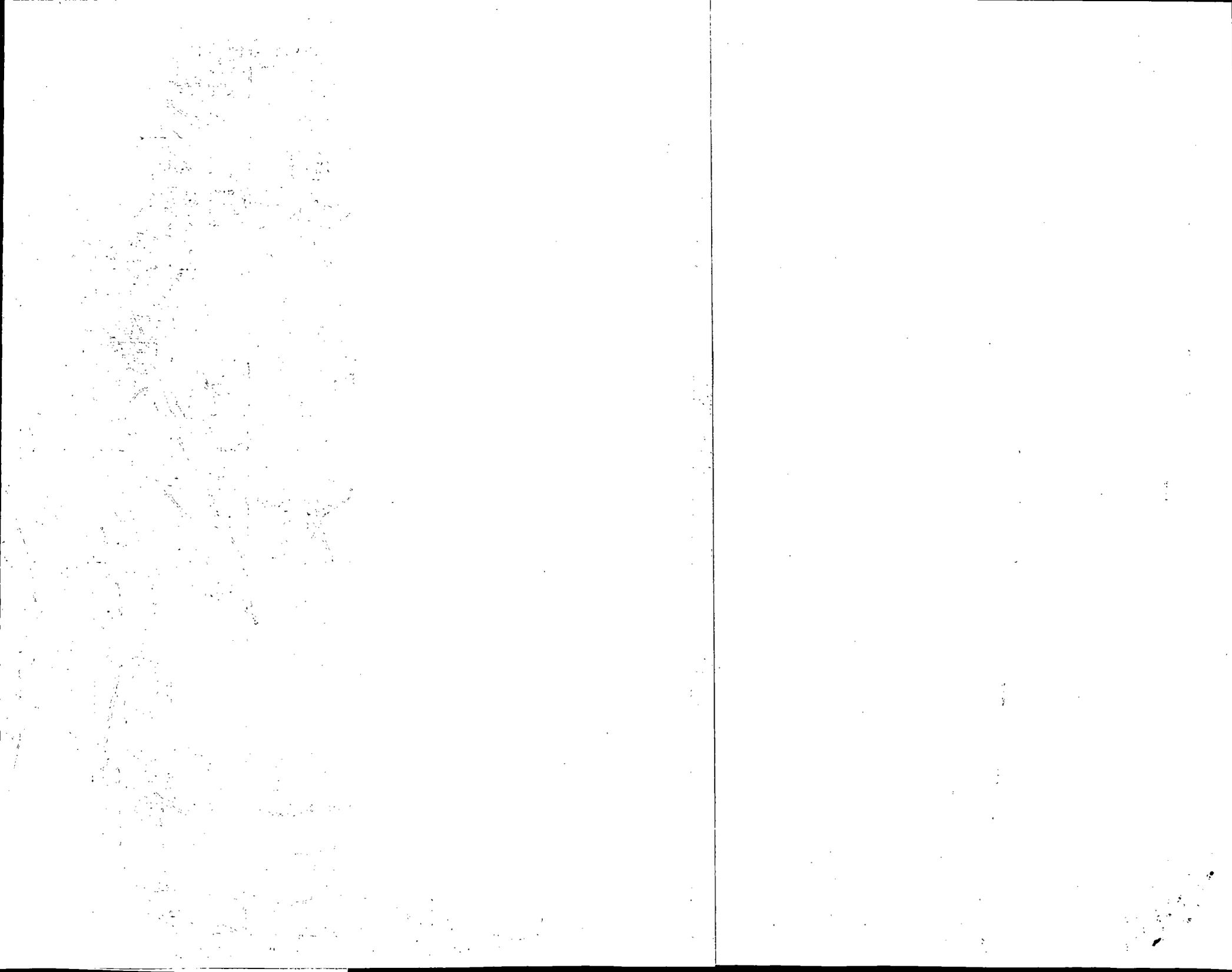


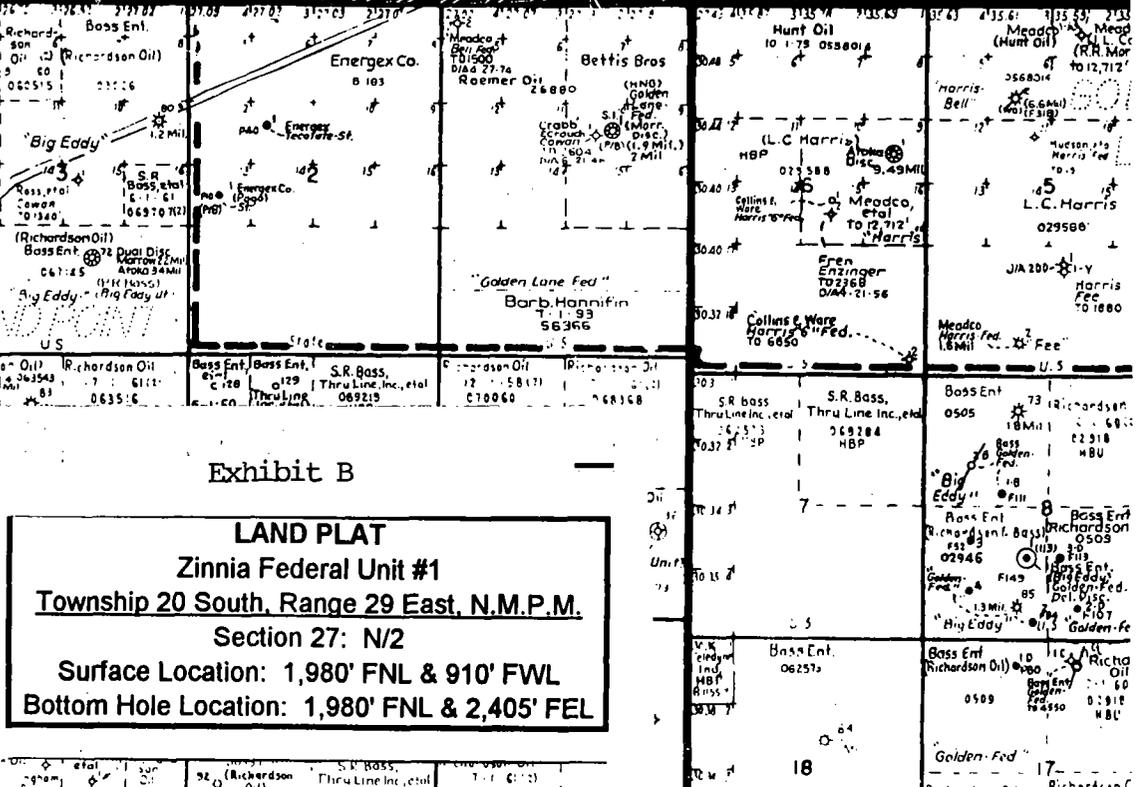
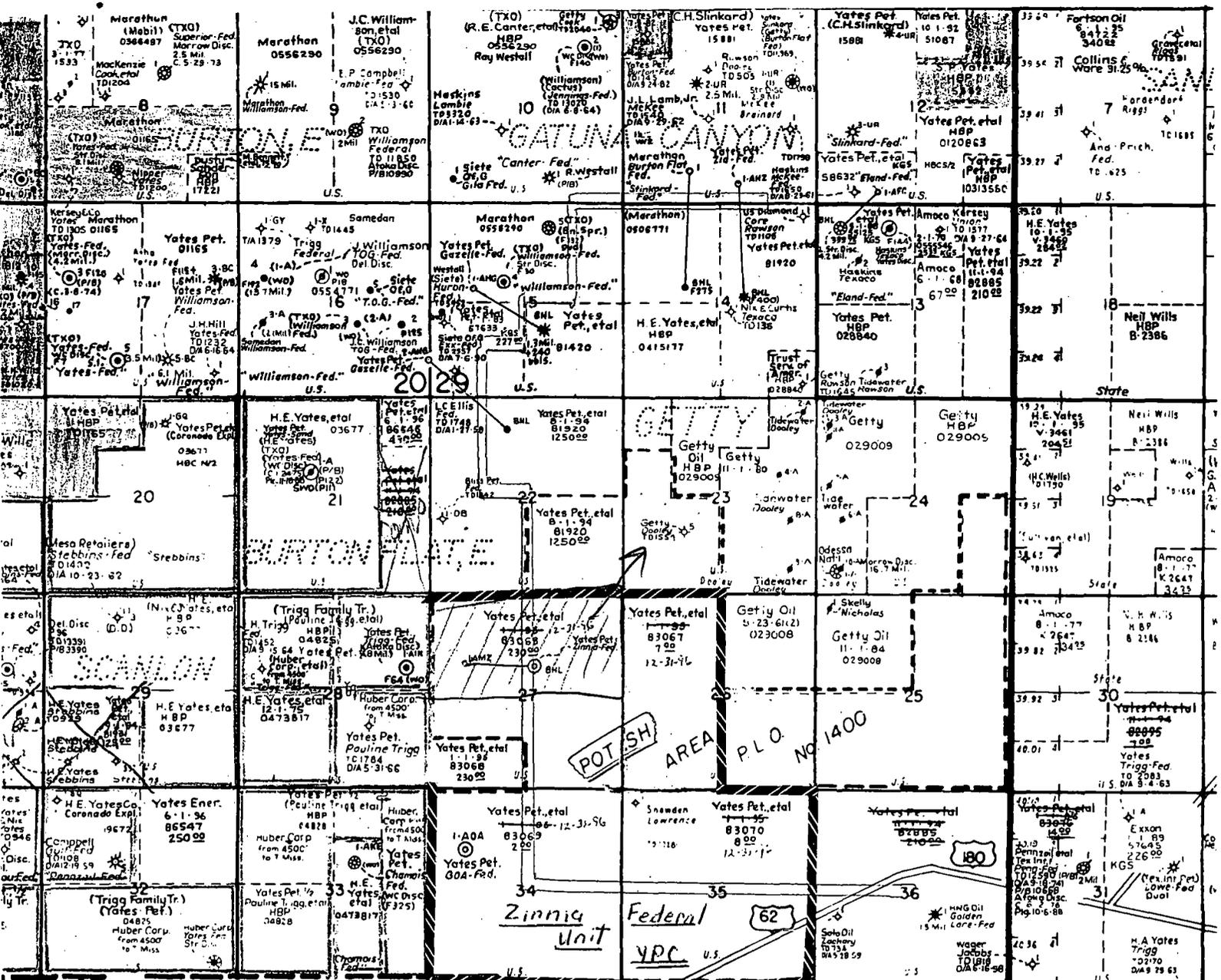
**YATES PETROLEUM CORPORATION  
(DAVID PETROLEUM CORP.)**

ISOPACHOUS INTERVAL Porosity > 3%  
 CONTOUR INTERVAL 10'  
 SCALE 1" = 4000'  
 GEOLOGIST E. B. Neff DATE 8-1-94

Bone Spring ○ Atoka ●  
 Wolfcamp ○ Morrow ●  
 Strawn ○

**MIDLAND MAP**  
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**Exhibit B**

**LAND PLAT**

**Zinnia Federal Unit #1**

**Township 20 South, Range 29 East, N.M.P.M.**

**Section 27: N/2**

**Surface Location: 1,980' FNL & 910' FWL**

**Bottom Hole Location: 1,980' FNL & 2,405' FEL**

Submit to Appropriate District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

**DISTRICT I**  
 P.O. 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

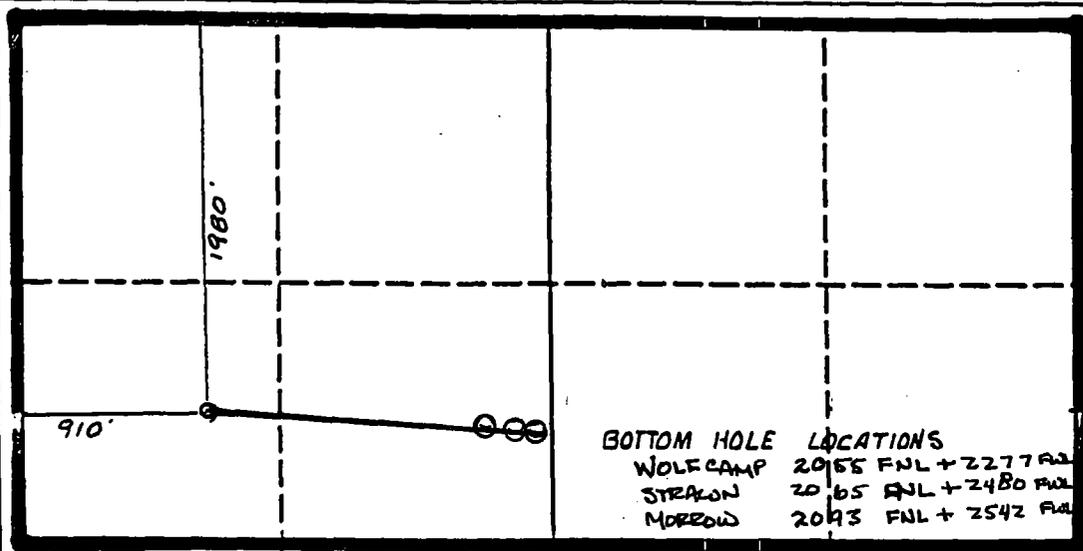
Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>ZINNIA "AMZ" FEDERAL</b>		Well No. <b>1</b>
Unit Letter <b>E</b>	Section <b>27</b>	Township <b>20 SOUTH</b>	Range <b>29 EAST</b>	County <b>EDDY COUNTY, NM</b>	
Actual Footage Location of Well: <b>SURFACE LOCATION</b>					
<b>1980</b> feet from the <b>NORTH</b> line and		<b>910</b> feet from the <b>WEST</b> line			
Ground level Elev. <b>3273</b>	Producing Formation	Pool	Dedicated Acreage: <b>320</b> Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.?
 

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 interest, has been approved by the Division.



**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to best of my knowledge and belief.

Signature: *Ken Beardamph*  
 Printed Name: **Ken Beardamph**  
 Position: **Landman**  
 Company: **Yates Pet. Corp.**  
 Date: **3-1-94**

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

Date Surveyed: **FEBRUARY 17, 1994**  
 Signature: *Ken Eddy*  
 Professional Surveyor  
 REGISTERED PROFESSIONAL ENGINEER  
 NEW MEXICO  
 REGISTRATION NO. 5512  
 EXPIRES 12/31/95  
 NM REGS NO. 5412

Exhibit C

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600 6930 7260 7590 7920 8250 8580 8910 9240 9570 9900

**CAMPBELL, CARR & BERGE, P.A.**  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 8, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**RECEIVED**

FEB 9 1996

Oil Conservation Division

**VIA FACSIMILE AND MAILED**

Mr. Tim Gum, District Supervisor  
Oil Conservation Division  
District II  
Post Office Drawer DD  
Artesia, NM 88210

Re: Yates Petroleum Corporation  
Zinnia Federal Unit Well No. 1  
Section 27, Township 20 South, Range 29 East,  
Eddy County, New Mexico

Gentlemen:

Enclosed are copies of the Amended Application in Case 11339 and an administrative application under revised Rule 104 which I filed on this date seeking authorization for directional drilling and unorthodox bottomhole locations for the Zinnia Federal Unit Well No. 1.

This has been a marginal well since it was drilled in January, 1995 and, although Yates timely made all appropriate filings with the Bureau of Land Management, approval of

William J. LeMay, Director  
Mr. Tim Gum, District Supervisor  
Oil Conservation Division  
February 8, 1996  
Page 2

directional drilling and unorthodox bottomhole locations was not sought from the Oil Conservation Division until June, 1995.

It was not Yates intention to operate outside Division rules. On June 8, 1995, the date the BLM approved our Sundry Notice allowing recompletion of this well in the Wolfcamp formation, I was contacted about the need for Division approval of the directional drilling and the unorthodox bottomhole locations. On June 19th our original application was filed seeking a hearing in July, 1995. We continued the hearing in this case and advised the Division we would seek administrative approval of this application as soon as the new Rule 104 was finalized which allows for administrative approval of unorthodox well locations based on geological considerations. It was my understanding that the Division did not object to this planned course of action since this well was in a Federal unit, since a delay could not adversely affect correlative rights, and since it soon might be approved administratively.

This well will be in compliance with Division rules when our administrative application is approved or when an order is entered following a hearing on our amended application. As you will note, following my conversation with Mr. Gum on February 6, 1996, Yates has confirmed the actual bottomhole locations by formation and amended our prior application accordingly.

Yates requests that this well not be shut-in. Shutting it in would only further undercut its already poor economics. The prevention of waste will not be promoted by such action and, since the unorthodox bottomhole locations are interior locations in the Zinnia Federal Unit, there also is no correlative rights issue. The failure to obtain OCD approval for directional drilling and the unorthodox bottomhole locations was an oversight on our part, not an intentional effort to ignore OCD rules and regulations. Applications have been filed to correct this situation.

William J. LeMay, Director  
Mr. Tim Gum, District Supervisor  
Oil Conservation Division  
February 8, 1996  
Page 3

I hope this letter explains the circumstances surrounding the drilling of this well. If you have additional questions, please advise.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh  
Enclosures

cc: Mr. Randy Patterson  
Ms. Janet Richardson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210

February 7, 1996

**DRAFT**

Mr. Randy Patterson  
Yates Petroleum Corporation  
105 South 4th  
Artesia, New Mexico 88210

***Re: Shut In Order Zinnia Federal Unit No. 1 (E-27-20S-29E) Eddy County, New Mexico***

***Attention: Randy Patterson***

Dear Mr. Patterson:

The Oil Conservation Division is empowered by New Mexico State statutes to adopt rules and regulations concerning the drilling for production and sale of oil and gas. The rules require prior approval before operations begin and violation of such may result in fines or penalties.

The drilling for production and sale of oil and gas from the Zinnia Federal Unit Well No. 1 are in direct violation of OCD rules and regulations. Rules that were violated are Nos. 104, 111, 503, 504(B), 801 and 1104. The following list is how the required rules were violated.

1. Federal approved APD 4/26/95. This drilling program required prior state approval for directional drilling and an unorthodox bottomhole location. Approval has not been granted to date.
2. Total depth of 12,550 feet reached 2/21/95.
3. Date to first production and gas sales 3/9/95.
4. C-104 received 3/27/95 for Strawn completion and yet to be approved.
5. DHC order approval 8/14/95.
6. C-104 received 9/27/95 for Wolfcamp completion and yet to be approved.
7. Case No. 11339 (DD & NSL) placed on docket 7/13/95.
8. To date, 2209 BO and 20,568 MCF produced and sold without approved allowable.

Please respond why you believe that the Zinnia Federal Well No. 1 should not be shut in immediately and no additional sales of product be made until all required approvals are received.

Sincerely,

William J. LeMay •  
Director

WJL/TG/sm

# NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

TO: BILL LEMAY  
RAND CARROLL ✓

FROM: TIM W. GUM *[Signature]*

DATE: FEBRUARY 5, 1996

SUBJECT: YATES PETROLEUM CORP  
ZINNIA FEDERAL UNIT #1  
E 27-20S-29E EDDY COUNTY

## Issues to be addressed:

1. Well drilled without DD and NSL orders.
2. Well currently producing without approved C-104. Two zones currently commingled (has DHC order but no approved C-104).
3. Two different transporters taking product without approved C-104s.

Per our previous telephone conversations the following data is offered:

1. 4/26/94 APD approved and file copy noted "Pending DD and NSL orders".
2. 12/17/94 11 a.m. Spud and set conductor pipe.
3. 12/28/94 10:30 a.m. MI rotary tools.
4. 2/21/95 Reached TD of 12,550.
5. 2/28/95 MI pulling unit.
6. 3/9/95 Date of first production and gas sales.
7. 3/21/95 BLM completion (3160), C-104 (yet to be approved) for strawn perfs (10,965-216'). Rate of 36 BO & 11 BW & 153 MCFPD.
8. 5/2/95 Surface commingling approved by BLM and not by State (State not notified!!).
9. 6/8/95 WC recompletion approved.
10. 8/17/95 Federal office approved DHC (WC and Strawn), State approval 8/14/95.
11. 9/11/95 Perf WC 10,188-216.
12. 9/27/95 BLM completion (3160) for WC zone 10,188-216. C-104 filed (not yet approved). Rate of 135 BO & 34 BW & 1081 MCFPD.
13. 12/7/95 WC and Strawn allocations submitted.
14. Liquid transporter (Amoco) reports moving 2209 BO since 4/95. Gas transporter (Yates) reports moving 20,568 MCF 3/95 thru 12/95.
15. Case No. 11339, (DD & NSL) first on docket 7/13/95.
16. Actual BH location greater than 50' from location asked for in advertisement.
17. 2/2/96 p.m. Bill Carr call.

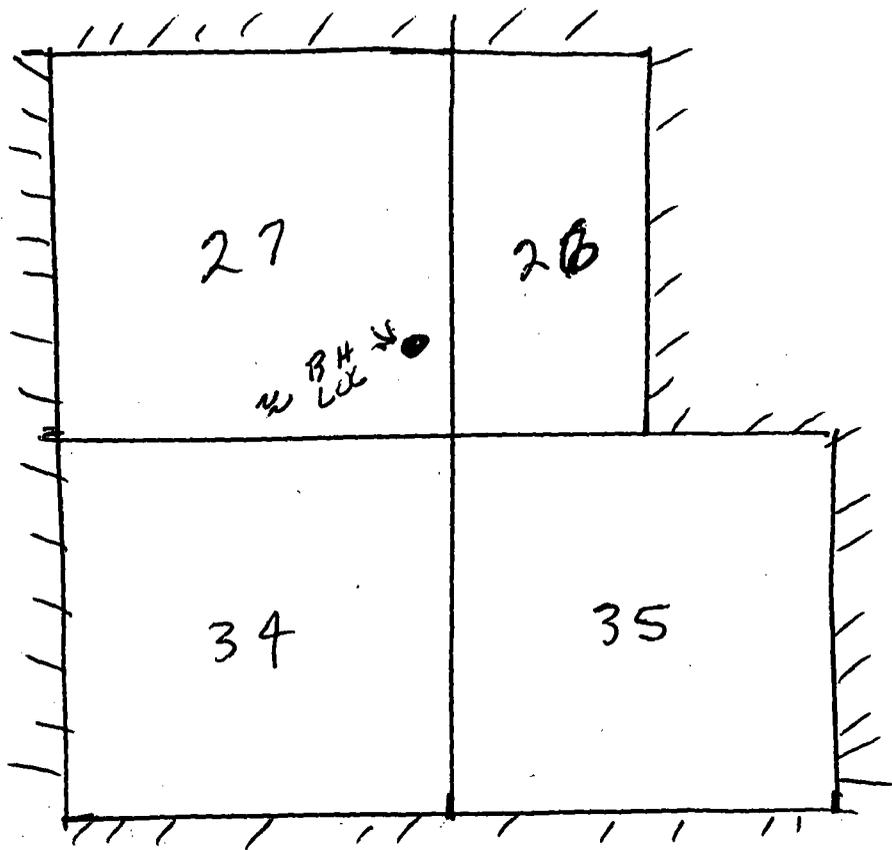
**Recommendations:**

Santa Fe issue shut in order for knowingly and willfully violating three of OCD's Rules and Regulations (DD, NSL orders and C-104 requirements).

Issue letter to all transporters and operators that approved C-104s are needed to move products.

Rules that apply: 503, 504(B), 801 and 1104.

NM State statutes that apply: 70-2-12(A) and 70-2-16(B).



YATES PET, CO  
 ZINNIA FED UT-<sup>1/4</sup>  
 SEC 27-T20S-R-29E  
 EDDY CO NM

SURFACE LOC  
 910' FWL X 1980' FNL  
 BOTTOM HOLE LOC  
 2114' FNL X 2562' FWL  
 SEC 27

FEDERAL UNIT  
 EFFECTIVE 12/27/94.

NOT TO SCALE

TW  
 cl-hi

**CAMPBELL, CARR & BERGE, P.A.**  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 8, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**RECEIVED**

FEB 9 1996

Oil Conservation Division

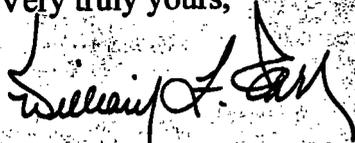
Re: Amended Application of Yates Petroleum Corporation for Directional Drilling  
and Unorthodox Bottomhole Locations, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Amended Application of Yates Petroleum Corporation in the above-referenced matter. Also enclosed is a draft of a legal advertisement for this case. Yates Petroleum Corporation requests that this case be set for hearing before a Division Examiner on March 7, 1996.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Ms Janet Richardson (w/enclosures)  
Mr. John McRae (w/enclosures)

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR DIRECTIONAL DRILLING AND  
UNORTHODOX BOTTOMHOLE LOCATIONS,  
EDDY COUNTY, NEW MEXICO.

RECEIVED  
FEB 9 1996

Oil Conservation Division

CASE NO. \_\_\_\_\_

**AMENDED APPLICATION**

Yates Petroleum Corporation, through its undersigned attorneys, hereby makes application pursuant to Oil Conservation Division Rule 111 to directionally drill its Zinnia Federal Unit No. 1 Well to the Strawn formation, East Burton Flat-Strawn Gas Pool, and the Wolfcamp formation as a wildcat Wolfcamp well, and in support of this application states:

1. Applicant is the operator of the N/2 of Section 27, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant drilled its Zinnia Federal Unit No. 1 Well at a surface location 1,980 feet from the North line and 910 feet from the West line of Section 27.
3. The primary objective in the well was the Strawn formation but the well was drilled to a measured depth of 12,550 feet to test the Morrow formation.
4. Due to the proximity of this well to the Potash Area, the well had to be directionally drilled to an unorthodox bottomhole location in the Morrow 2,093 feet from the North line and 2,542 feet from the West line of Section 27 at a measured depth of 11,942 feet.

5. The well did not produce from the Morrow and was completed at an unorthodox bottomhole location in the Strawn A porosity zone, East Burton Flat-Strawn Gas Pool, 2,065 feet from the North line and 2,480 feet from the West line in Section 27 at a measured depth of 10,935 feet.

6. The well displayed only marginal production characteristics in the Strawn and in an effort to salvage the well, was recompleted in the Wolfcamp formation at an unorthodox bottomhole location 2,055 feet from the North line and 2,277 feet from the West line of Section 27 at a measured depth of 9,870 feet.

7. After the original application for Permit to Drill was approved for this well by the Bureau of Land Management on April 26, 1994, but prior to the commencement of drilling on December 17, 1994, the Zinnia Federal Unit was formed and the N/2 spacing unit to which the Zinnia Federal No. 1 Well is dedicated was included therein.

8. The well is an interior well in the Zinnia Federal Unit which does not encroach on any other operator.

9. The Notice of Intent to recomplete the well in the Wolfcamp formation was approved by the Bureau of Land Management on June 8, 1995.

10. The original application for approval of the directional drilling of this well and its unorthodox bottomhole locations was filed with the New Mexico Oil Conservation Division on June 19, 1995.

11. Due to the (a) pending changes in the procedures for administrative approval

of unorthodox well locations for geologic reasons, (b) the fact that the well did not encroach on any other operator and (c) that it was located in an approved Federal Unit, the Division was asked to continue the hearing on this application so an administrative application could be filed under revised Rule 104.

12. Revised Rule 104 was adopted by the Commission on January 18, 1996.

13. Contemporaneously with the filing of this Amended Application, Applicant has filed an administrative application for approval of the directional drilling of this well and the unorthodox Wolfcamp and Strawn bottomhole locations.

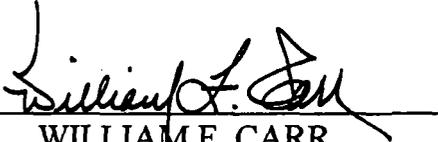
14. Directional drilling of this well was necessary to efficiently produce the reserves which underlie the N/2 of Section 27.

15. Approval of this application will enable the Applicant to produce hydrocarbons that otherwise would not be produced and will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 7, 1996, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application and providing such other relief as is proper.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES  
PETROLEUM CORPORATION

CASE 11339:

Amended Application of Yates Petroleum Corporation for directional drilling and unorthodox bottomhole locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of its Zinnia Federal Unit No. 1 Well from a surface location 1,980 feet from the North line and 910 feet from the West line to an unorthodox bottomhole location in the Strawn formation, East Burton Flat-Strawn Gas Pool, 2,065 feet from the North line and 2,480 feet from the East line and as a wildcat well in the Wolfcamp formation 2,055 feet from the North line and 2,277 feet from the West line of Section 27, Township 20 South, Range 29 East. The N/2 of said Section 27 is dedicated to this well forming a standard 320-acre oil proration unit. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

**RECEIVED**

FEB 9 1996

Oil Conservation Division

WASE 11339: Yates Petroleum  
Corporation for Directional  
Drilling and an Unorthodox  
Bottomhole Location, Eddy County,  
New Mexico.

Cont. to July 27, 1995

Continue to August 10, 1995

Continued to August 24, 1995

Continue to September 3, 1995

Continued to October 5, 1995

Cont. to Oct 19, 1995

Continue to 11/16/95

Cont. to 12/7/95

Cont. to 12/21/95

Cont. to 1-11-96

Continued to 2/8/96

Cont. to March for 3/7/96

**CASE 11325:** (Continued from June 29, 1995, Examiner Hearing.)

Application of Texaco Exploration and Production Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, and a special project allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the West Lindrith Gallup-Dakota Oil Pool underlying the S/2 of Section 17, Township 25 North, Range 3 West, to form a non-standard 320-acre oil spacing and proration unit for said pool. The applicant proposes to re-complete the existing C. W. Roberts Well No. 4, located at a previously approved unorthodox surface oil well location (Division Administrative Order NSL-626) 660 feet from the South and West lines (Unit M) of said Section 17, by kicking-off from vertical in an easterly direction commencing to build angle at an appropriate rate to horizontally traverse the proposed producing area. Further, the applicant seeks the promulgation of special operating rules and procedures therefor including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 660 feet to the outer boundary of the project area, and for a special project allowable. Said area is located approximately 9 miles northwest of Lindrith, New Mexico.

**CASE 11326:** (Continued from June 29, 1995, Examiner Hearing.)

Application of Texaco Exploration and Production Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, simultaneous dedication, and a special project allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the West Lindrith Gallup-Dakota Oil Pool underlying the S/2 of Section 21, Township 25 North, Range 3 West, to form a non-standard 320-acre oil spacing and proration unit for said pool. The applicant proposes to re-complete the existing Jicarilla "C" Well No. 35, located at a standard surface location 1850 feet from the South line and 1190 feet from the West line (Unit L) of said Section 21, by kicking-off from vertical in an easterly direction commencing to build angle at an appropriate rate to horizontally traverse the proposed producing area. Further, the applicant seeks the promulgation of special operating rules and procedures therefor including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet to the outer boundary of the project area. The applicant also requests the assignment of a special project allowable for the proposed oversized oil spacing and proration unit to be simultaneously dedicated to both the Jicarilla "C" Well No. 35 and to the Jicarilla "C" Well No. 26, located at a standard oil well location 1850 feet from the South line and 790 feet from the East line (Unit I) of said Section 21. Said area is located approximately 7.5 miles northwest of Lindrith, New Mexico.

**CASE 11283:** (Continued from June 15, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for an amendment to Division Order No. R-9976-A authorizing a location change of a certain unorthodox infill gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9976-A, which order authorized the applicant to infill drill the Pecos Slope-Abo (unprorated) Gas Pool within a portion of Townships 5, 6, and 7 South, Ranges 25 and 26 East, by changing the location approved by said order of its Cameron "SS" Federal Well No. 7, which has already been drilled, to reflect its current position 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 33, Township 7 South, Range 26 East. Said well is located approximately 14 miles west of Elkins, New Mexico.

**CASE 11339:** Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G) of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

**CASE 11264:** (Continued from June 1, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 24, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated North Dagger Draw Upper-Pennsylvanian Pool. Said unit is to be dedicated to its Fairchild "24" Well No. 2 to be drilled at a standard location in the NW/4 NE/4 (Unit B) of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and unit, and a charge for risk involved in drilling and completing said well. Said unit is located approximately 4 miles west-northwest of Lakewood, New Mexico.

CAMPBELL, CARR & BERGE, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO

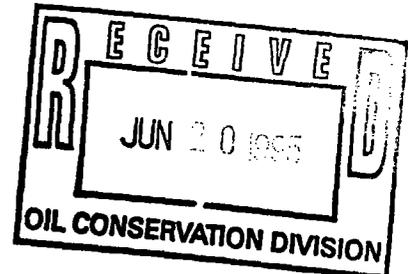
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

June 20, 1995

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



11339

Re: Application of Yates Petroleum Corporation for Directional Drilling and an  
Unorthodox Bottomhole Location, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced matter. Also enclosed is a draft of a legal advertisement for this case. Yates Petroleum Corporation requests that this case be set for hearing before a Division Examiner on July 13, 1995.

Your attention to this request is appreciated.

Very truly yours,

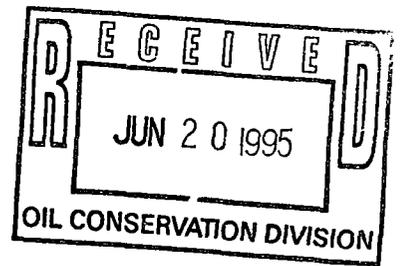
A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style and is positioned above the typed name.

WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Ms Janet Richardson (w/enclosures)



BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR DIRECTIONAL DRILLING AND AN  
UNORTHODOX BOTTOMHOLE LOCATION,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11339

APPLICATION

Yates Petroleum Corporation, through its undersigned attorneys, hereby makes application pursuant to Oil Conservation Division Rule 111 to directionally drill its Zinnia Federal Unit No. 1 Well to the Strawn formation, East Burton Flat-Strawn Gas Pool, and the Morrow formation as a wildcat Morrow well, and in support of this application states:

1. Applicant is the operator of the N/2 of Section 27, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill its Zinnia Federal Unit No. 1 Well from a surface location 1980 feet from the North line and 910 feet from the West line of Section 27, to a proposed unorthodox bottomhole location within 50 feet of a point 1980 feet from the North line and 2405 feet from the East line of said Section 27, with the intent of testing the Strawn and Morrow formations.
3. Applicant proposes to dedicate to the Zinnia Federal Unit No. 1 Well a standard spacing or proration unit comprised of the N/2 of said Section 27.
4. Directionally drilling this well will enable Yates Petroleum Corporation to

12

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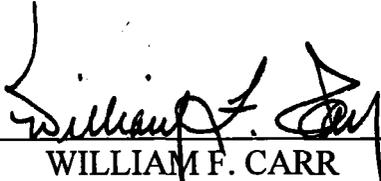
more efficiently produce the reserves which underlie the above-described proration unit.

5. Approval of this application will enable the Applicant to produce hydrocarbons that otherwise would not be produced and will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on July 13, 1995, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application and providing such other relief as is proper.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: 

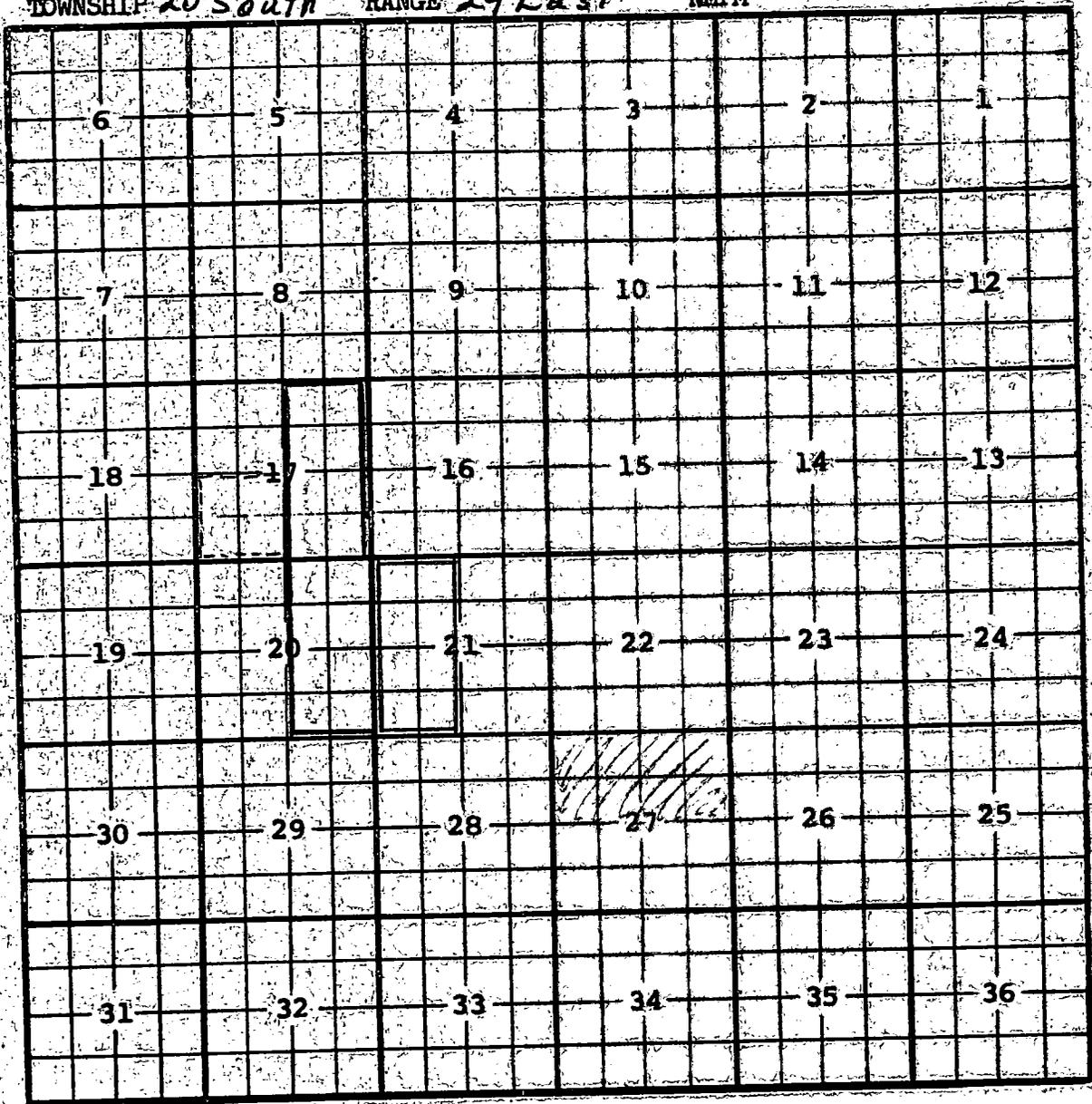
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES  
PETROLEUM CORPORATION



COUNTY Eddy POOL East Burton Flat-Wolfcamp Gas

TOWNSHIP 20 South RANGE 29 East NMPM



Description: W/2 Sec 21 (R-5252, 9-1-76) EXT. E/2 SEC 17, E/2 SEC 20  
(R-9017, 11-1-89) EXT. SW/4 SEC 17 (R-9418, 2-1-91)

## OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER DHC-1143

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Mr. Brian Collins

*Zinnia Federal Unit Well No. 1  
Unit E, Section 27, Township 20 South, Range 29 East, NMPM,  
Eddy County, New Mexico.  
Undesignated Wolfcamp and Undesignated Strawn Pools*

Dear Mr. Collins:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 80 barrels per day, and total water production shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule.

In accordance with the provisions of Rule 303-C, the supervisor of the Artesia District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

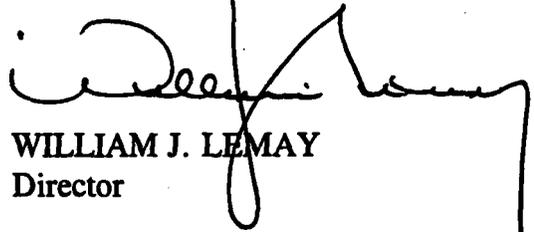
**FURTHER:** Validation of this authority shall be accomplished by like approval of the U.S. Bureau of Land Management.

**REMARKS:** The operator shall notify the Artesia District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 14h day of August, 1995.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

SEAL

WJL/BES

cc: Oil Conservation Division - Hobbs  
Bureau of Land Management - Carlsbad

UNITED STATES  
DEPARTMENT OF THE INTERIOR CONSERVATION DIVISION  
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION  
Drawer DD  
Artesia, NM 88210

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

**SUNDRY NOTICES AND REPORTS ON WELLS** JUN 8 52

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. NM-83068
2. Name of Operator YATES PETROLEUM CORPORATION (505) 748-1471		6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 105 South 4th St., Artesia, NM 88210		7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., of Survey Description) Surface: 1980' FNL & 910' FWL (Unit E, SWNW) Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW) Section 27-T20S-R29E		8. Well Name and No. Zinnia Federal Unit #1
		9. API Well No. 30-015-27939
		10. Field and Pool, or Exploratory Area Undesignated Wolfcamp
		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
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Propose to recomplete to Wolfcamp as follows:

- Nipple down tree and install BOP. TOOH with packer and tubing.
- RIH with RBP & Packer. Set RBP at 10800' and test to 2000 psi. Set packer at 10100'. Reverse circulate with 150 bbls 2% KCL water containing corrosion inhibitor, bactericide and oxygen scavenger. Test annulus to 1000 psi. Nipple up tree.
- Swab tubing down.
- Perforate 10188-10216' w/58 holes (2 SPF - Wolfcamp). Acidize perforations 10188-10216' w/5000 gallons 15% NEFE HCL acid and ball sealers. Swab & flow test.
- If decision made to add remaining Wolfcamp pay: Kill well and unseat RBP at 10800'. Reset RBP at 10150' and test to 2000 psi. Pull packer to 9800' and set. Test annulus to 1000 psi. Nipple up tree.
- Swab tubing down.
- Perforate 9902-9909' w/16 holes (2 SPF - Wolfcamp). Swab & flow test. Acidize perforations 9902-9909' w/2000 gallons 15% NEFE HCL acid and ball sealers. Swab & flow test.
- Place well in production.

RECEIVED

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

Signed Rusty Klein Title Production Clerk Date May 24, 1995

(This space for Federal or State office use)  
Approved by (ORIG. SCD.) JOE G. LARA Title PETROLEUM ENGINEER Date 6/8/95

Conditions of approval, if any:

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.

RECEIVED  
MAY 5 11 34 AM '95  
CARRILLO AREA HEADQUARTERS

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
CONSERVATION DIVISION

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

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

5. Lease Designation and Serial No.  
NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
Zinnia Federal Unit #1

9. API Well No.  
30-015-27939

10. Field and Pool, or Exploratory Area  
Wildcat Morrow

11. County or Parish, State  
Eddy Co., NM

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., of Survey Description)  
Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Frac existing perms.</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

4-19-95 - Moved in and rigged up pulling unit. Loaded tubing and annulus with 2% KCL water. Nipped down wellhead and installed BOP. Try to unset Uni VI packer at 10981'. Packer would not release. Get off on/off tool and TOOH with tubing. TIH with overshot, jars, bumper sub, 4 drill collars and tubing. Latched onto packer at 10981'. Set jars off. The 3rd time the jars went off, packer unset. TOOH with tubing, drill collars, bumper sub, jars, overshot and packer.

4-20-95 - Prep to frac.

4-21-95 - Frac'd existing perforations 10965-10988' with 91000 gallons crosslink gel and 75000# pre-cured 20-40 resin coated sand. Recovered casing saver and rigged down frac equipment. Opened well to flow back.

4-22-95 - Flowing well back. Removed frac head and installed BOP. TIH with 2-7/8" tubing to 11380'. Reversed hole clean with 500 bbls 2% KCL water. TOOH with 2-7/8" tubing. TIH with Uni VI packer and tubing. Removed BOP and nipped up wellhead. Set packer at 10889'. Tested annulus to 1000 psi. Swabbing.

4-23-25-95 - Swabbing.

4-26-95 - Swabbed. Shut well in.

4-27-95 - Flare well to pit to bleed down. Swabbed. Shut well in.

4-28-95 - Flare well to pit. Swabbed. Shut well in.

RECEIVED  
JUN 14 1995

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

Signed Rusty Allen Title Production Clerk Date 5-3-95

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date J. Lara  
Conditions of approval, if any: \_\_\_\_\_ - 8 1995

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.

SF

Form 3160-5  
(June 1990)  
SERVICES DIVISION  
RECEIVED

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

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

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.

APR 3 11 58 AM '95  
RESOURCES  
AREA HEADQUARTERS

5. Lease Designation and Serial No.  
NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
Zinnia Federal Unit #1

9. API Well No.  
30-015-27939

10. Field and Pool, or Exploratory Area  
Wildcat Morrow

11. County or Parish, State  
Eddy Co., NM

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., of Survey Description)  
Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Off-lease sales &amp; measurement, surface commingling</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Yates Petroleum Corporation respectfully requests permission for surface commingling, off-lease sales and measurement for the following leases:

- Zinnia Federal Unit #1 (NM-83068) located in the SWNW of Section 27-T20S-R29E, Eddy Co., NM
- Trigg AIN Federal #1 (NM-04825) located in the SENE of Section 28-T20S-R29E, Eddy Co., NM
- Chamois AKE Federal #1 (NM-0473817) located in the SWNE of Section 33-T20S-R29E, Eddy Co., NM

Economics that Yates Petroleum Corporation lay their own gathering lines to Transwestern. To optimize market, YPC's marketing department contracted with Associated Natural Gas also.

Each well has its own allocation meter at its respective location, then travels through a common line to Transwestern's Meter No. 12058 and Associated Natural Gas Company Meter No. 11004 for a split connection.

Periodic calibration tests are done on all meters. Results will be furnished to the BLM upon request.

PLEASE SEE ATTACHED MAP.

RECEIVED  
MAY - 8 1995  
OIL CON. DIV.  
DIST 2

14. I hereby certify that the foregoing is true and correct  
Signed Rusty Klein Title Production Clerk Date March 30, 1995

(This space for Federal use only)  
(CHIEF GSD) JOE G. LARA Title PETROLEUM ENGINEER Date 5/2/95  
Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any: \_\_\_\_\_

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.

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE ~~STORAGE~~ AND MEASUREMENT APPROVAL  
SALES

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management  
P. O. Box 1778  
Carlsbad, New Mexico 88221-1778

Yates Petroleum Corp. (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-83068 ; Lease Name: Zinnia Federal Unit

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>SWNW</u>	<u>27</u>	<u>20S</u>	<u>29E</u>	<u>Strawn</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. NM-04825 ; Lease Name: Trigg AIN Federal  
and NM-0473817 Chamois AKE Federal

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>AIN #1</u>	<u>SENE</u>	<u>28</u>	<u>20S</u>	<u>29E</u>	<u>Strawn</u>
<u>AKE #1</u>	<u>SWNE</u>	<u>33</u>	<u>20S</u>	<u>29E</u>	<u>Strawn</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Zinnia Fed Unit #1</u>	<u>_____</u>	<u>_____</u>	<u>110</u>
<u>Trigg AIN Fed #1</u>	<u>_____</u>	<u>_____</u>	<u>850</u>
<u>Chamois AKE Fed #1</u>	<u>_____</u>	<u>_____</u>	<u>20</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at NW -1/4, Sec.16, T 20S, R 29 E, on lease No. \_\_\_\_\_, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Each well has its own oil battery. Gas will be measured separately by an allocation meter at each individual location.

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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 Federal 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.

Signature: *Rusty Klein*

Name: Rusty Klein

Title: Production Clerk

Date: March 30, 1995

No.  
12058

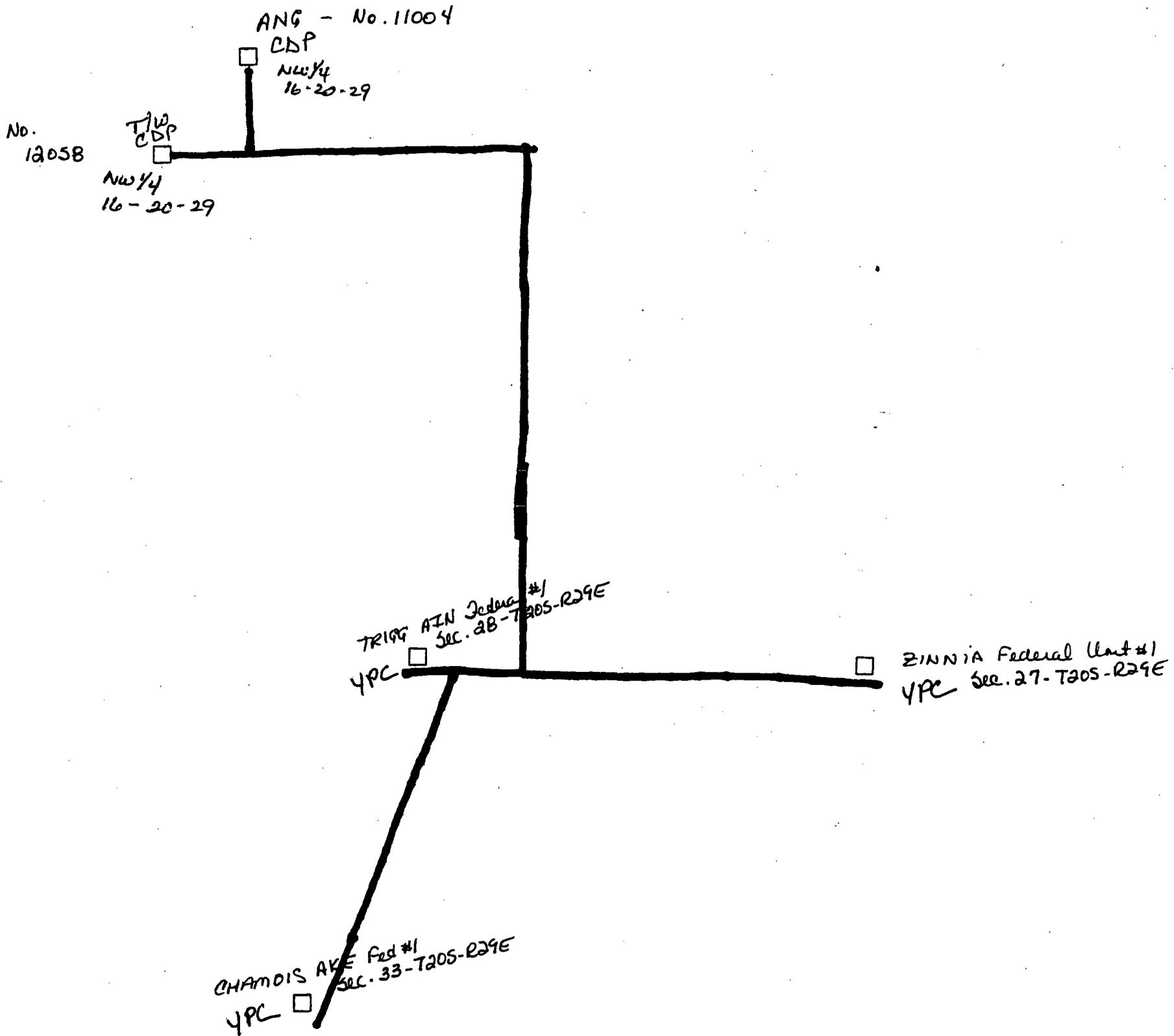
T1/2  
CDP  
NW 1/4  
16-20-29

ANG - No. 11004  
CDP  
NW 1/4  
16-20-29

TRIG AIN Jedua #1  
SEC. 28-7205-R29E  
YPC

ZINNIA Federal Unit #1  
YPC SEC. 27-7205-R29E

CHAMPOIS AKE Fed #1  
SEC. 33-7205-R29E  
YPC



RECEIVED  
DIVISION  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NM OIL CONS COMMISSION  
Drawer DD  
Artesia, NM 88210  
FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

85 APR 14 AM 8 52  
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., of Survey Description)  
 Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
 Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
 Section 27-T20S-R29E

5. Lease Designation and Serial No.  
**NM-83068**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA. Agreement Designation

8. Well Name and No.  
**Zinnia Federal Unit #1**

9. API Well No.  
**30-015-27939**

10. Field and Pool, or Exploratory Area  
**Wildcat Morrow**

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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <b>Date of 1st Production and 1st Gas Sales</b>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Date of 1st Production and 1st Gas Sales: March 9, 1995

RECEIVED  
MAY - 3 1995  
OIL CON. DIV.  
DIST. 2

ACCEPTED FOR FILE  
*Lara*  
- 2 1995

RECEIVED  
APR 3 11 56 AM '95  
CARLOS J. TORRES  
AREA HEADQUARTERS

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

Signed *Rusty Lee* Title Production Clerk Date March 30, 1995

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:

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.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NM OIL CONS COMMISSION

DD FORM APPROVED  
Budget Bureau No. 1004-0135  
Artesia, NM 87001  
Expires March 31, 1993

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

'95 AUG 14

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., of Survey Description)

Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

5. Lease Designation and Serial No.

NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA. Agreement Designation

8. Well Name and No.

Zinnia Federal Unit #1

9. API Well No.

30-015-27939

10. Field and Pool, or Exploratory Area

Wildcat Morrow

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

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Re-acidize perfs.
- 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

3-7-95 - Swab/flow well.  
 3-8-95 - Blow well down. Rigged up tree saver. Tested annulus to 1000 psi. Held during job. Re-acidized perforations 10965-10988' with 25000 gallons gelled 15% NEFE acid and ball sealers. Rigged down tree saver. Swab/flow well.  
 3-9-95 - Swab/flow well. Released to production department to test well.

RECEIVED

APR 5 1995

OIL CON. DIV.  
DIST. 2

ACCEPTED FOR RECORD  
 J. Lara  
 APR 3 1995  
 CARLSBAD, NEW MEXICO

RECEIVED  
 MAR 13 8 58 AM '95

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

Signed Rusty Klein Title Production Clerk Date March 9, 1995

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

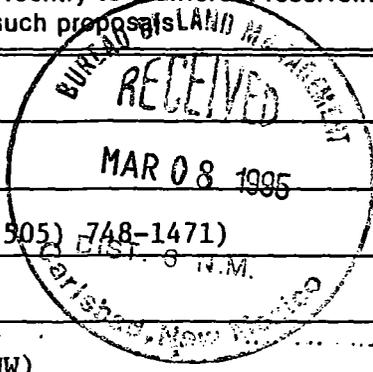
NM OIL CONS COMMISSION  
DRAWER DD  
ARTESIA DISTRICT OFFICE  
FORM APPROVED  
BUREAU NO. 1004-0135  
EXPIRES: MARCH 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT—" for such proposals.

95 AUG 14 AM 8 52

SUBMIT IN TRIPLICATE



1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
 YATES PETROLEUM CORPORATION (905) 748-1471

3. Address and Telephone No.  
 105 South 4th St., Artesia, NM 88210

4. Location of Well (Footage, Sec., T., R., M., of Survey Description)  
 Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
 Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
 Section 27-T20S-R29E

5. Lease Designation and Serial No.  
 NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
 Zinnia Federal Unit #1

9. API Well No.  
 30-015-27939

10. Field and Pool, or Exploratory Area  
 Wildcat Morrow

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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Perforate &amp; acidize</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
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2-28-95 - Cleaned location, set and tested anchors and markers. Made cut off on 5-1/2" casing. Installed tubinghead. Moved in and rigged up pulling unit. Nippled up BOP. TIH with bit, stabilizer, drill collars and 2-7/8" N-80 tubing to DV tool at 6035'. Rigged up power swivel and drilled out DV tool. Tested casing to 3000 psi for 10 minutes, OK. TOOH with 2-7/8" tubing, drill collars, stabilizer and bit. TIH with bit, scraper and 2-7/8" tubing to 12500'. Circulated casing with 2% KCL water. TOOH with tubing, scraper and bit.

3-1-95 - Rigged up wireline. TIH with logging tool and ran CCL/CBL/GR log. TOOH with logging tool. TIH with 4" casing guns and perforate 12294-12309' w/32 .52" holes (2 SPF). TOOH with 4" casing guns and rigged down wireline. TIH w/10K packer with on/off tool and 1.81" profile nipple and 2-7/8" N-80 tubing. Shut down.

3-2-95 - Set packer at 12197'. Nippled down BOP and nipped up tree. Tested annulus to 1000 psi, OK. Swabbed. Rigged up tree saver. Acidized perforations 12294-12309' with 1500 gallons 7-1/2% NEFE Morrow Type acid with 1000 scf/bbl nitrogen and 40 ball sealers. Rigged down tree saver. Flow well back.

3-3-95 - Swabbed. Nippled down tree and nipped up BOP. Unset packer at 12197'. TOOH with 2-7/8" tubing and packer. Rigged up wireline. TIH with CIBP and set at 12250'. Capped CIBP with 35' of cement. Shut down.

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

Signed Rusty Klein Title Production Clerk Date March 7, 1995

(This space for Federal or State office use)

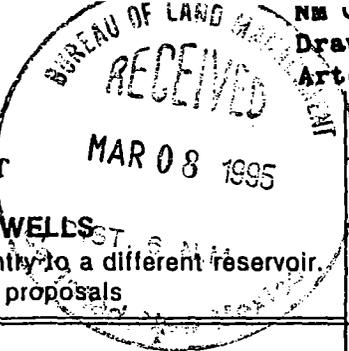
Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval, if any:

ACCEPTED FOR RECORD  
 Date 3/7/95  
 J. Jara  
 APR 3 1995

CONSERVATION DIVISION  
Form 3160-5  
June 1990

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT



Drawer DD  
Artesia, NM 88210  
FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

95 AUG 14 AM 8 52

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
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3. Address and Telephone No.  
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 Section 27-T20S-R29E

5. Lease Designation and Serial No.  
 NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
 Zinnia Federal Unit #1

9. API Well No.  
 30-015-27939

10. Field and Pool, or Exploratory Area  
 Wildcat Morrow

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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Perforate &amp; acidize</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

3-4-95 - TIH with 4" casing guns and perforated 10965-10988' w/36 .52" holes as follows: 10965, 966, 969, 970, 971, 974, 975, 976, 10979-10988' (2 SPF). TOOH with 4" casing guns and rigged down wireline. TIH w/10K Uni VI packer with on/off tool and 1.81" profile nipple and 2-7/8" tubing. Set packer at 10981'. Tested annulus to 1000 psi, OK. Nipped down BOP and nipped up tree. Swabbed. Rigged up tree saver. Acidized perforations 10965-10988. w/2500 gallons 15% NEFE acid and ball sealers. Rigged down tree saver. Swabbed.

3-5-95 - Nipped down tree. Nipped up BOP. Loaded tubing with 50 bbls 2% KCL water. Get off on/off tool. TOOH with 2-7/8" tubing. Fished sandline and swab mandrel out of tubing. TIH with 2-7/8" tubing. Latched onto packer at 10891'. Tested annulus to 1000 psi, OK. Took 70 bbls to load. Nipped down BOP. Nipped up tree. Repaired sandline. Swab & flow well.

3-6-95 - Swab & flow well.

APR 5 1995  
OIL CON. DIV.  
DIST. 2

ACCEPTED FOR RECORD  
J. Lara  
APR 3 1995

14. I hereby certify that the foregoing is true and correct  
Signed Rustyn Green Title Production Clerk Date March 7, 1995

(This space for Federal or State office use)  
Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION  
RECEIVED

NM OIL CONS COMMISSION  
Drawer DD  
FORM 3160-5  
Bureau No. 1004-0135  
Expires: March 31, 1993

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

95 APR 14 AM 8 52  
RECEIVED  
MAR 08 1995  
DIST. 2  
Artesia, New Mexico

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
 YATES PETROLEUM CORPORATION

3. Address and Telephone No.  
 105 South 4th St., Artesia, NM 88210

4. Location of Well (Footage, Sec., T., R., M., of Survey Description)  
 Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
 Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
 Section 27-T20S-R29E

5. Lease Designation and Serial No.  
 NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
 Zinnia Federal Unit #1

9. API Well No.  
 30-015-27939

10. Field and Pool, or Exploratory Area  
 Wildcat Morrow

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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Production casing &amp; cmt</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

TD 12550'. Reached TD at 12:00 noon 2-21-95. Ran 305 joints of 5-1/2" 20# & 17# casing as follows: 119 joints of 5-1/2" 20# N-80 LT&C (4916.79'); 19 joints of 5-1/2" 17# L-80 LT&C (771.14'); 83 joints of 5-1/2" 17# N-80 LT&C (3375.30'); 55 joints of 5-1/2" 20# N-80 LT&C (2330.56') and 29 joints of 5-1/2" 20# S-95 LT&C (1181.38') (Total 12575.17') of casing set at 12550'. Float shoe set at 12550'. Float collar set at 12505'. DV tool set at 6036'. Cemented in two stages as follows: Stage 1: 750 sacks Super "H", .5% CF-2, .4% LWL, 5#/sack Hiseal (yield 1.64, weight 13.0). Tailed in with 1250 sacks Class "H", 5#/sack CSE, 1% CF-14 and .1% LWL (yield 1.28, weight 15.3). PD 11:30 PM 2-23-95. Circulated 81 sacks. Circulated through DV tool for 4 hours. Stage 2: 1550 sacks Super "H", .5% CF-2, 5#/sack Hiseal and 3% salt (yield 1.66, weight 13.0). PD 5:30 AM 2-24-95. Bumped plug to 3200 psi for 10 minutes. Circulated 98 sacks. Float and casing held okay. NOTE: Preceded cement with 500 gallons WMW-1 and 500 gallons Surebond and 10 bbls water. Notified BLM prior to job. Installed centralizers on each joint from TD to 9500' and on alternate joints from 6000-3500'. Released rig at 1:30 PM 2-25-95.

OIL CON. DIV.  
DIST. 2

Waiting on completion unit.

14. I hereby certify that the foregoing is true and correct  
Signed Rusty Klein Title Production Clerk Date March 7, 1995

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_

Conditions of approval, if any:

ACCEPTED FOR RECORD  
Date  
J. Lara  
3-1995

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.

ARTEZIA, NEW MEXICO

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION  
RECEIVED

Artesia, NM 88210

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

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., of Survey Description)

Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

Case Designation and Serial No.

NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA. Agreement Designation

8. Well Name and No.

Zinnia Federal Unit #1

9. API Well No.

30-015-27939

10. Field and Pool, or Exploratory Area

Wildcat Morrow

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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Casing &amp; cement</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

TD 3200'. Ran 72 joints of 9-5/8" 40# J-55 ST&C (3220.20') of casing set at 3200'. Float shoe set at 3200'. Float collar set at 3154'. DV tool with packoff set at 1404.68'. Cemented in two stages as follows: Stage 1: 500 sacks Pacesetter Lite, 5#/sack gilsonite, 1/4#/sack celloseal and 2% CaCl2 (yield 1.98, weight 12.4). Tailed in with 200 sacks Class C 2% CaCl2 (yield 1.32, weight 14.8). PD 10:30 PM 1-8-94. Bumped plug to 400 psi for 5 minutes. Stage 2: 270 sacks Pacesetter Lite with 2% CaCl2 (yield 2.01, weight 12.4). PD 12:00 midnight 1-8-94. Bumped plug to 1900 psi for 5 minutes. Circulated 20 sacks. WOC. Drilled out at 6:30 PM 1-10-95. WOC 42 hours. Reduced hole to 7-7/8". Resumed drilling. NOTE: Cemented with no returns on 1st stage. Set packer and opened DV tool and circulated with full returns. Cemented 2nd stage. BLM notified prior to job. Used 5 centralizers on joints #1, #2, #3 and on either side of DV tool.

ACCEPTED FOR RECORD

J. Lara  
JAN 20 1995

CARLSBAD, NEW MEXICO

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

Signed Rusty Allen Title Production Clerk Date Jan. 12, 1995

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION  
RECEIVED

NM OIL CONS COMMISSION  
Drawer DD  
Artesia, NM 88210

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

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., of Survey Description)

Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

5. Lease Designation and Serial No.

NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Zinnia Federal Unit #1

9. API Well No.

30-015-27939

10. Field and Pool, or Exploratory Area

Wildcat Morrow

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

Notice of Intent  
 Subsequent Report  
 Final Abandonment Notice

TYPE OF ACTION

Abandonment  
 Recompletion  
 Plugging Back  
 Casing Repair  
 Altering Casing  
 Other 13-3/8" casing & cement  
 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

TD 1425'. Reached TD at 1:30 AM 1-3-95. Ran 33 joints of 13-3/8" 94# J-55 ST&C (1436.48') of casing set at 1435'. 1-Texas Pattern notched guide shoe set at 1435'. Insert float set at 1393.52'. Cemented with 775 sacks Pacesetter Lite, 5#/sack gilsonite, 1/4#/sack celloseal and 2% CaCl2 (yield 2.01, weight 12.4). Tailed in with 200 sacks Class C 2% CaCl2 (yield 1.32, weight 14.8). PD 2:00 PM 1-3-95. Bumped plug to 750 psi, OK. Circulated 126 sacks. WOC. Tested BOP and casing to 1000 psi, OK. Drilled out at 10:00 PM 1-4-95. WOC 32 hours. Reduced hole to 12-1/4". Resumed drilling.

RECEIVED

JAN 24 1995

OIL CON. DIV.

ACCEPTED FOR RECORD  
J. Lara  
JAN 20 1995  
CARLSBAD, NEW MEXICO

CARLSBAD AREA  
JAN 9 10 43 AM '95

RECEIVED

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

Signed Rusty Kline Title Production Clerk Date January 6, 1995

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:

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.



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION  
RECEIVED

Drawer DD  
Artesia, NM 88210  
FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

5F

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

5. Lease Designation and Serial No.  
NM-83068

6. Indian, Allottee or Tribe Name  
32

7. If Unit or CA, Agreement Designation

8. Well Name and No.  
Zinnia Federal Unit #1

9. API Well No.  
30-015-27939

10. Field and Pool, or Exploratory Area  
Wildcat Morrow

11. County or Parish, State  
Eddy Co., NM

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., of Survey Description)  
Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Spud
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Spudded a 36" hole with rat hole machine at 11:00 AM 12-17-94. Set 40' of 30" conductor pipe. Cemented to surface. NOTE: BLM notified prior to spud.

TD 40'. Waiting on rotary tools.

JAN 20 1995  
OIL CONSERVATION DIVISION

ACCEPTED FOR RECORD  
J. Lara  
JAN 20 1995  
CARLSBAD, NEW MEXICO

RECEIVED  
DEC 21 9 39 AM '94

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

Signed Rusty Klein Title Production Clerk Date Dec. 23, 1994

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:

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.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION ACT  
RECEIVED

NM OIL CONS COMMISSION

Drawer DD

ARTESIAN BASIN NM 88210

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

'95 FEB 10 AM 8 52

5. Lease Designation and Serial No.  
NM-83068

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Zinnia Federal Unit #1

9. API Well No.

30-015-27939

10. Field and Pool, or Exploratory Area

Wildcat Morrow

11. County or Parish, State

Eddy Co., NM

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., of Survey Description)

Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

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 Change well name

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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

This well was originally permitted as a lease well in March, 1994. A unit has since been formed. Please change well name as follows:

FROM: Zinnia AMZ Federal #1

TO: Zinnia Federal Unit #1

RECEIVED  
DEC 21 9 30 AM '94  
GARY  
ARTESIAN

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

Signed Rusty Klein

Title Production Clerk

Date Dec. 23, 1994

(This space for Federal or State office use)

Approved by (JOE G. LARA) JOE G. LARA

Title PETROLEUM ENGINEER

Date 1/20/95

Conditions of approval, if any:

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NM OIL CONS COMMISSION  
OIL CONSERVATION DIVISION  
RECEIVED Artesia, NM 88210  
FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993  
95 FEB 10 AM 8 52

RECEIVED

DRILLING 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., of Survey Description)

Surface: 1980' FNL & 910' FWL (Unit E, SWNW)  
Bottom Hole: 1980' FNL & 2405' FEL (Unit F, SENW)  
Section 27-T20S-R29E

5. Lease Designation and Serial No.  
NM-83068

6. If Indian, Allottee or Tribe Name

Zinnia Federal Unit #1

9. API Well No.

30-015-27939

10. Field and Pool, or Exploratory Area

Wildcat Morrow

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

Notice of Intent  
 Subsequent Report  
 Final Abandonment Notice

TYPE OF ACTION

Abandonment  
 Recompletion  
 Plugging Back  
 Casing Repair  
 Altering Casing  
 Other  
 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 directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

A1 Springer, Drilling Superintendent received verbal permission from Shannon Shaw with the BLM in Carlsbad, on December 22, 1994, to change the casing program as follows:

FROM:

26" hole with 20" 94# J-55 casing set at 475' with 700 sacks of cement, circulated  
17-1/2" hole with 13-3/8" 54.5# J-55 casing set at 1425' with 1000 sacks of cement, circulated  
12-1/4" hole with 8-5/8" 32# J-55 casing set at 3200' with 750 sacks of cement, circulated  
7-7/8" hole with 5-1/2" 17# N-80 casing set at TD with 600 sacks of cement (as warranted)

TO:

26" hole with 20" 94# J-55 casing set at 475' with 700 sacks of cement, circulated  
17-1/2" hole with 13-3/8" 54.5# J-55 casing set at 1425' with 1000 sacks of cement, circulated  
12-1/4" hole with 9-5/8" 40# casing set at 3200' with 750 sacks of cement, circulated  
7-7/8" hole with 5-1/2" 17# N-80 of casing set at TD with 600 sacks of cement (as warranted)

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

Signed Rusty Klein Title Production Clerk Date Dec. 23, 1994

(This space for Federal or State office use)

Approved by (Orig. Sgd.) JOE G. LARA Title PETROLEUM ENGINEER Date 1/20/95  
Conditions of approval, if any:

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.

30-015-27939-47

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

Form 3160-3  
(July 1992)

UNITED STATES OIL CONSERVATION SERVICE  
DEPARTMENT OF THE INTERIOR RECEIVED  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 YATES PETROLEUM CORPORATION ✓ 25575

3. ADDRESS AND TELEPHONE NO.  
 105 South Fourth Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)  
 At surface: 1980' FNL and 910' FWL  
 At proposed prod. zone: 1980' FNL and 2405' FEL  
 UT. E MAY 06 '94

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 16 miles Northeast of Carlsbad, New Mexico O. C. D.

16. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
 660'

17. NO. OF ACRES IN LEASE TO THIS WELL  
 640

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 12,150 TVD

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 3273' GR

22. APPROX. DATE WORK WILL START\*  
 ASAP

5. LEASE DESIGNATION AND SERIAL NO.  
 NM-83068

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
 -

7. UNIT AGREEMENT NAME  
 -

8. FARM OR LEASE NAME WELL NO.  
 Zimnia AMZ Federal 14856

9. AP WELL NO.  
 #1

10. FIELD AND POOL, OR WILDCAT  
 Wildcat MORROW 77400  
 BETTY

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Sec. 27-T20S-R29E Patach

12. COUNTY OR PARISH  
 Eddy

13. STATE  
 NM

23. PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	20"	94# J-55	475	700 sacks - <u>circulated</u>
17 1/2"	13 3/8"	54.5# J-55	1425	1000 sacks - <u>circulated</u>
12 1/4"	8 5/8"	32# J-55	3200	750 sacks - <u>circulated</u>
7 7/8"	5 1/2"	17# N-80, 5-95	TD	600 - as warranted

Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formation. Approximately 475' of surface casing will be set and cement circulated to shut off gravel and cavings. Intermediate casing will be set to 1425' and circulated and 3200' and circulated. If commercial, will perforate and stimulate as needed for production.

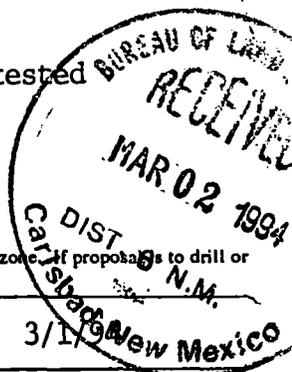
MUD PROGRAM: FW spud to 475'; Brine to 1425'; FW to 3200'; Cut brine to 10,300'; XC polymer/Drispac to TD.

BOP PROGRAM: BOP's and hydril will be installed on the ~~8 5/8"~~<sup>13 3/8"</sup> casing and tested daily.

GAS NOT DEDICATED.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE LANDMAN DATE 3/1/94



(This space for Federal or State office use)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
 Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY: Acting  
 APPROVED BY Patricia E. McLean TITLE State Director DATE Apr. 26, 1994

Submit to Appropriate District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

**DISTRICT I**  
 P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

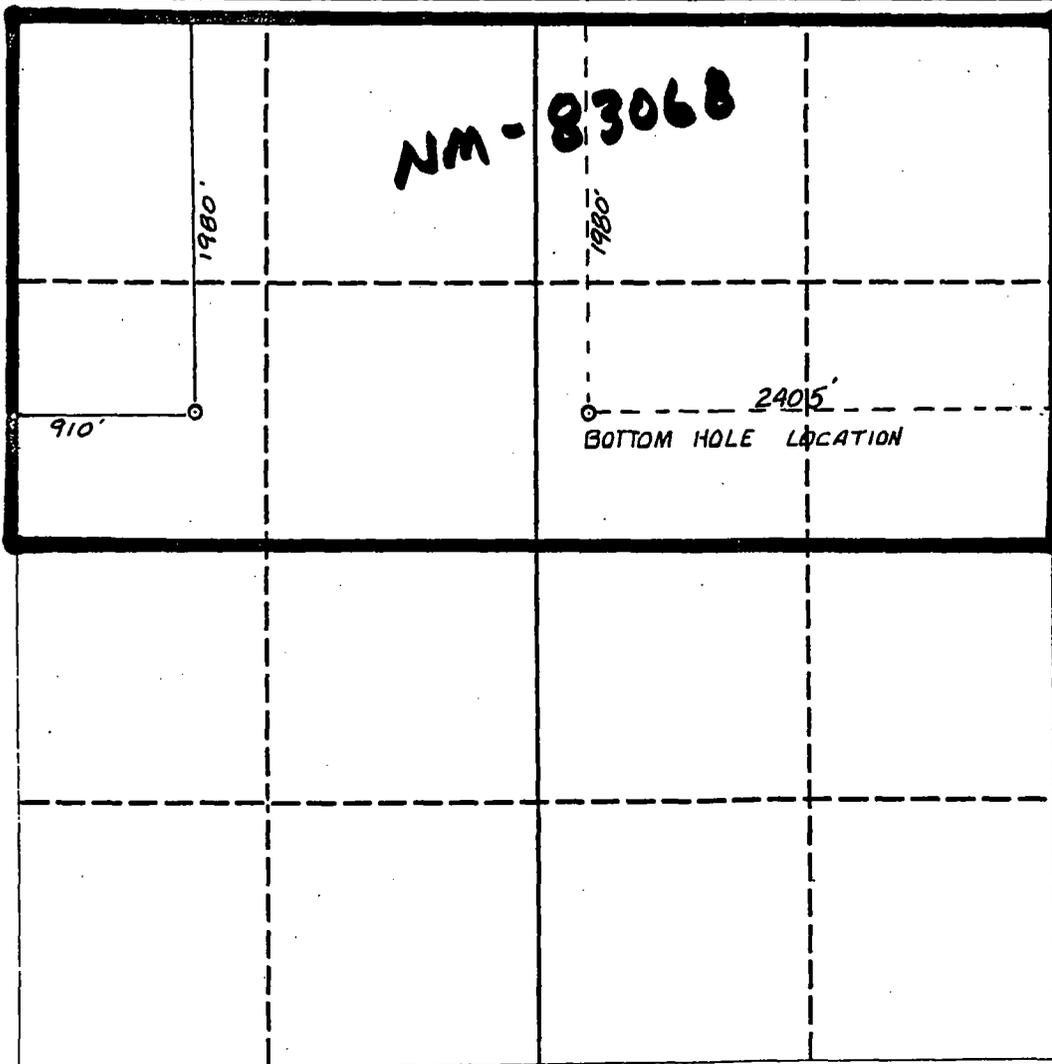
**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>ZINNIA "AMZ" FEDERAL</b>			Well No. <b>1</b>		
Unit Letter <b>E</b>	Section <b>27</b>	Township <b>20 SOUTH</b>	Range <b>29 EAST</b>	County <b>EDDY COUNTY, NM</b>				
Actual Footage Location of Well: <b>SURFACE LOCATION</b>								
<b>1980</b> feet from the <b>NORTH</b> line and			<b>910</b> feet from the <b>WEST</b> line					
Ground level Elev. <b>3273</b>	Producing Formation <b>Morrow</b>		Pool <b>GETTY Wildcat Morrow</b>			Dedicated Acreage: <b>320</b> Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.?  
 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 interest, has been approved by the Division.

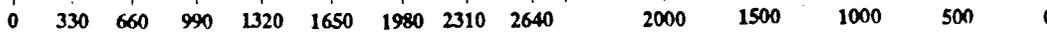


**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Ken Beardamphl*  
 Printed Name: **Ken Beardamphl**  
 Position: **Landman**  
 Company: **Yates Pet. Corp.**  
 Date: **3-1-94**

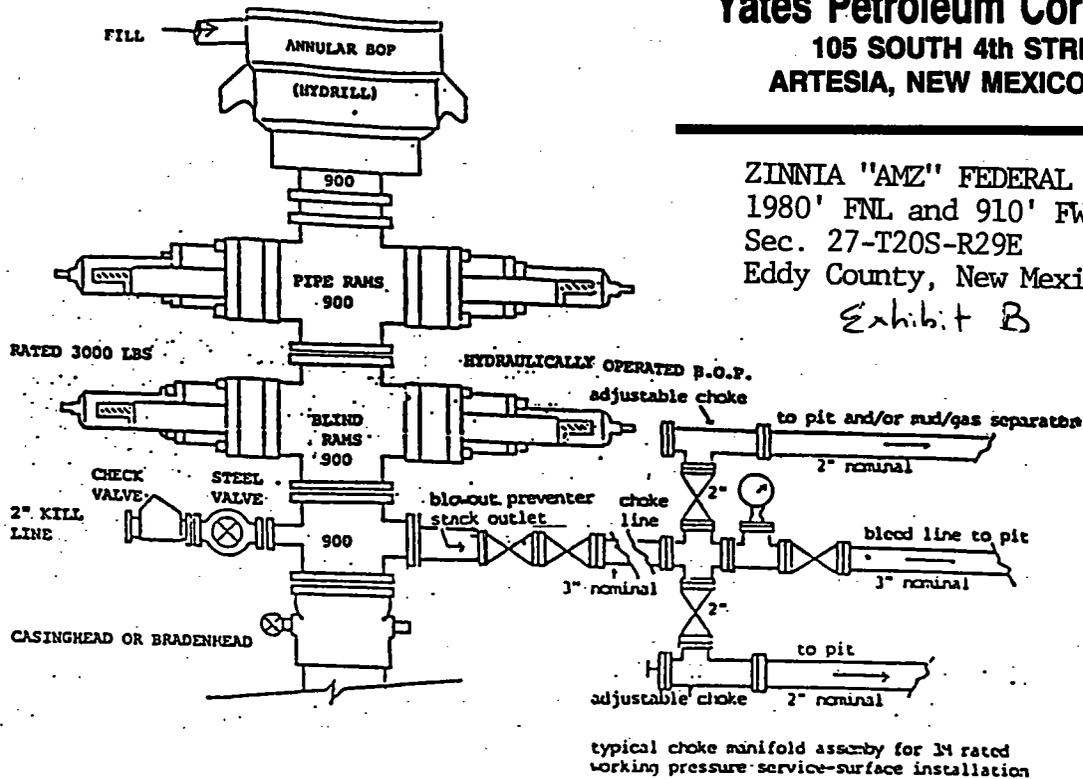
**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **FEBRUARY 17, 1994**  
 Signature: *W. R. EDDY*  
 Professional Surveyor  
 NEW MEXICO  
 REGISTERED PROFESSIONAL ENGINEER  
 5412  
 Certificate No. SURVEY  
 NM PE&ES NO. 5412  
 PROFESSION



# YATES PETROLEUM CORPORATION

Yates Petroleum Corporation  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 88210



## EXHIBIT B

### THE FOLLOWING CONSTITUTES THE MINIMUM BLOWOUT PREVENTER REQUIREMENTS FOR 3000 PSI WP SYSTEMS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 3" diameter.
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.

**WRS COMPLETION REPORT**

COMPLETIONS SEC 27 TWP 20S RGE 29E  
 P1# 30-1-0017 08/18/95 30-015-27939-0000 PAGE 1

NMEX - EDDY \* 1980FNL 910FWL SEC SW NW  
 STATE COUNTY FOOTAGE SPOT  
 YATES PET WD WSD  
 OPERATOR WELL CLASS INIT FIN  
 1 ZINNIA FEDERAL UNIT  
 WELL NO. LEASE NAME  
 3299KB 3273GR UNNAMED  
 OPER ELEV FIELD/POOL/AREA  
 API 30-015-27939-0000

LEASE NO. PERMIT OR WELL I.D. NO.  
 12/17/1994 03/27/1995 ROTARY VERT GAS  
 SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS  
 12150 MORROW NABORS DRLG USA 56 RIG SUB 25  
 PROJ. DEPTH PROJ. FORM CONTRACTOR  
 DTD 12550 PB 12250 FM/TD ASTN CYC  
 DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

**LOCATION DESCRIPTION**

13 NE CARLSBAD, NM  
 1/2 MI E/11081 (ATOK) GAS PROD IN BURTON FLAT EAST  
 FIELD

**WELL IDENTIFICATION/CHANGES**

FTG CHGD FROM 1980 FSL 660 FWL  
 FIELD CHGD FROM BURTON FLAT E  
 PROJ FORM CHGD FROM ATOKA  
 INIT CLASS CHGD FR D  
 FTG CHGD FROM 1980 FNL 1980 FWL SEC  
 PROJ DEPTH CHGD FROM 12500  
 LSE NAME CHGD FROM ZINNIA 'AMZ' FEDERAL  
 FTG CHGD FROM 1980 FNL, 2405 FEL  
 FLD CHGD FROM WILDCAT

**CASING/LINER DATA**

CSG 30 @ 40  
 CSG 20 @ 535 W/ 1000 SACKS  
 CSG 13 3/8 @ 1435 W/ 975 SACKS  
 CSG 9 5/8 @ 3220 W/ 970 SACKS  
 CSG 5 1/2 @ 12550 W/ 3550 SACKS

**TUBING DATA**

TBG 2 7/8 AT 10892

CONTINUED IC# 300157025493

COMPLET  
PT#

COMPLETIONS SEC 27 TWP 20S RGE 29E  
PI# 30-T-0017 08/18/95 30-015-27939-0000 PAGE 2

YATES PET ZINNIA FEDERAL UNIT WD WSD  
1

INITIAL POTENTIAL

IPF 36BCPD 153 MCFD 11BW 16/64CK 24HRS  
STRAWN PERF W/ 36/IT 10956-10988  
PERF 10956-10988  
ACFR 10956-10988 2500GALS  
15% NEFE  
ACID 10956-10988 2500GALS

ADDTVGELA

15% NEFE  
16/64CK 153MCFD TP 80 BHFP 0  
GOR 4250 GTY: NR

FIELD /RESERVOIR  
/STRAWN

1ST PT TEST IN 1440 MINS  
GAS GTY: NOT RPTD  
COMP BASED ON US BLM FORM 3160-4; PTCAOF NOT  
RPTD ON FORM

TYPE	FORMATION	LTH	TOP DEPTH/SUB	BSE DEPTH/SUB
LOG	RUSTLER		606	2693
LOG	YATES		1392	1907
LOG	DELAWARE		3266	33
LOG	BONE SPG		6156	-2857
LOG	WOLFCAMP		9870	-6571
LOG	STRAWN		10935	-7636
LOG	ATOKA		11260	-7961
LOG	MRW CLSC		11942	-8643

SUBSEA MEASUREMENTS FROM KB

FORMATION TEST DATA

DST 1 3867- 3952 DELAWARE S  
REC 15.6 BBL OIL 32.2 BBL WTR  
REC .2 CFT GAS 400.0 CC OIL  
REC 2100.0 CC WTR  
INIT OP 30H IFP 84 FFP 263  
FINAL OP 2H IFP 526 FFP 753  
ISIP 1651 1H IHP 1691 FHP 1696  
TIMES: OP 30 MINS, SI 1 HR, SI 2 HRS, OP 2 HRS  
NO FSIP TAKEN  
FP: 84-263, 272-514, 526-753  
SIP: 1651, 1631

CONTINUED

COMPLETIONS SEC 27 TWP 20S RGE 29E  
PI# 30-T-0017 08/18/95 30-015-27939-0000 PAGE 3

YATES PET WD WSD  
1 ZINNIA FEDERAL UNIT

PRODUCTION TEST DATA

MORROW L PERF W/ 32/IT 12294-12309  
PERF 12294-12309  
ACID 12294-12309 1500GALS  
7 1/2% NEFE 1000 SCF NIGN  
BRPG @12250 12294-12309

LOGS AND SURVEYS /INTERVAL,TYPE/

LOGS CNL LDT BHC  
LOGS DLL

DRILLING MEDIA /TYPE,DEPTH/

1535	8.4	7621	9.0	8505	9.0	10854	10.3	PPG
11680	10.4	12550	10.5					PPG

DRILLING PROGRESS DETAILS

YATES PET  
105 S 4TH  
ARTESIA, NM 88210  
505-748-1471  
PERMIT EXPIRATION DATE EXTENDED TO 3/1/95  
05/07 LOC/1993/  
12/20 40 TD, WORT  
12/27 DRLG AHEAD  
01/05 DRLG 1535  
01/12 DRLG AHEAD  
01/23 7621 TD, TRIP  
01/31 DRLG 8505  
02/08 DRLG 10854  
02/13 DRLG 11680  
02/21 12550 TD, RNG LOGS  
03/01 12550 TD, WOCT  
08/14 SPD 12/28/94 W/RT  
LOCAL CALLS: MORROW LOWER 12254, AUSTIN CYCLE  
12420  
08/14 TD REACHED 02/21/95 RIG REL 02/25/95  
12550 TD, PB 12250  
COMP 3/27/95, IPF 153 MCFGPD, 36 BC, GTY  
NOT RPTD, GAS GTY NOT RPTD,  
GLR 4250

CONTINUED

COMPLETIONS SEC 27 TWP 20S RGE 29E  
PI# 30-T-0017 08/18/95 30-015-27939-0000 PAGE 4

YATES PET ZINNIA FEDERAL UNIT WD WSD  
1

DRILLING PROGRESS DETAILS

08/14 PROD ZONE-STRAWN 10956-10988  
NO CORES, ONE DST RPTD  
(STRAWN DISCOVERY - SHALLOWER POOL)