

11/13/06 DATE IN	11/13/06 SUSPENSE	DAVID CATANACH ENGINEER	11/15/06 LOGGED IN	NSL TYPE	PTDS 0631935948 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



5490

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE.

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Chuck Moran
Print or Type Name

Signature

Chief Landman
Title

11/8/06
Date

cmoran@ypcnm.com
e-mail Address

2006 NOV 13 PM 1 11

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S.P. YATES
CHAIRMAN EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

PEYTON YATES
PRESIDENT

FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

November 8, 2006

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. Mark Fesmire

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Gas Well Location, Eddy County New
Mexico

Dear Mr. Fesmire:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for any gas production for its Gardner Draw Unit #5 well drilled at an unorthodox gas well location of 660 feet from the West line and 2,015 feet from the North line (Unit D) of Section 32, Township 19 South, Range 21 East, NMPM, Eddy County, New Mexico and to be dedicated to a W/2 spacing unit for all formations that require a 320 acre spacing unit and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the W/2 of Section 32. (See Exhibit # 1 plat enclosed)
- 2) Yates drilled this well in October 1980 (originally called the Latham OC State Com. #1) at a location of 660 feet from the West line and 2,015 feet from the North line (Unit D) of Section 32, Township 19 South, Range 21 East, NMPM, Eddy County, New Mexico. (See Exhibit # 2 enclosed)
- 3) At this time we are proposing to re-complete the well by adding additional perforations to Morrow formation and possibly adding perforations to the Wolfcamp, Atoka and Strawn formations. Utilizing the exiting wellbore to test these formations is the most efficient and practical means to produce the oil and gas reserves in this section.
- 4) The lease on which the well will be drilled is communitized to form a 320 acre spacing unit in the W/2 of Section 32, Township 19 South, Range 21 East,

NMPM and the Gardner Draw Unit #5 only encroaches on to the half section line in the center of the spacing unit.

- 5) Under the communitization agreement the owners are identified on Exhibit # 3 and are the only affected persons as defined by Rule 1210.A (2).
- 6) Out of caution, we are also notifying offset operators or lessees in adjoining and diagonal spacing units to this proposed well. (See Exhibit #4)

Wherefore, Yates Petroleum Corporation requests that this unorthodox well location be approved for any and all formations to be produced on a 320 acre spacing unit administratively by the Division.

Respectfully submitted,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read "Chuck Moran", with a long horizontal flourish extending to the right.

Chuck Moran
Landman

Enclosure

Exhibit 1

Yates Petroleum Corporation
Gardner State Unit #5 Unorthodox Application
W/2 of Sec. 32-T19S-R21E
Eddy County, NM

19 21

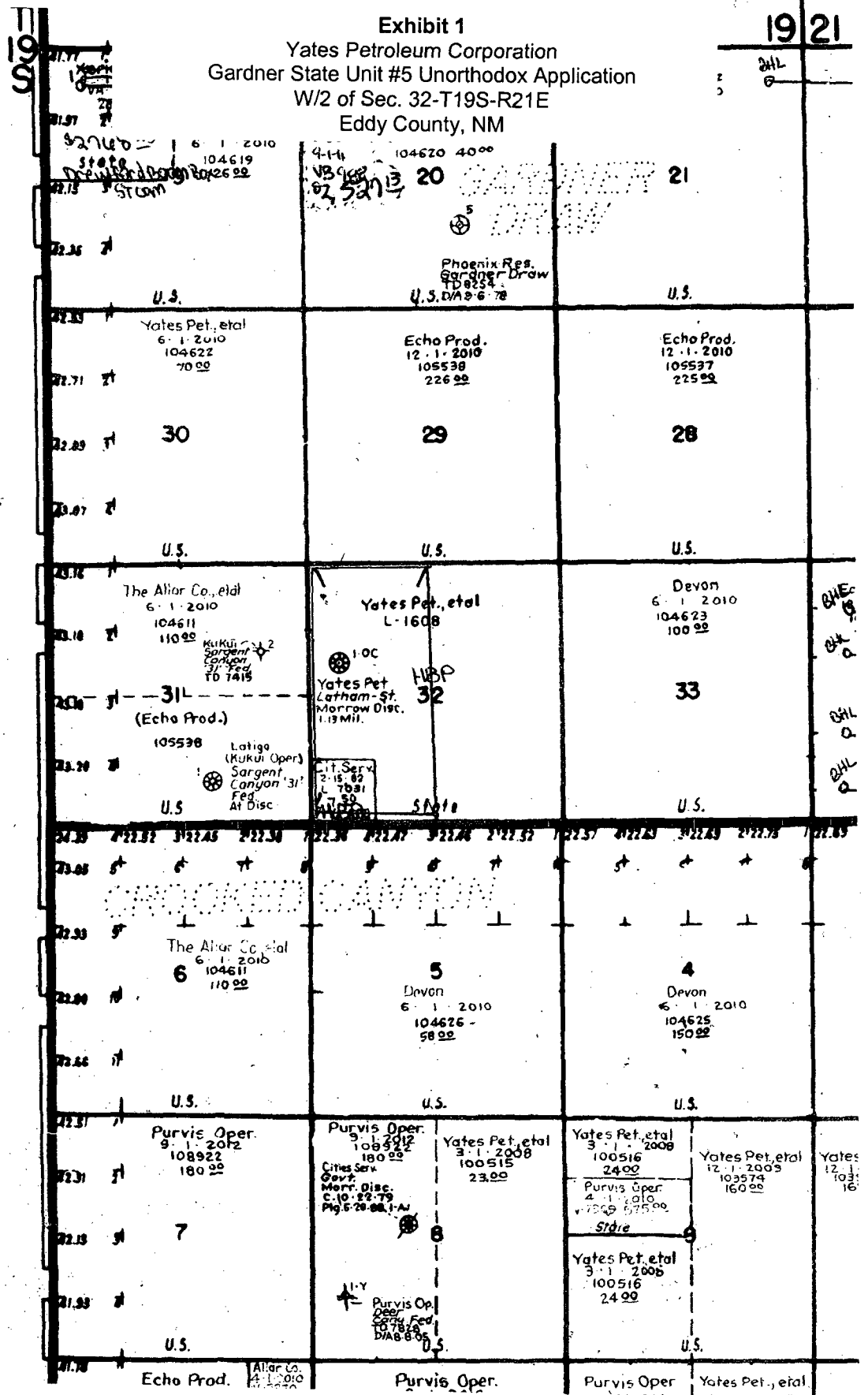


Exhibit 2
Yates Petroleum Corporation
Gardner State Unit #5 Unorthodox Application
W/2 of Sec. 32-T19S-R21E
Eddy County, NM

Form C-102
Supersedes C-128
Effective 1-1-65

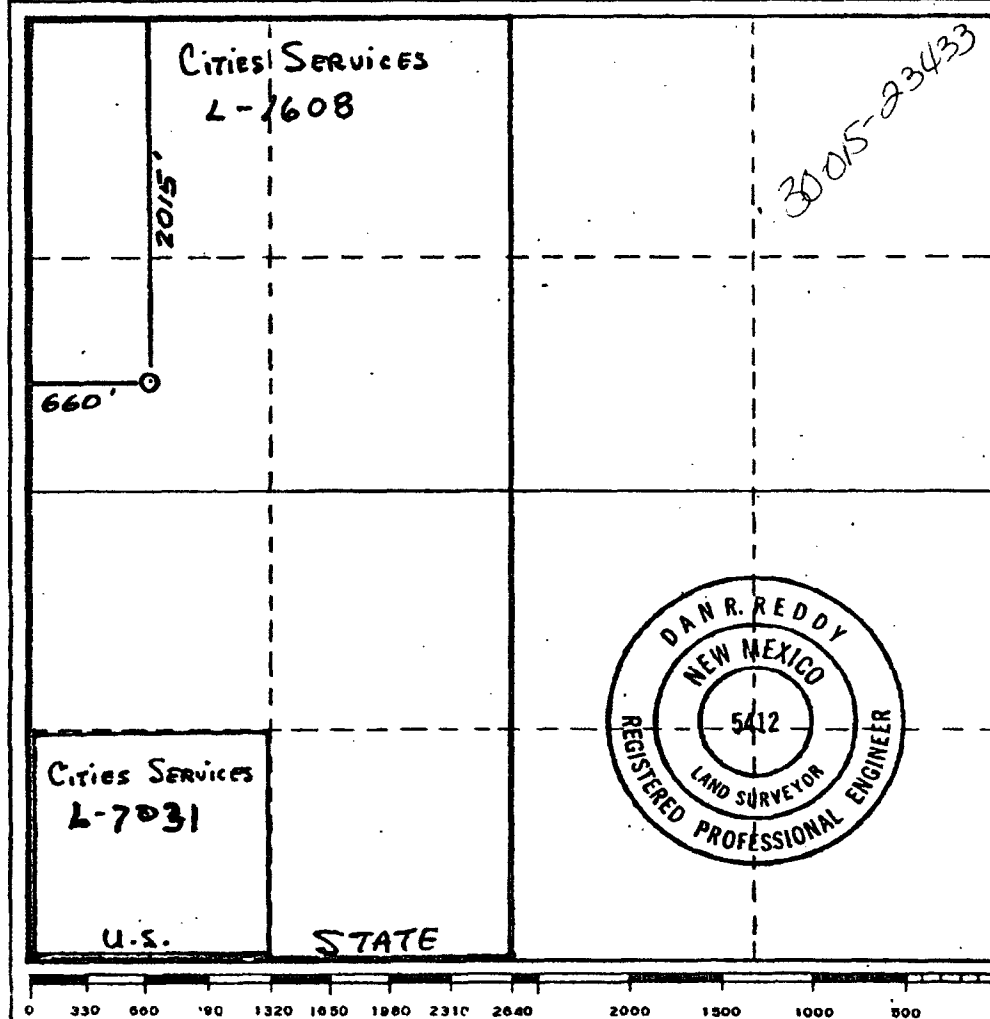
Operator YATES PETROLEUM CORPORATION		Lease Latham OC State Com		Well No. 1
Unit Letter E	Section 32	Township 19 South	Range 21 East	County Eddy
Actual Footage Location of Well:				
2015 feet from the North line and 660 feet from the West line				
Ground Level Elev. 4541.	Producing Formation MORROW	Pool Under MORROW	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation **COMMUNITIZED**

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 interests, has been approved by the Commission.



CERTIFICATION

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

Johnny A. Lopez
 Name
JOHNNY A. LOPEZ

Position
REGULATORY COORDINATOR

Company
YATES PETROLEUM CORPORATION

Date
7/29/80

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
July 24, 1980

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
 Certificate No.

NM PE&LS #5412

Exhibit 3
Yates Petroleum Corporation
Gardner State Unit #5 Unorthodox Application
W/2 of Sec. 32-T19S-R21E
Eddy County, NM

Township 19 South, Range 21 East, NMPM
Section 32: W/2

Owner Name

Yates Petroleum Corporation
Yates Drilling Company
Sacramento Partners Limited Partnership
Myco Industries, Inc.
Sharbor Oil LTD. Co.
Trust Q U/W/O Peggy A. Yates, John A. Yates, Trustee
John A. Yates
Marico Exploration Inc.
Los Chicos
105 S. 4th Street
Artesia, NM 88210

Exhibit 4
Yates Petroleum Corporation
Gardner State Unit #5 Unorthodox Application
W/2 of Sec. 32-T19S-R21E
Eddy County, New Mexico

Township 19 South, Range 21 East, NMPM

Section 32: E/2

Same as W/2 on Exhibit 3

Township 19 South, Range 21 East, NMPM

Section 29: All

Owner Name

Echo Production, Inc.

P. O. Box 1210

Graham, TX 76450

Kukui, Inc.

6600 Kalanianaʻole, Hwy, Suite 224

Honolulu, HI 96825

Latigo Petroleum, Inc.

15 W. 6th Street, #1100

Tulsa, OK 74119

Talus Inc.

P. O. Box 1210

Graham, TX 76450

The Allar Company

P. O. Box 1567

Graham, TX 76450

Twin Mountain, Inc.

P. O. Box 1210

Graham, TX 76450

Township 19 South, Range 21 East, NMPM

Section 30: All

Owner Name

Yates Petroleum Corporation

Yates Drilling Company

Myco Industries, Inc.

Abo Petroleum Corporation

105 S. 4th Street

Artesia, NM 88210

Exhibit 4
Yates Petroleum Corporation
Gardner State Unit #5 Unorthodox Application
W/2 of Sec. 32-T19S-R21E
Eddy County, New Mexico

Township 19 South, Range 21 East, NMPM
Section 31: E/2

Operator *

Latigo Petroleum, Inc.
15 W. 6th Street, #1100
Tulsa, OK 74119

or

Pogo Producing Company
Attn: Ken Dixon
P. O. Box 10340
Midland, Texas 79702-7340

Township 20 South, Range 21 East, NMPM
Section 6: All

Owner Name

Echo Production, Inc.
P. O. Box 1210
Graham, TX 76450

Kukui, Inc.
6600 Kalanianaʻole, Hwy, Suite 224
Honolulu, HI 96825

Latigo Petroleum, Inc.
15 W. 6th Street, #1100
Tulsa, OK 74119

Talus Inc.
P. O. Box 1210
Graham, TX 76450

The Allar Company
P. O. Box 1567
Graham, TX 76450

Twin Mountain, Inc.
P. O. Box 1210
Graham, TX 76450

Township 20 South, Range 21 East, NMPM
Section 5: All

Owner Name

Exhibit 4

Yates Petroleum Corporation
Gardner State Unit #5 Unorthodox Application
W/2 of Sec. 32-T19S-R21E
Eddy County, New Mexico

Devon Energy Production Company, LP
20 N. Broadway, #1500
Oklahoma City, OK 73102

* Note: Latigo Petroleum Corporation recently sold to Pogo Producing Company.

21E

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Crooked Canyon Atoka-Morrow Geo