

| | | | | |
|-----------------|------------------|-------------|--------------|----------|
| DATE IN 9/17/98 | SUSPENSE 10/7/98 | ENGINEER MS | LOGGED BY MW | TYPE NSL |
|-----------------|------------------|-------------|--------------|----------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [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 - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [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

[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,

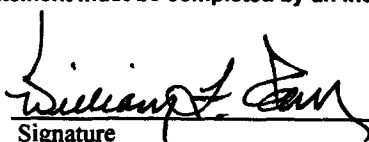
[F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr
Print or Type Name


Signature

Attorney
Title

9/17/98
Date

OIL CONSERVATION DIV.
98 SEP 17 AM 10:14

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN
KATHERINE M. MOSS

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
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

September 17, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

98 SEP 17 AM 10:14
OIL CONSERVATION DIV.

Re: *Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Big Freddy Unit Well No. 3, located 2310 feet from the North line and 2410 feet from the West line of Section 36, Township 23 South, Range 22 East, NMPM, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Big Freddy Unit Well No. 3 to be re-entered and recompleted in the Morrow formation at an unorthodox well location 2310 feet from the North line and 2410 feet from the West line of Section 36, Township 23 South, Range 22 East, NMPM, Eddy County, New Mexico. The N/2 of Section 36 will be dedicated to the well.

The well was originally drilled to test the Morrow formation and the unorthodox location approved by Division Order No. NSL-695. A copy of Order No. NSL-695 is attached hereto as Exhibit A. Since this approval was granted in December 1974 and the well has been plugged for a number of years, the Division's technical staff advised that Yates should seek re-approval of this unorthodox well location.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
September 16, 1998
Page 2

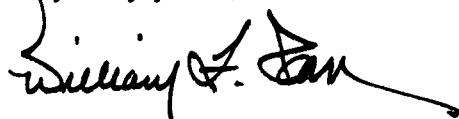
This location in the Morrow formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

Since this well is the reentry of a previously approved unorthodox location it should qualify for administrative approval as the result of topographical conditions. Attached hereto as Exhibit B is a plat as required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

The Big Freddy Unit includes the N/2 of Section 36 and the S¹/₂ of Section 36 is owned by Yates. Accordingly, there are no affected parties to whom notice of this application is required by Division Rule 104 F. (3) (b).

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

WILLIAM F. CARR
Attorney for Yates Petroleum Corporation

Enclosures

cc: Mr. Douglas Hurlbut
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

December 20, 1974

**American Quasar Petroleum Co.
606 Vaughn Building
Midland, Texas 79701**

Attention: Lynn D. Jones

Administrative Order NSL-695

Gentlemen:

Reference is made to your application for approval of a non-standard location for your Huber State Well No. 1, located 2310 feet from the North line and 2410 feet from the West line of Section 36, Township 23 South, Range 22 East, NMPM, Eddy County, New Mexico.

There being no offsetting operators, the waiting period prescribed by Rule 104 F may be dispensed with in this instance.

By authority granted me under the provisions of Rule 104 F of the Commission Rules and Regulations, the above-described unorthodox location is hereby approved.

Very truly yours,

**A. L. PORTER, Jr.
Secretary-Director**

ALP/JEK/dr

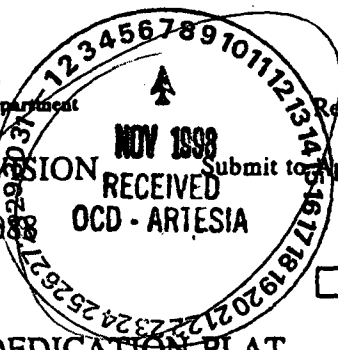
**cc: Oil Conservation Commission - Artesia
Oil & Gas Engineering Committee - Hobbs
State Land Office - Santa Fe**

EXHIBIT A

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088



Form C-102
Revised February 10, 1994
Instructions on back
Submit to appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------------|---|-----------|---|
| API Number 30-015-21444 | | Pool Code | Pool Name Sitting Bull Falls Morrow |
| Property Code | Property Name Big Freddy Unit | | Well Number 3 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | | Elevation 4410' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 36 | 23S | 22E | | 2310' | North | 2410' | West | Eddy |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------|--------------------|-----------------------|--------------|
| 320 | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|---|--|--|
| <div data-bbox="121 1085 1079 1553"> <div data-bbox="121 1085 357 1319">VA-1132</div> <div data-bbox="535 1234 584 1383">2310'</div> <div data-bbox="259 1489 422 1553">24 10'</div> </div> | <div data-bbox="1096 1074 1575 1117">17 OPERATOR CERTIFICATION</div> <div data-bbox="1096 1117 1575 1170">I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div data-bbox="1096 1234 1575 1383"> <div data-bbox="1096 1234 1575 1340"><i>Clifton R. May</i></div> <div data-bbox="1096 1330 1575 1383">Signature Clifton R. May</div> </div> <div data-bbox="1096 1383 1575 1447"> <div data-bbox="1096 1383 1575 1447">Printed Name Regulatory Agent</div> </div> <div data-bbox="1096 1447 1575 1510"> <div data-bbox="1096 1447 1575 1510">Title November 9, 1998</div> </div> <div data-bbox="1096 1510 1575 1553"> <div data-bbox="1096 1510 1575 1553">Date</div> </div> | |
| | <div data-bbox="1096 1564 1575 1606">18 SURVEYOR CERTIFICATION</div> <div data-bbox="1096 1606 1575 1713">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 belief.</div> <div data-bbox="1096 1755 1575 1787">Date of Survey</div> <div data-bbox="1096 1798 1575 1830">Signature and Seal of Professional Surveyer:</div> <div data-bbox="1193 1840 1575 1883">REFER TO ORIGINAL PLAT.</div> <div data-bbox="1096 1989 1575 2032">Certificate Number</div> | |
| | | |

District I
PO Box 1980, Hobbs, NM 88241-1980

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|---|---|
| ¹ Operator Name and Address. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30-015-21444 |
| ⁴ Property Code 23346 | ⁵ Property Name Big Freddy Unit | ⁶ Well No. 3 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 36 | 23S | 22E | | 2310' | North | 2410' | West | Eddy |

⁸ Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---------|----------|-------|---------|-------------------------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ⁹ Proposed Pool 1 85400 Sitting Bull Falls Morrow | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|---|--|--|---|
| ¹¹ Work Type Code E | ¹² Well Type Code G | ¹³ Cable/Rotary Pulling Unit | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 4410' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 10,400' | ¹⁸ Formation Morrow | ¹⁹ Contractor Undesignated | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|----------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 48# | 410' In place | 425 sx | Circulate |
| 12 1/4" | 8 5/8" | 24# & 32# | 2489' In place | 1200 sx | Circulate |
| 7 7/8" | 5 1/2" | 17# | TD | 1100 sx | Circulate |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to re-enter this well which was originally drilled by American Quasar Petroleum Company on December 30, 1974, as the Huber State #1. Yates will drill out all old plugs to the original TD of 10,400' run 5 1/2" casing to TD and cement back to the surface. Perforate and stimulate as needed to obtain production in the Morrow and intermediate formations.

MUD PROGRAM: 0-10,400' Cut Brine; Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

KEN BEARDEMPHL

Title:

LANDMAN

Date:

September 10, 1998

Phone:

505-748-4348

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title:

Approval Date:

9-15-98

Expiration Date:

9-15-99

Conditions of Approval:

Attached ☐

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|---|---|
| ¹ API Number 30-015-31444 | ² Pool Code | ³ Pool Name Sitting Bull Falls Morrow |
| ⁴ Property Code | ⁵ Property Name Big Freddy Unit | ⁶ Well Number 1 |
| ⁷ OGRID No. 025575 | ⁸ Operator Name YATES PETROLEUM CORPORATION | ⁹ Elevation 4410' |

¹⁰ Surface Location

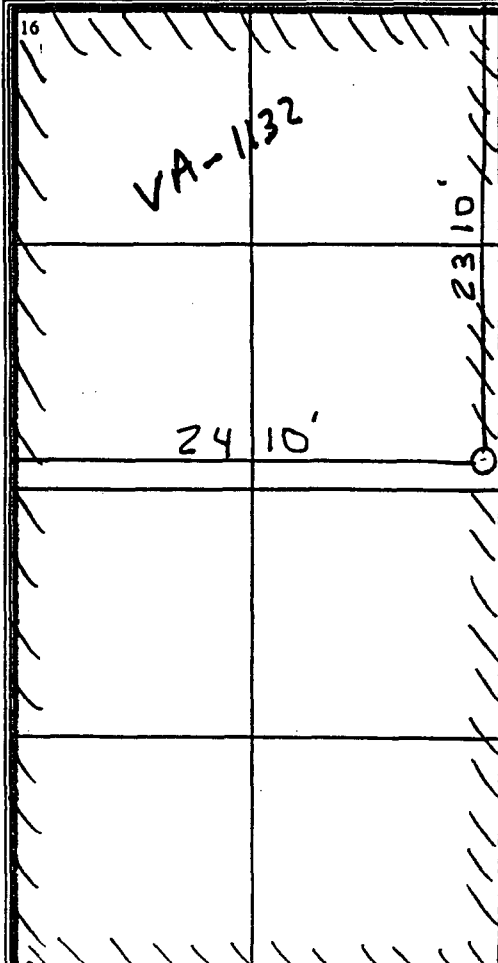
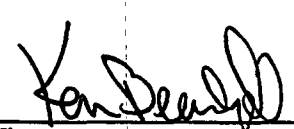
| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|------------------------|------------------------|----------------|
| UL or lot no. F | Section 36 | Township 23S | Range 22E | Lot Idn | Feet from the 2310' | North/South line North | Feet from the 2410' | East/West line West | County Eddy |
|--------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|------------------------|------------------------|----------------|

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|---|--|
| <div><p>16</p></div> | <div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p><p></p><p>Signature Ken Beardemphl</p><p>Printed Name Landman</p><p>Title September 10, 1998</p><p>Date</p></div> <div><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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 belief.</p><p>Date of Survey</p><p>Signature and Seal of Professional Surveyor:</p><p>REFER TO ORIGINAL PLAT.</p><p>Certificate Number</p></div> |
|---|--|

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

NOV - 1 1974

Form C-102
Supersedes C-122
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

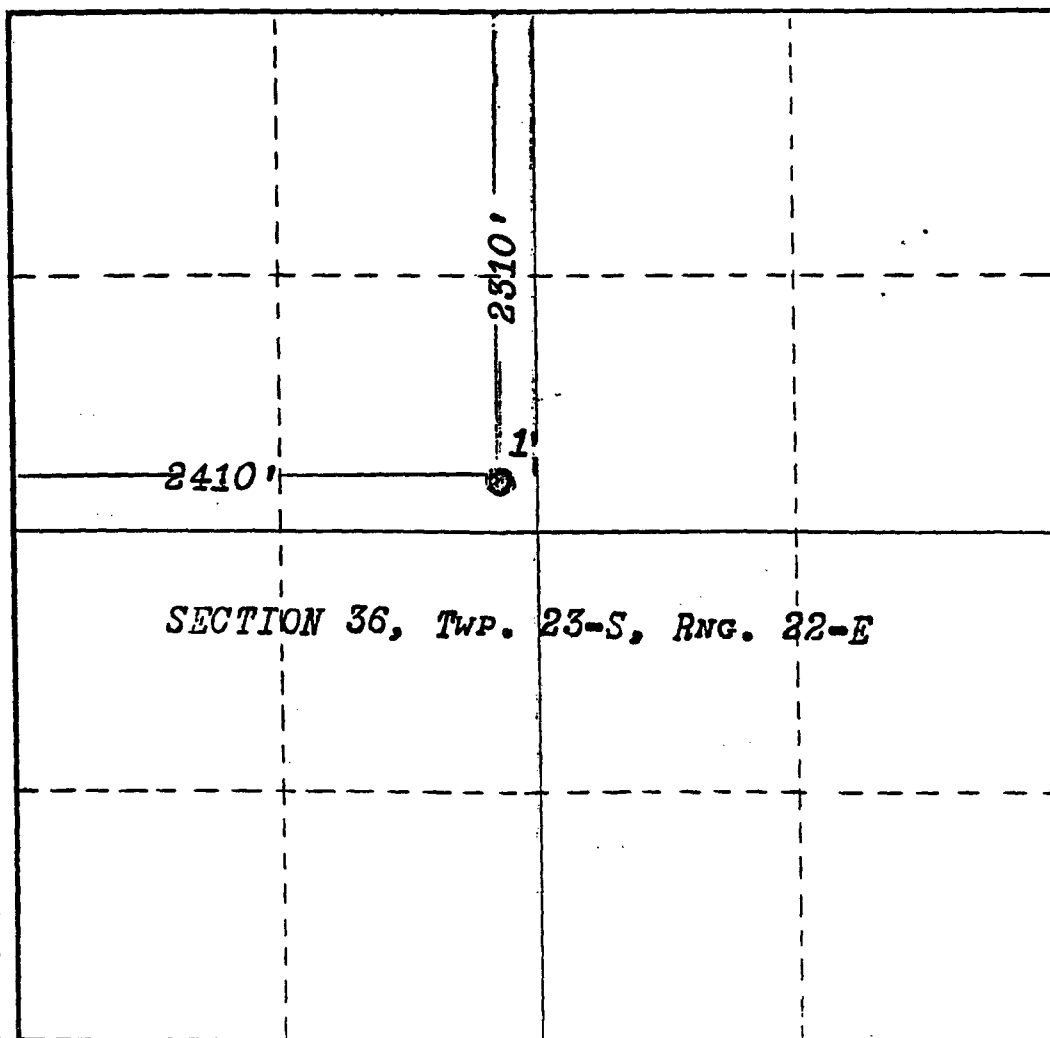
| | | | | | |
|--|--------------------------------------|------------------------|-----------------------------|--|----------------------|
| Operator AMERICAN QUASAR PETROLEUM CO. OF NEW MEXICO | | | Lease Huber State | | Well No. 1 |
| Unit Letter F | Section 36 | Township 23S | Range 22E | County Eddy | |
| Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 2310 feet from the North line and 2410 feet from the West line </div> | | | | | |
| Ground Level Elev. 4410 | Producing Formation Morrow | | Pool Wildcat | 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 **N/A**

If answer is "no," list the owners and tract descriptions which have actually been consolidated: (Use reverse side of this form if necessary.) **N/A**

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.

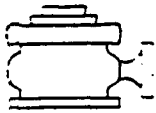
Name **Lynn D. Jones**
Position **Mgr. of Operations**
Company **American Quasar Petroleum Co. of New Mexico**
Date **November 1, 1974**

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

Date Surveyed **Oct. 29, 1974**
Registered Professional Engineer and/or Land Surveyor

Certificate No.

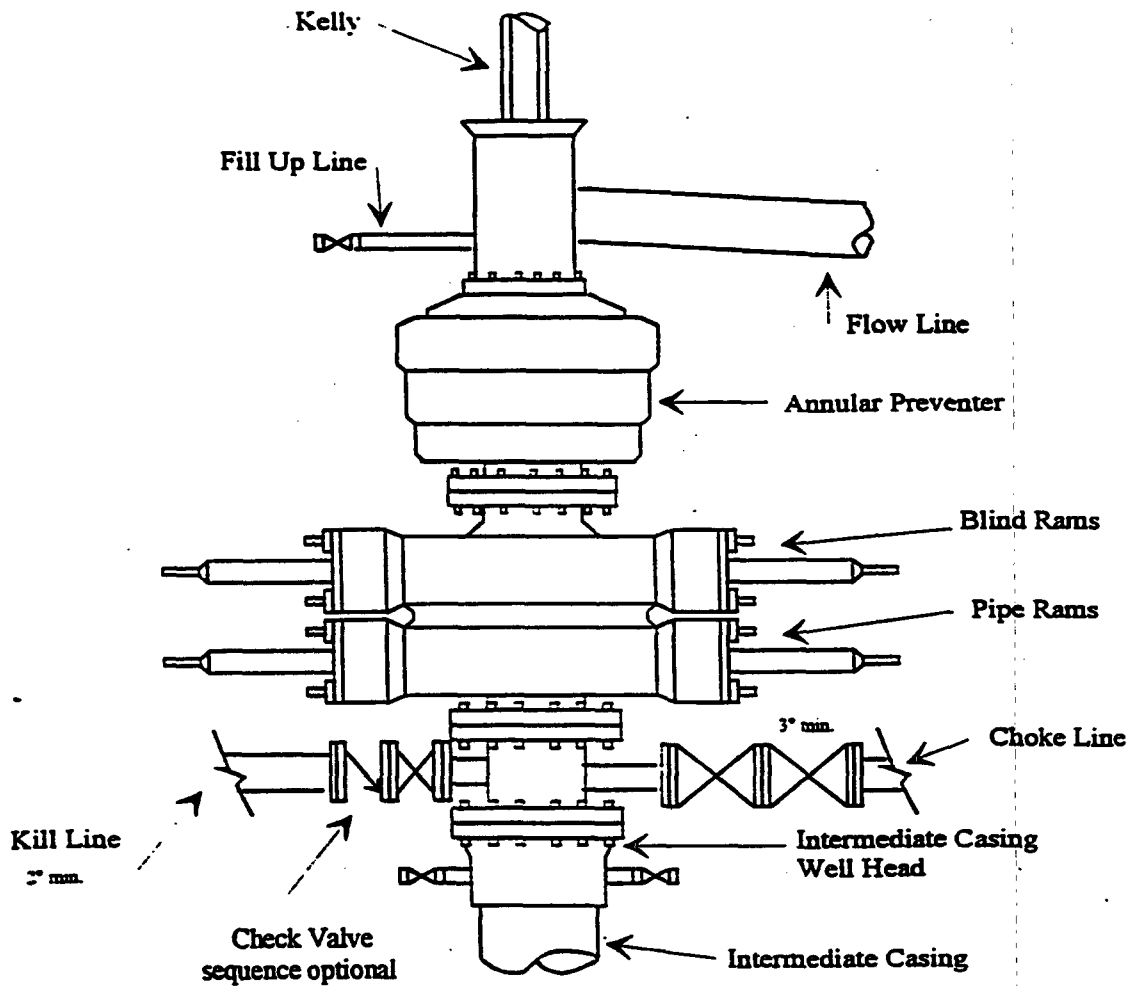
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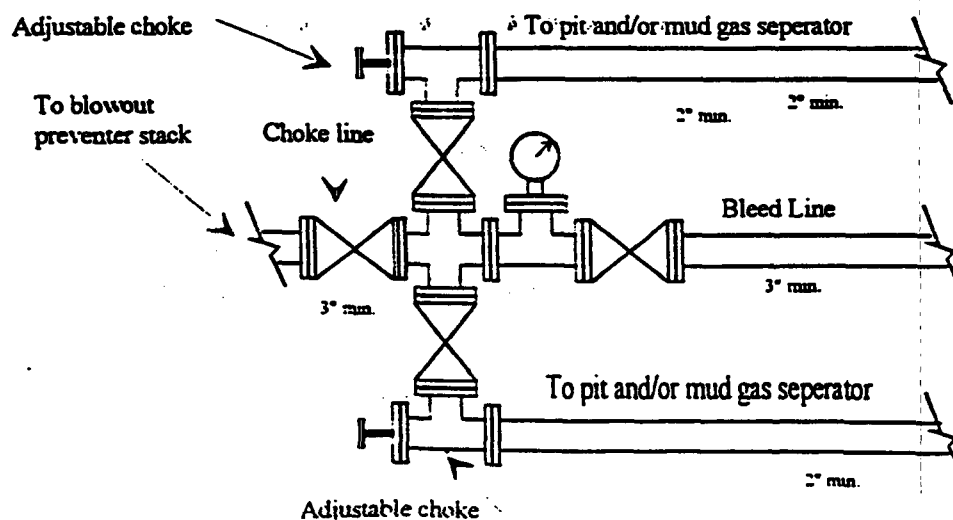
Yates Petroleum Corporation

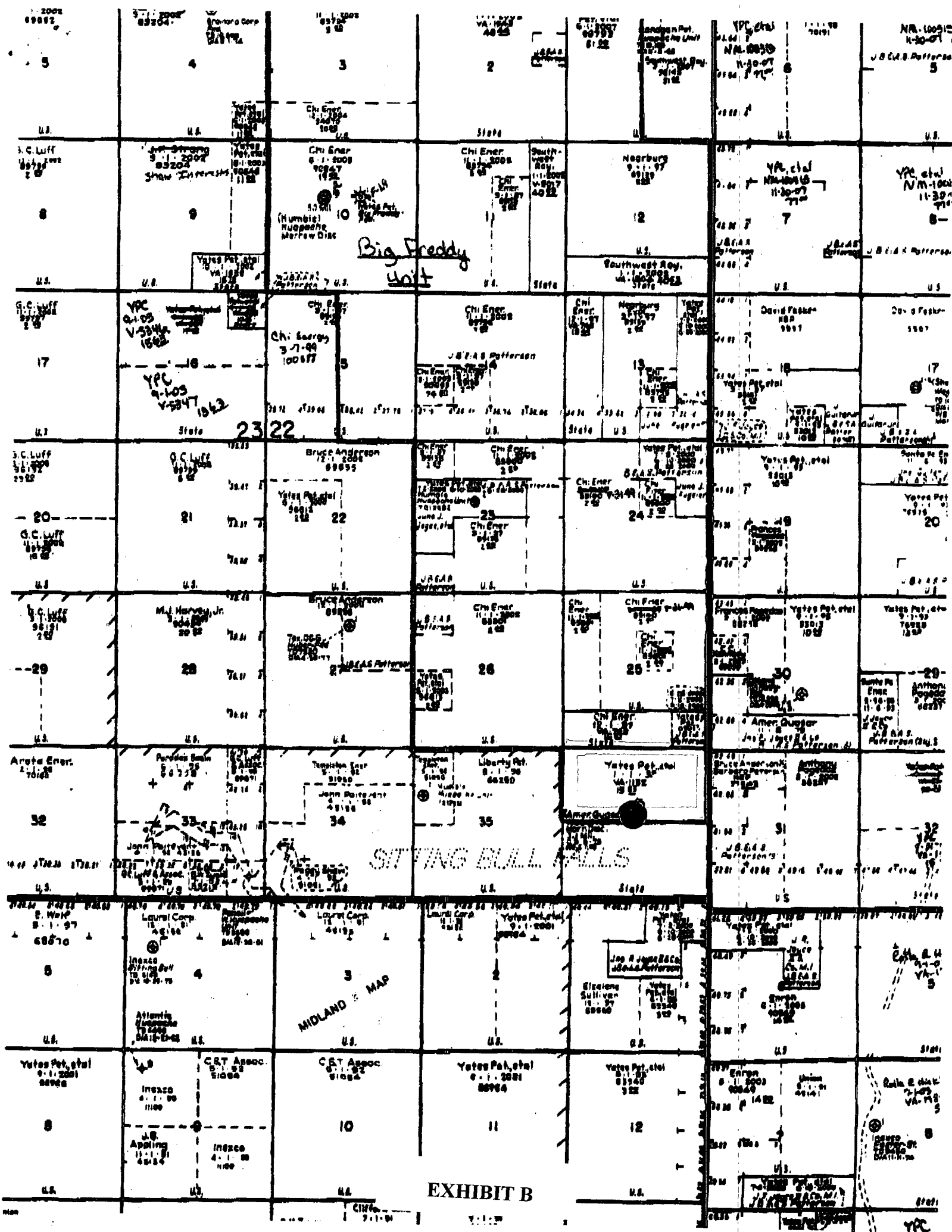
BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features





County Eddy Pool Sitting Bull Falls - Mantaw Gas

Pool Sitting Bull Falls - Morrow Gas

TOWNSHIP 23 South Range 22 East

Range 22 East

NMPM

[illegible]

Description: $\frac{w}{2}$ Sec 36 (R-5131, 1-1-76)

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