

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

January 30, 1989

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER



New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, NM 87501

ATTENTION: Mr. William J. LeMay

RE: Unorthodox location for the Hudson AGD Federal #1 330' FNL & 990' FWL of Section 18-T8S-R25E Chaves County, New Mexico

Dear Sir:

Yates Petroleum Corporation respectfully requests an administrative approval for a proposed unorthodox location as provided for under NMOCD Rule 104F.

Our preferred location for this well was 660' FNL and 990' FWL. Our reason for requesting this non-standard location is that our preferred location fell in a major drainage. We have chosen to drill out non-standard location 330' FNL and 990' FWL. The Bureau of Land Management requested the location be moved to meet their approval.

Enclosed please find a copy of the lease map showing offsetting lease operators, a topographical map of the area and a surveyors plat. Offsetting lease operators have been notified of our intentions by certified mail, via a xerox copy of this letter, along with a waiver stating that they have no objections. A copy of the certifications is enclosed.

Formations we expect to drill through are: San Andres, Glorieta, Yeso and will TD in the Abo.

If you should have any questions concerning this matter, please do not hesitate to call. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Clifton R. May Permit Agent

CRM:rj

Enclosures

HEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-128 Effective 1-45

3640

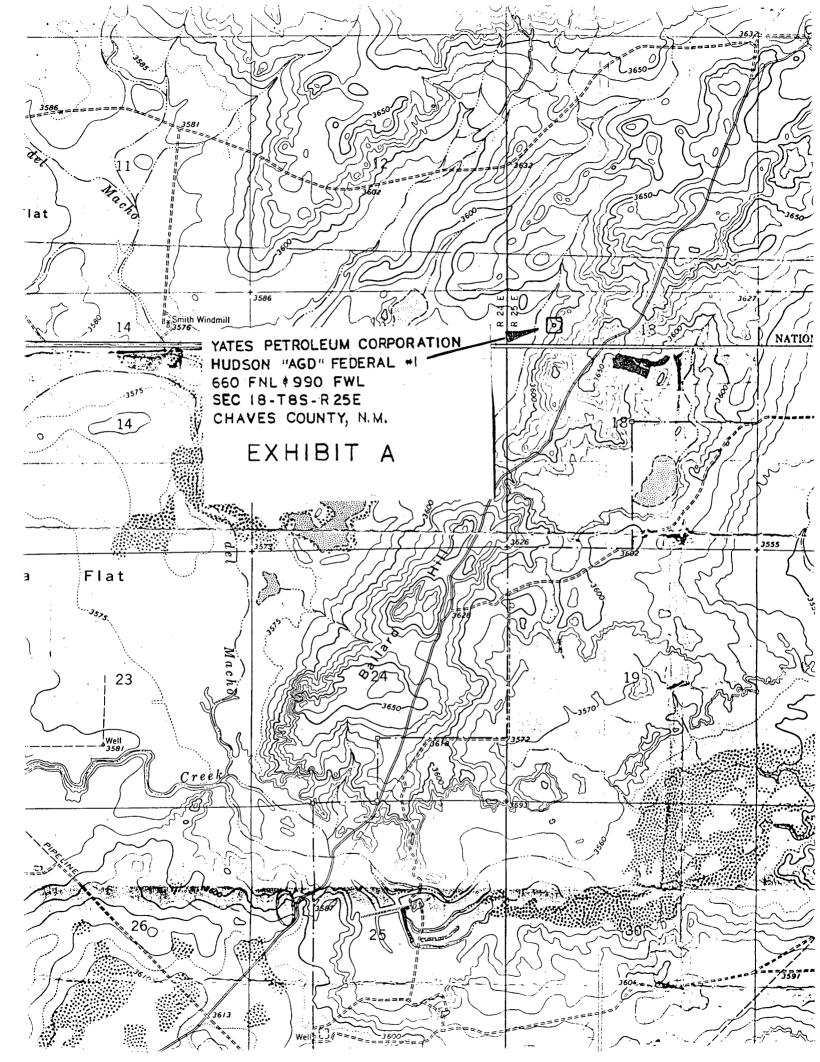
Effective 14-65 All distances must be from the outer boundaries of the Section. Well No. PETROLEUM CORPORATION HUDSON "AGD" Federal Township S South 25 East 18 Chaves Actual Footage Location of Wells 660 West North feet from the feet from the Ground Level Elev. Producing Formation Dedicated Acreage: 3593.2 Acres 1. Outline the acreage dedicated to the aubject well by colored pencil or hachure 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? If answer is "yes," type of consolidation _ Yes 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. 20.08 CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. 38116 Nome Position Company 38.26 I heraby certify that the well location wn on this plat was plotted from field notes of actual surveys made by me or true and correct to the best of my Date Surveyed January 15, 1989 38.44 Registered Professional Engineer

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TREASURER

January 30, 1989

RE: Unorthodox location for the Hudson AGD Federal #1 330' FNL & 990' FWL of Section 18-T8S-R25E Chaves County, New Mexico

Please sign and return one (1) copy to Yates Petroleum Corporation, 105 South Fourth Street, Artesia, NM 88210, to the attention of Rusty Jernigan, and one (1) copy to Mr. William J. LeMay, Secretary-Director, New Mexico Oil Conservation, P. O. Box 2088, Santa Fe, NM 87501, if you have no objections to the proposed unorthodox Abo location listed above. A xerox copy of a letter to Mr. William J. LeMay, Secretary-Director of the New Mexico Oil Conservation Division is attached to tell you of our intentions.

WAIVER

As an offset operator, Marathon Oil Company, has no objection to the unorthodox

Date

Abo location for the well listed above.

Signature
J. F. Strong
Attorney-in-Fact
Title
March 8, 1989

GANTA FE



105 SOUTH FOURTH STREET

ARTESIA, NEW MEXICO 88210

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WAIVER

As an offset operator, Marsh Operating Company, has no objection to the unorthodox Abo location for the well listed above.

Signature

Title

Date



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WAIVER

As an offset operator, McClellan Oil Corporation, has no objection to the unorthodox Abo location for the well listed above.

Monh M: CleClan
Signature

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Title

2/3/89
Date

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January 30, 1989

RE: Unorthodox location for the Hudson AGD Federal #1 330' FNL & 990' FWL of Section 18-T85-R25E Chaves County, New Mexico

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WAIVER

As an offset operator, H. L. Spearman, has no objection to the unorthodox Abo location for the well listed above.

| Signature | | | |
|-----------|---------------|---------------------------------------|------|
| Title | | · · · · · · · · · · · · · · · · · · · | |
| Date | - | | |

OFFSET OPERATORS

Hudson AGD Federal #1
 Section 18-T8S-R25E
Chaves County, New Mexico

McClellan Oil Corporation
P. O. Drawer 730
Roswell, NM 88201
Mr. Jack McClellan

H. L. Spearman 40 Inverness Drive East Suite 80 Englewood, CO 80112 Marathon Oil Company Box 552 Midland, TX 79702 Mr. Steve Daniels

Marsh Operating Company P. O. Box 1746
Amarillo, TX 79105-1746
Land Department

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse)

| | (555 / 16.6.00) | |
|-------------------|--|---------|
| 505 | Sent to McClellan Oil Corpo | oration |
| S 2 1 | Street and No. P. O. Drawer 730 | |
| UN C.P.O. 183 566 | P.O. State and ZIP Code Roswell, NM 88201 | |
| .a.; | MrageJack McClellan | S · |
| į | Certified Fee | |
| 1 | Special Delivery Fee | |
| | Restricted Delivery Fee | |
| | Return Receipt showing to whom and Date Delivered | |
| | Return Receipt showing to whom. Date, and Address of Delivery | |
| , | TOTAL Postage and Fees | S |
| PS Form 3800. | Postmark or Date January 31, 1989 Unortho for Hudson | |

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

| U.S.G.F.O. 153-566 | Sent to Marathon Oil Compa Street and No. | ny |
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| o. | Box 552 | |
| S.G. 5 | Midland, TX 79702 | |
| ŝ | Mode Steve Daniels | \$ |
| | Certified Fee | |
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| in the | Return Receipt showing to whom and Date Delivered | |
| June 1985 | Return Receipt showing to whom. Date, and Address of Delivery | |
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| Form 3800, | Postmark or Date | |
| | January 31, 1989 Unortho for Hudson | ļ |
| PS For | Unortho for Hudson | |

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL (See Reverse)

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RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
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| Ü | Amarillo, TX 7910 | 5-1746 | | | | | | | |
| 77 | FLand Department | \$ | | | | | | | |
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| PS Form 3800, | Postmark or Date January 31, 1989 Unortho for Hudson | | | | | | | | |

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL (See Reverse)

| D.S.G.P.O. 153:506 | Sent to New Mexico Oil Cons | ervation |
|------------------------|---|----------|
| | Street and No. P. O. Box 2088 | |
| 7 d. 9 | P.O. State and ZIP Code Santa Fe, NM 87501 | |
| 73 | MrsagWilliam J. LeMa | λ |
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| S Form 3800, June 1985 | Unortho for Hudson | |
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P.O. Box 552 Midland, Texas 79702 Telephone 915/682-1626

March 9, 1989

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

Attention: Mr. Rusty Jernigan

Re: Yates Petroleum's Request for Approval of Unorthodox Drilling Location

Our Lease NM-4040 - U.S. NM-16316

Yates' Hudson "AGD" Federal #1

Our Bitter Lake Area Chaves County, New Mexico

Gentlemen:

Enclosed for your further handling please find one (1) original Marathon executed Waiver Letter dated January 30, 1989, which evidences Marathon's approval to Yates Petroleum's unorthodox Abo location of 330' FNL and 990' FWL of Section 18, T-8-S, R-25-E, Chaves County, New Mexico.

Please advise should you require further information.

Very truly yours,

MARATHON OIL COMPANY

Steve Daniels

Landman

SMD/mts Attachment

cc: Mr. J. C. Searcy, Jr. (w/ copy of Waiver Letter)
 New Mexico Oil Conservation Division

P. O. Box 2088

Santa Fe, New Mexico 87501

Attention: Mr. William J. LeMay

(w/ original Waiver Letter)

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