

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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

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

January 30, 1989



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.

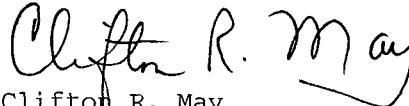
Enclosed please find a copy of the lease map showing offsetting lease operators, a topographical map of the area and a surveyors plat. Offsetting lease operators have been notified of our intentions by certified mail, via a xerox copy of this letter, along with a waiver stating that they have no objections.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

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

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

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

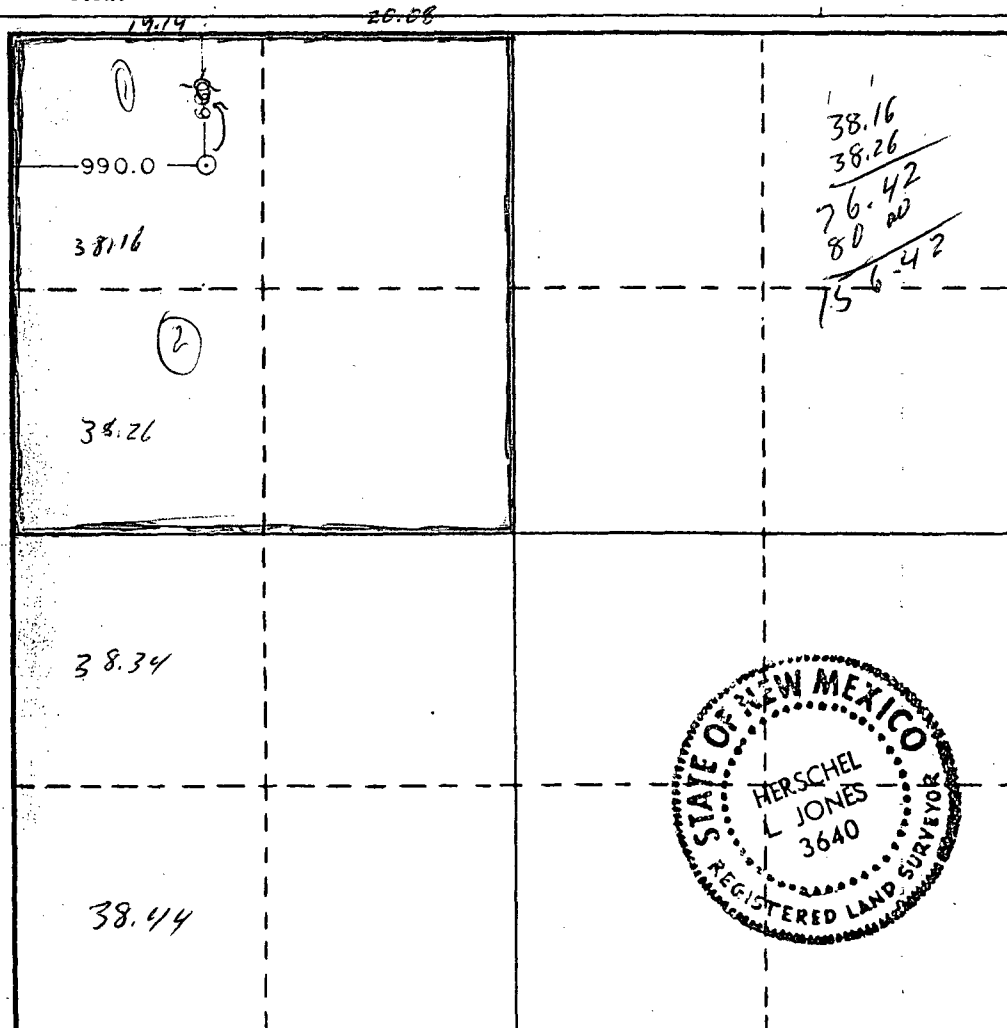
Operator YATES PETROLEUM CORPORATION			Lease HUDSON "AGD" Federal		Well No. 1
Unit Letter "D"	Section 19	Township 3 South	Range 25 East	County Chaves	
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 660 feet from the North line and 990 feet from the West line </div>					
Ground Level Elev. 3593.2	Producing Formation		Pool		Dedicated Acreage: Acres

1. Outline the acreage dedicated to the subject 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?

☐ 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 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 _____

Position _____

Company _____

Date _____

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.

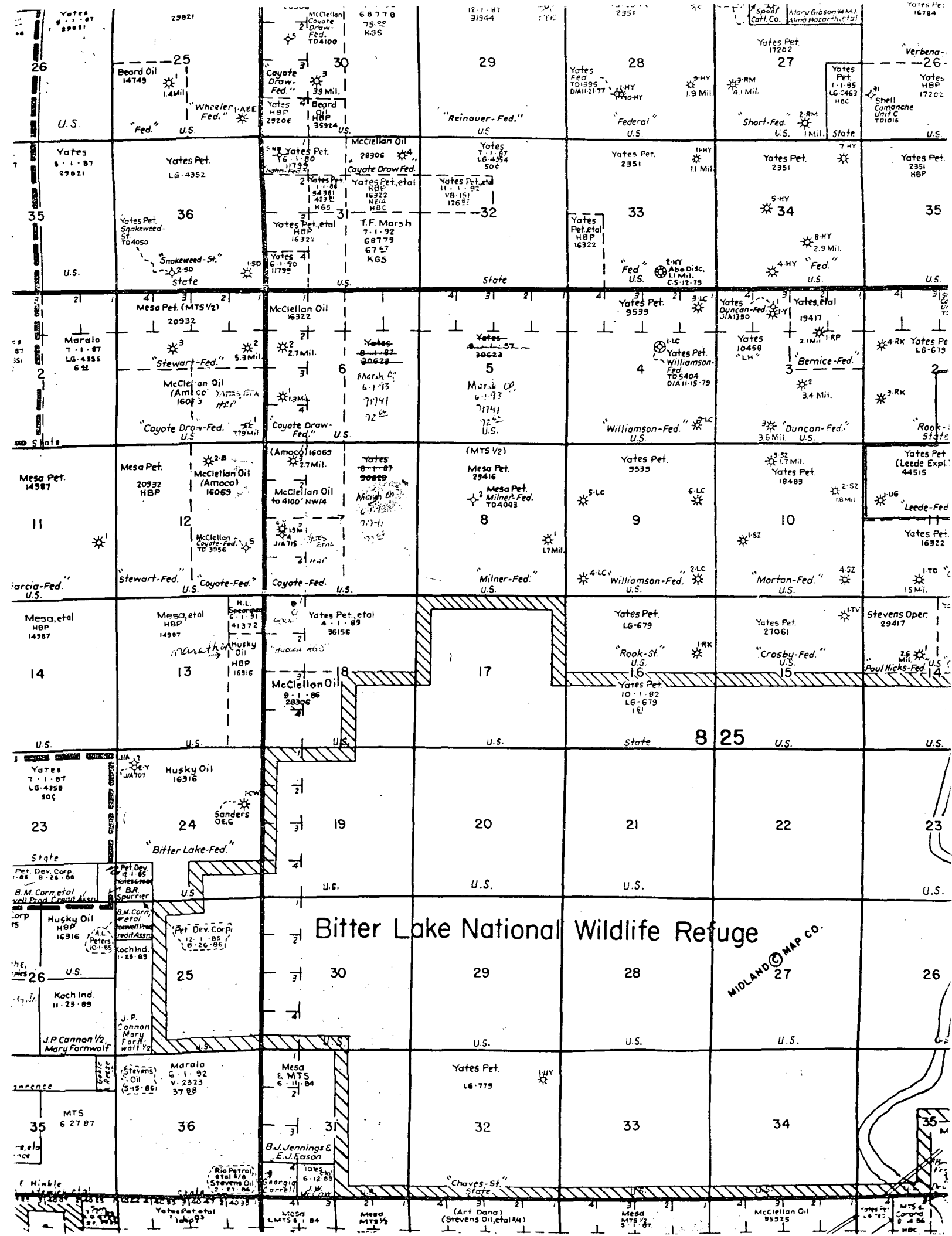
Date Surveyed _____

January 15, 1989

Registered Professional Engineer and/or Land Surveyor

Certificate No. _____

3640



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January 30, 1989

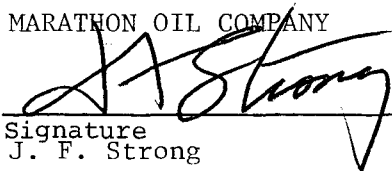
RE: Unorthodox location for the
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330' FNL & 990' FWL of
Section 18-T8S-R25E
Chaves County, New Mexico

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.

W A I V E R

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

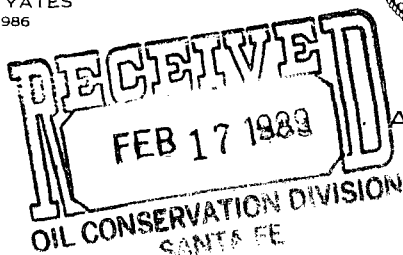
MARATHON OIL COMPANY


Signature
J. F. Strong

Attorney-in-Fact
Title

March 8, 1989
Date

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W A I V E R

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

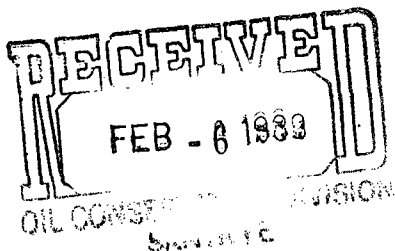
Dallin D. Chis
Signature
Attorney-in-fact
Title
2/14/89
Date

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W A I V E R

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

Mark McClellan
Signature

Geologist
Title

2/3/89
Date

County Chaves Pool Pecos Slope-Abo Gas

TOWNSHIP 8 South Range 25 East NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

EXT: All sec's 1 thru 12, $\frac{N}{2}$ sec 13, $\frac{N}{2}$ sec 14, $\frac{N}{2}$ sec 15, $\frac{N}{2}$ sec 16
(R-6994, 5-28-82)

EXT: Sec: 13 $\frac{S}{2}$ (R-7048, 8-9-82)

Delete $\frac{SW}{4}$ Sec. 13 (R-7193, 1-26-83)

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W A I V E R

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

Marathon Oil Company
Box 552
Midland, TX 79702
Mr. Steve Daniels

H. L. Spearman
40 Inverness Drive East
Suite 80
Englewood, CO 80112

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

P-564 128 940
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

U.S. G.P.O. 1975 500
 PS Form 3800

Sent to McClellan Oil Corporation	
Street and No. P. O. Drawer 730	
P.O., State and ZIP Code Roswell, NM 88201	
Mr. Jack McClellan	
Certified Fee	
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	\$
Postmark or Date January 31, 1989 Unorthotho for Hudson	

P-564 128 941

RECEIPT FOR CERTIFIED MAIL

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

U.S.G.P.O. 153-506

Sent to	Marathon Oil Company
Street and No.	Box 552
P.O., State and ZIP Code	Midland, TX 79702
Pay to the order of	Steve Daniels \$
Certified Fee	
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	\$
Postmark or Date	January 31, 1989 Unorthotho for Hudson

PS Form 3800, June 1985

P-564 128 942

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 153-506

Sent to	
H. L. Spearman	
Street and No.	
40 Inverness Drive East	
Suite 80	
P.O., State and ZIP Code	
Englewood, CO 80112	
Postage	\$
Certified Fee	
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	\$
Postmark or Date	
January 31, 1989	
Unortho for Hudson	

PS Form 3800, June 1985

P-564 128 943

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Jan 1985

Sent to Marsh Operating Company	
Street and No. P. O. Box 1746	
P.O. State and ZIP Code Amarillo, TX 79105-1746	
Land Department	\$
Certified Fee	
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	\$
Postmark or Date January 31, 1989 Unorthotho for Hudson	

P-564 128 944

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 153-506

PS Form 3800, June 1985

Sent to	
New Mexico Oil Conservation	
Street and No.	
P. O. Box 2088	
P.O. State and ZIP Code	
Santa Fe, NM 87501	
Message	
Mr. William J. LeMay	
Certified Fee	
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	5
Postmark or Date	
January 31, 1989	
Unorthotho for Hudson	



**Marathon
Oil Company**

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.

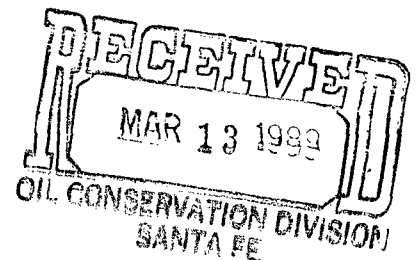
Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script, appearing to read 'Steve Daniels'.

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)