

12/3/07 DATE IN	SUSPENSE	Brooks ENGINEER	12/4/07 LOGGED IN	NSL TYPE	PKV0733830950 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



Yates Petroleum Corporation
Shinnery AZG State #21

NSL 5722-A

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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 12-3-07
Print or Type Name Signature Title Date
omundsdry@hollandhart.com
e-mail Address

RECEIVED
2007 DEC 3 PM 2:30

Amm
TO
ABO

December 3, 2007

HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

UNDERS East Line - ABO
UNDERS SE Line - ABO

Re: Application of Yates Petroleum Corporation, to amend Administrative Order NSL-5722 to include the Abo formation for its Shinnery AZG State Well No. 2Y, located 1650 feet from the North line and 1630 feet from the West line of Section 9, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation ("Yates") hereby seeks an amendment to Administrative Order NSL-5722, dated November 27, 2007, to include the Abo formation for its Shinnery AZG State Well No. 2Y, located 1650 feet from the North line and 1630 feet from the West line of Section 9, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

This location is unorthodox because it is governed by the Division's Statewide Rules and Regulations which provide for wells on 40-acre spacing to be located no closer than 330 feet to any boundary of the quarter-quarter section on which the well is located. The proposed location is unorthodox because it is only 310 feet from the western boundary.

This well is currently approved at an unorthodox oil well location for the Wolfcamp formation. A standard 40-acre spacing and proration unit comprised of the SE/4 NW/4 of Section 9 will be dedicated to the well. Yates requests permission to complete the well in the Abo formation. Yates originally sought this non-standard location as a replacement well to the Shinnery AZG State Well No. 2. Attached is Administrative Order NSL-5722 for your reference.

Exhibit A is the updated C-102 which shows the proposed unorthodox well location.



Yates owns 100% of the working interest in this W/2 spacing unit. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enclosures

cc: Robert Bullock
OCD - Hobbs

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-025-38573	² Pool Code 36676	³ Pool Name Lane; Abo, Southeast
⁴ Property Code 28883	⁵ Property Name Shinnery AZG State	⁶ Well Number 2Y
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 4246' GR

¹⁰ Surface Location

UL or lot no F	Section 9	Township 10S	Range 34E	Lot 1dn F	Feet from the 1650	North/South line North	Feet from the 1630	East/West line West	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

16	1630' W	1650' N	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>[Signature]</i> 11-28-07 Signature Date Storm Davis Printed Name
			¹⁸ 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 belief. Date of Survey Signature and Seal of Professional Surveyor Certificate Number

EXHIBIT

A



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Festire, P.E.

Director

Oil Conservation Division

November 27, 2007

Administrative Order NSL-5722

Yates Petroleum Corporation
C/o Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208

Attention: Ms. Ocean Munds-Dry, Esq.

Shinnery AZG State Well No. 2Y (API No. 30-075-38573)

Vertical Well: 1650' FNL, 1630' FWL, Unit F (NON-STANDARD)
Section 9 T10S, R34E, NMPM, Lea County, New Mexico
40 Acre, Unit F of Section 9 Oil Spacing and Proration Unit (First Well)
Wildcat-Wolfcamp Oil Pool (96794)

Reference is made to: Yates Petroleum Corporation's ("Yates") application for a non-standard well location (*administrative application reference No. pKVR0729952086*) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 24, 2007; and the Division's records pertinent to Yates's request.

Yates requests authority to drill this oil well to test the Wolfcamp formation at a non-standard location 310 feet from the western boundary of the proration unit. This well will be dedicated to Unit F of Section 9 and will be the first Wolfcamp oil well in this unit.

This well location was chosen after the original, standard location was abandoned after a casing collapse. Drilling this well on the same well-pad will prevent environmental damage and prevent waste.

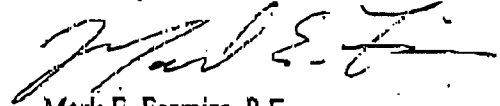
It is our understanding that Yates has notified the operator of the affected spacing unit to the west and no objection has been received.

Oil Conservation Division • 1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone: (505) 476-3440 • Fax (505) 476-3462 • <http://www.emnrd.state.nm.us>

Administrative Order NSL-5722
Yates Petroleum Corporation
November 27, 2007
Page 2 of 2

Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox location for the Wildcat-Wolfcamp Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/wvjj

cc: New Mexico Oil Conservation Division - Hobbs
State Land Office - Oil, Gas, and Minerals Division