

DATE IN 11/4/08	SUSPENSE	ENGINEER Brooks	LOGGED IN 11/4/08	TYPE NSL	APP NO. PKUR0800456141
--------------------	----------	--------------------	----------------------	-------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Vates Petroleum Corp.
Reamba
BKM #1
5774

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.

WILMER M. BRIGGS Wilmer M Briggs Associate Landman 11/7/2007

Print or Type Name

Signature

Title

Date

e-mail Address

RECEIVED
2008 JAN 4 PM 2 43

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, 2007

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, Chaves 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 and all gas production for its proposed Roomba "BKM" #1 well to be drilled at an unorthodox gas well location of 430 feet from the East line and 500 feet from the South line (Unit P) of Section 17, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico and to be dedicated to a S/2 spacing unit for all formations that require a 320 acre spacing unit and the SE/4 for all formations that require a 160 acre spacing unit, and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject proposed well and is a working interest owner in the S/2 of Section 17, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico (See Exhibit A & B enclosed)
- 2) Yates proposes to drill its Roomba "BKM" #1 at an unorthodox gas well location of 430 feet from the East line and 500 feet from the South line (Unit P) of Section 17, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico. (See Exhibit A enclosed)
- 3) The subject well is to be drilled at an unorthodox location because the geology of the area indicates we need to be structurally higher for the Siluro-Devonian dolomite as explained in Exhibit C. Also enclosed to explain the geology is a Cross Section map (Exhibit D) and a Seismic Time Structure map (Exhibit E) provided by our geological department.
- 4) In the event the Siluro-Devonian is not capable of commercial production in this well, then Yates intends to test viable formations up the hole, including the Wolfcamp formation and the Abo formation which will also be at an unorthodox well location.

- 5) The lease on which the well will be drilled encompasses the south half of Section 17, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico.
- 6) The spacing units that will be encroached by placement of the well at 430 feet from the East line and 500 feet from the South line will include:
 - a. the W/2 spacing Section 16, Township 10 South - Range 26 East which contains State Leases VA-2061 & VA-2072 and the Carddeck State Com #1 well,
 - b. all of Section 20, Township 10 South - Range 26 East which contains State Lease LG-338 and the Eureka State #1 well. Section 20 has the same working interest owners throughout the section,
 - c. the W/2 spacing Section 21, Township 10 South - Range 26 East which contains Federal Leases NM-108965 & NM-90864 and the Kirby Fed Com #1 well.
- 7) As required by Rule 19.15.3.104.D.(2)(c), the affected persons are identified in Exhibit B.
- 8) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibits A & B)

Wherefore, Yates Petroleum Corporation requests simultaneously while all affected persons are notified that this matter be approved administratively by the Division.

Respectfully submitted,

YATES PETROLEUM CORPORATION



W. "Lucky" Briggs
Associate Landman

Enclosure

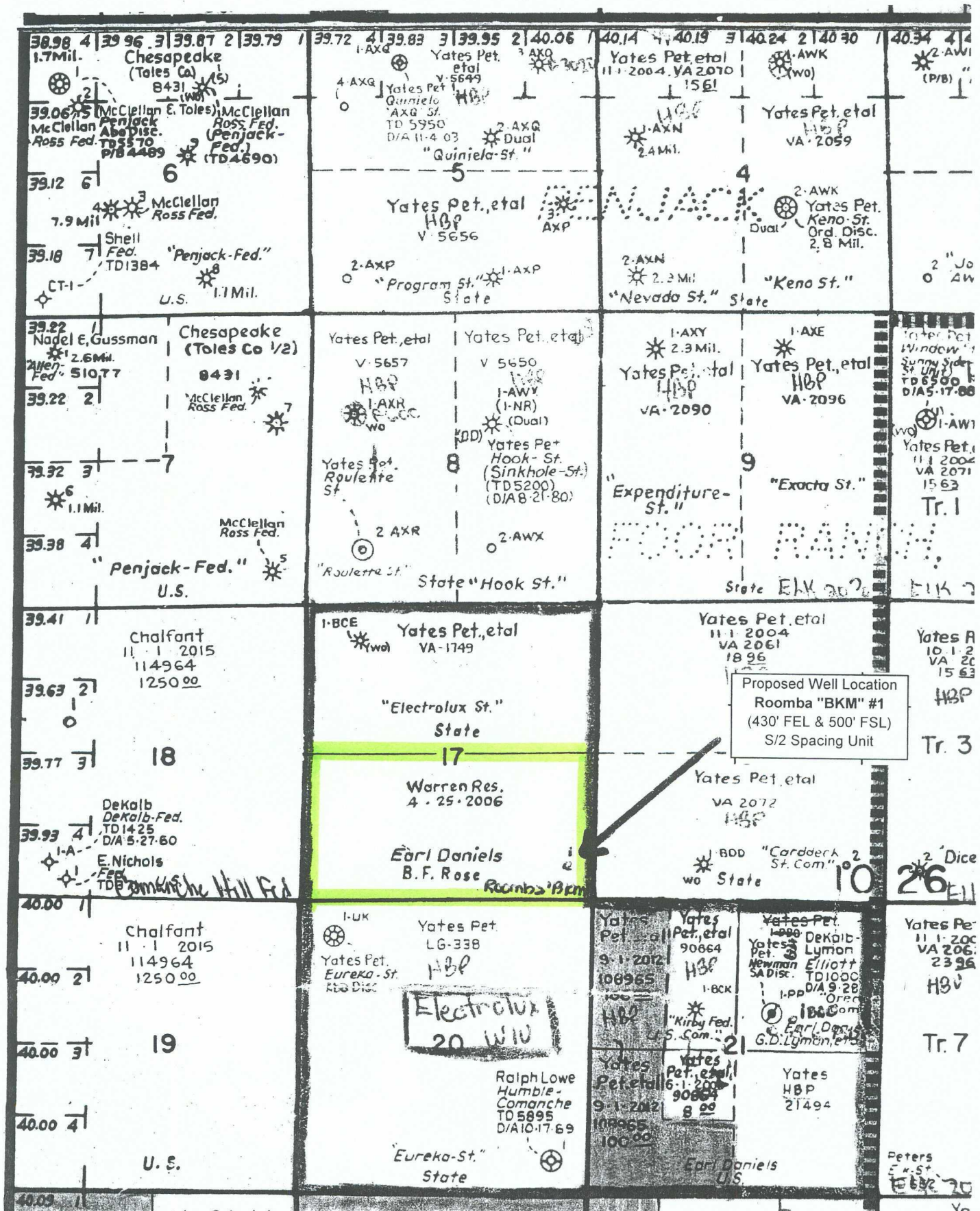
Exhibit A

Plat

Roomba "BKM" #1

(Township 10S-Range 26E-Section 17)

Chaves County, NM



**Exhibit B
Affected Parties**

**Roomba "BKM" #1
(Township 10S-Range 26E-Section 17)
Chaves County, NM**

T10S-R26E-Sec 17: S/2 (Proposed Well Spacing Unit)

Lease # Working Interest Owners

State of New Mexico Lease	VA-2061	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation Warren Resources, Inc.	Operator
---------------------------	---------	---	----------

T10S-R26E-Sec 16: W/2

State of New Mexico Lease	VA-2061	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation	Operator
---------------------------	---------	---	----------

State of New Mexico Lease	VA-2072	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation	Operator
---------------------------	---------	---	----------

T10S-R26E-Sec 20: All

State of New Mexico Lease	LG-0338	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation Warren Resources, Inc.	Operator
---------------------------	---------	---	----------

T10S-R26E-Sec 21: W/2

BLM Lease	NM 108965	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation Warren Resources, Inc.	Operator
-----------	-----------	---	----------

BLM Lease	NM 90864	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation Warren Resources, Inc.	Operator
-----------	----------	---	----------

**Exhibit B
Affected Parties**

**Roomba "BKM" #1
(Township 10S-Range 26E-Section 17)
Chaves County, NM**

Affected Party Addresses:

Warren Resources, Inc
123 West 1st Street, Suite 505
Casper, WY 82601

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210-2118

Myco Industries, Inc.
105 South Fourth Street
Artesia, NM 88210-2118

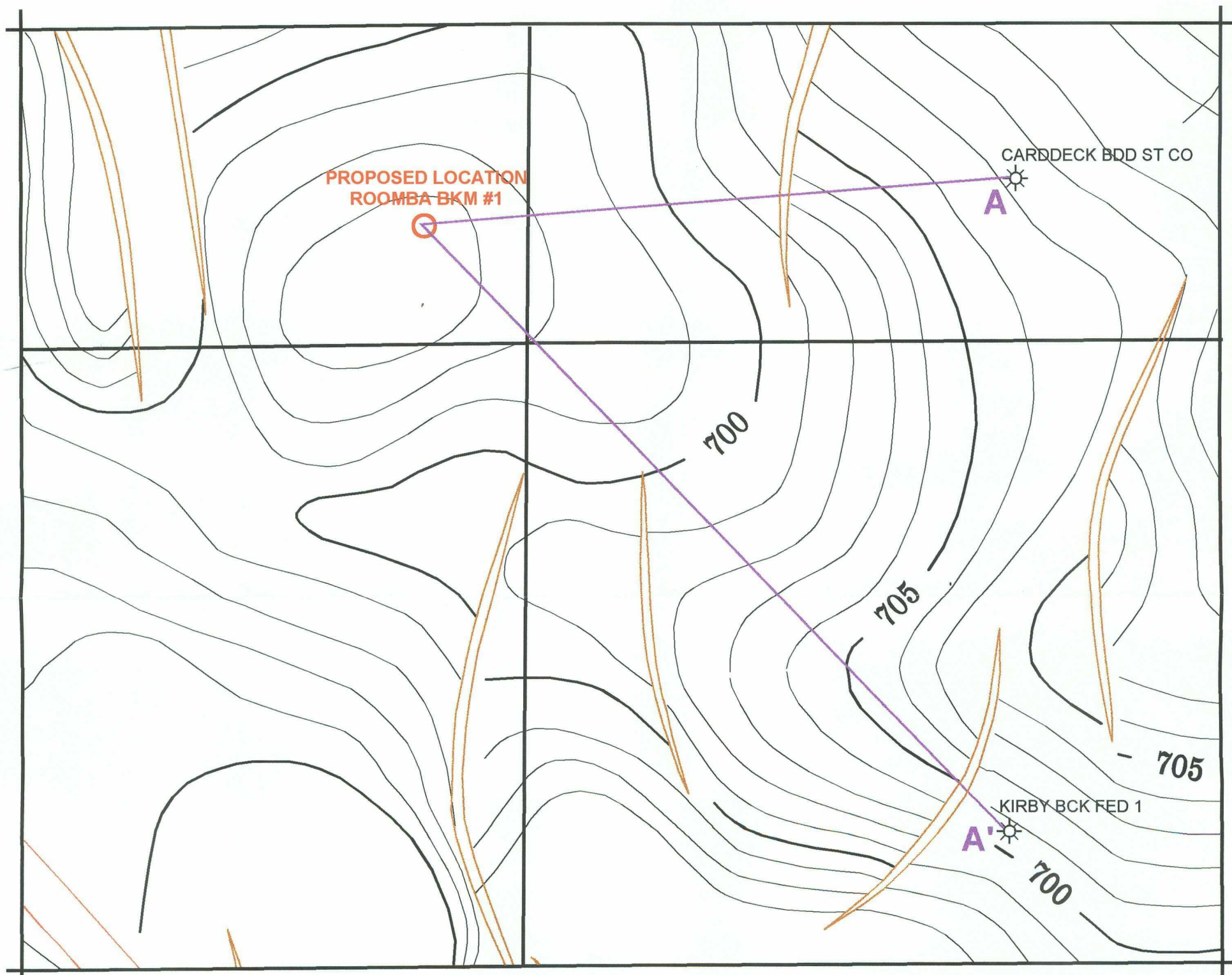
Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

ROOMBA BKM #1
500 FSL & 430 FEL
17-10S-26E
CHAVES COUNTY, NEW MEXICO

Yates Petroleum Corporation proposes an unorthodox location in 17-10S-26E at 500 FSL & 430 FEL for the Roomba BKM #1. The Roomba BKM #1 will be drilled to a total depth of 6,000 feet into the Siluro-Devonian dolomite. This unorthodox location shown on the Siluro-Devonian Time Seismic Structure Map is structurally the highest possible position to encounter hydrocarbon production in the Siluro-Devonian dolomite.

Being structurally high for the Siluro-Devonian dolomite is advantageous for good hydrocarbon production. As shown on the A-A' Cross-Section the two other wells that produce from this formation are the Carddeck BDD State #1 and the Kirby BCK Federal #1. The Carddeck #1 has produced only 127 MMCF from January 2004 through September 2007 while the Kirby BCK Federal #1 has produced 1.6 BCF from September 2003 through September 2007. As shown on the cross-section and the seismic time structure map the Carddeck is structurally lower than the Kirby #1 and the proposed Roomba #1. A well proposed on a structural high in the Siluro-Devonian dolomite furthers the chances of the location encountering fractures that would enhance porosity and permeability and also enables the proposed well to have less chance of encountering water.

Yates Petroleum Corporation believes that by positioning the Roomba BKM #1 at an unorthodox location of 500 FSL & 430 FEL will enable this proposed well to have the best chance of encountering good Siluro-Devonian dolomite hydrocarbon production facilitated by intersecting possible fractures that could enhance porosity and permeability and be water free. This location is also structurally higher than the Kirby BCK Federal #1. The Kirby #1 is on a structurally higher location which has caused this well to accumulate 1.6 BCF of gas in four years. The Roomba BKM #1 has the possibility of better cumulative production in that amount of time by the fact of a structurally higher location.



Siluro-Devonian Time Map

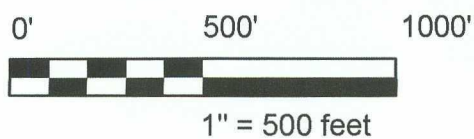


Exhibit "E"



ROOMBA PROPOSED LOCATION
T-10S R-26E Sec. 17
CHAVES CO, NEW MEXICO

Author: RICHARD CONLEY	Scale: 1" = 500'	Date: 17 October, 2007
	C.I. = 1 ms	File: Roomba Proposed Loc.dsf