

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



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

OIL CONSERVATION DIVISION
RECEIVED

93 AUG 20 AM 9 22

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

August 19, 1993

Mr. William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy, Minerals, and Natural Resources
P.O. Box 2088
Santa Fe, NM 87504

Dear Mr. LeMay:

Yates Petroleum Corporation respectfully requests your administrative approval of an unorthodox location for recompletion to the Wolfcamp formation as authorized by New Mexico Oil Conservation Division Rule 104-F-(1) in the following well:

Hanlad AKZ State #1
Unit M, Sec 13-T8S-R27E
Chaves County, New Mexico

The subject well was originally approved as an unorthodox gas well in the Pennsylvanian formation by NMOCD Order No. R-7065.

We are sending a copy of this application to each direct offset operator to fulfill the requirement of notification.

Should you need additional information, please call me at (505)748-1471.

Sincerely,

Darrick Stallings
Petroleum Engineer

DS/sj

Enclosures

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

AUG 25 1982

O. C. D.
ARTESIA OFFICE

CASE NO. 7654
Order No. R-7065

APPLICATION OF RAULT PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS
WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 24th day of August, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Rault Petroleum Corporation, seeks approval of an unorthodox Pennsylvanian gas well location 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 7 East, NMPM, Chaves County, New Mexico.

(3) That said well was originally projected to the Abo formation at a standard location, but on being non-productive in said formation, was deepened to the Pennsylvanian formation, wherein commercial production was encountered.

(4) That the S/2 of said Section 13 is to be dedicated to the well.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

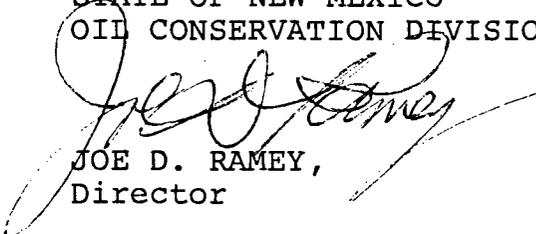
(1) That the application of Rault Petroleum Corporation for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well located at a point 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County, New Mexico.

(2) That the S/2 of said Section 13 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

All dimensions must be from the outer boundaries of the Section

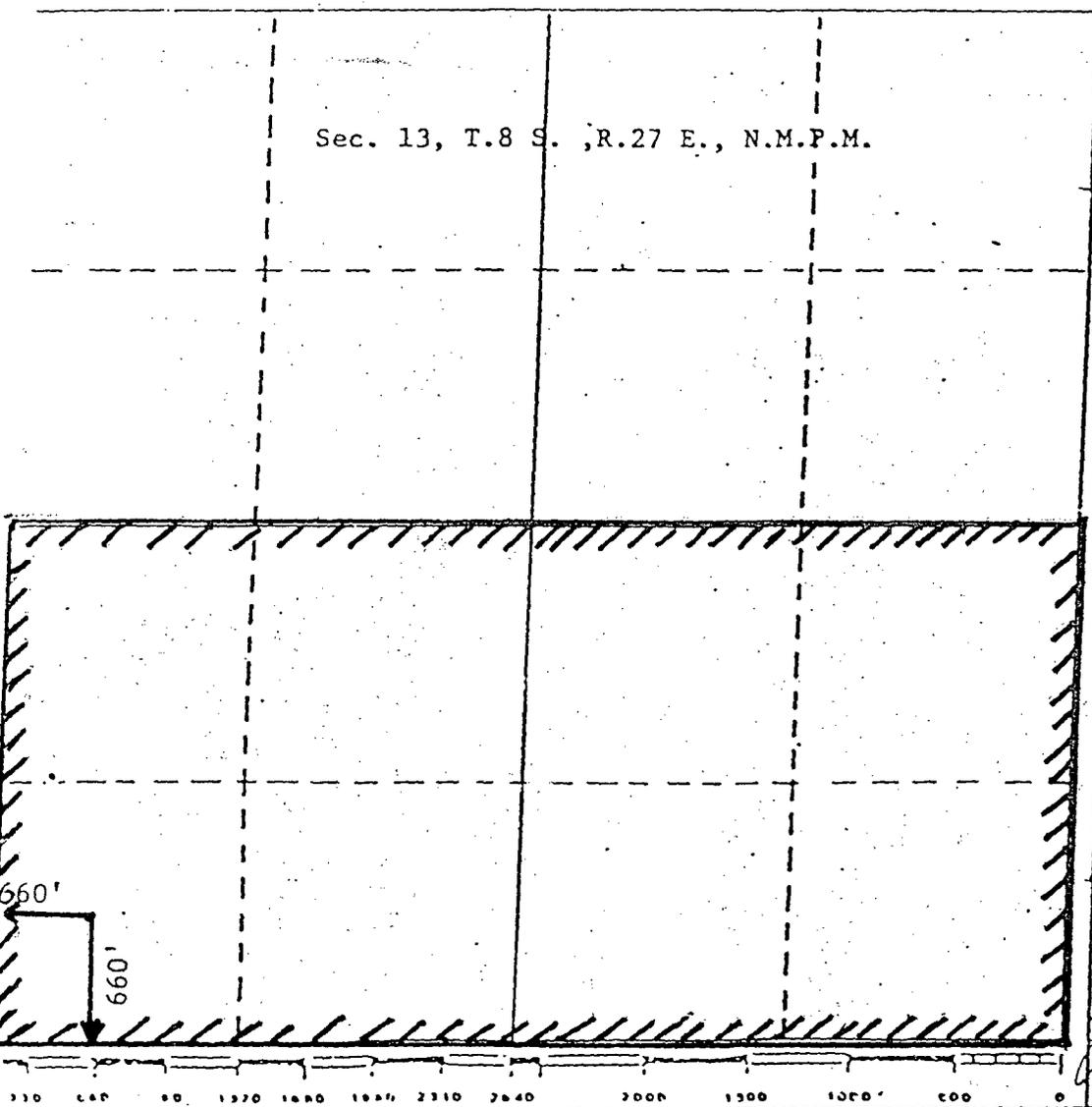
Lessor Rault Petroleum Corp.			Lease Hanlad State LC 0008		Well No. #1
Letter M	Section 13	Township 8 South	Range 27 East	County Chaves	
Location of Well: 660 feet from the South line and 660 feet from the West line					
Surface Elev. 3936	Producing Formation Penn	Pool Wildcat Undesignated		Dedicated Acreage: 320.00	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to work interest and royalty).
- 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 Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Carl A. Schellinger
 NAME
 Carl A. Schellinger
 Position
 Agent
 Company
 Rault Petroleum Corporation
 Date
 March 19, 1982

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.

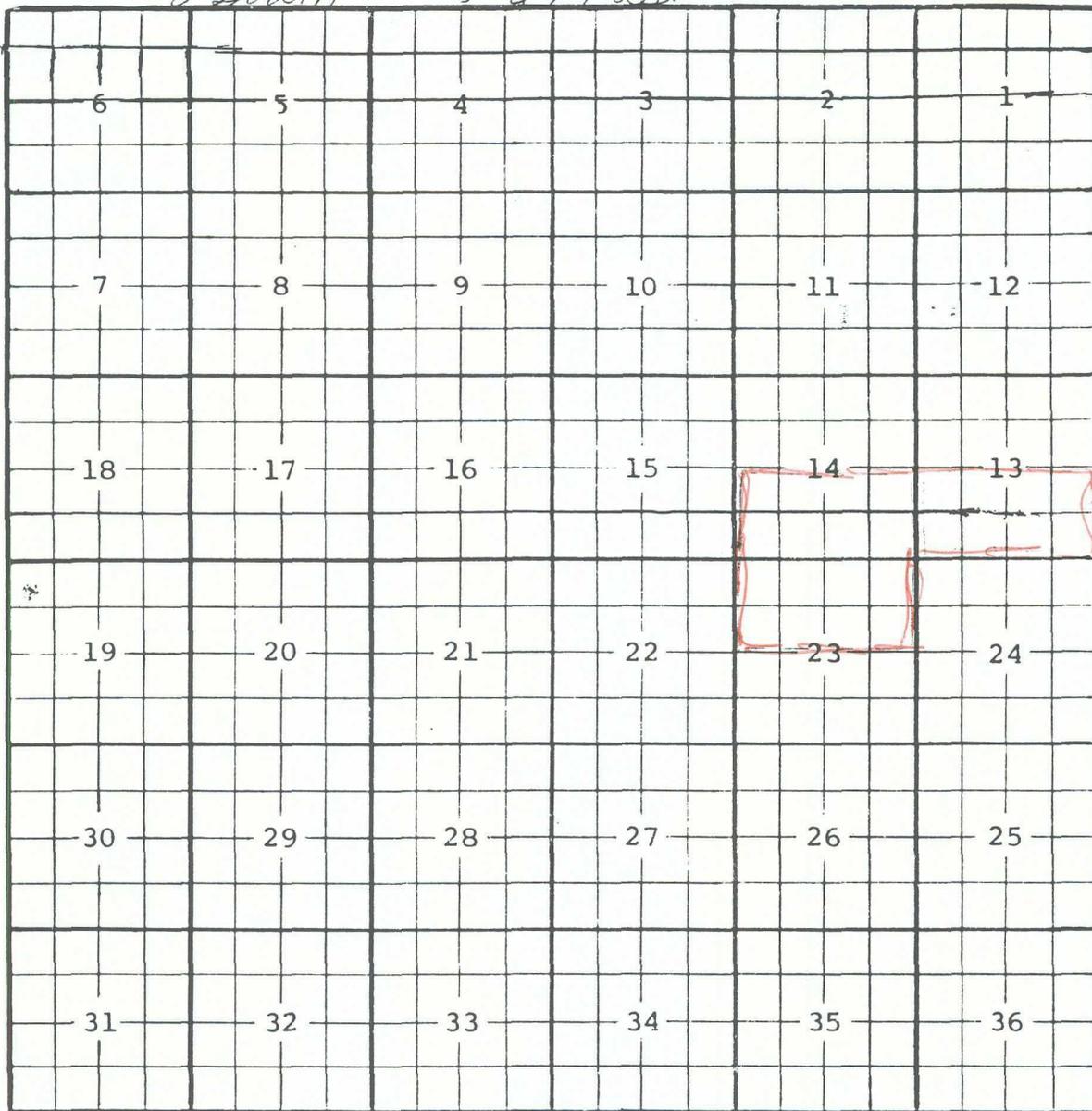
Date Surveyed
 March 19, 1982
 JOHN D. JAMES
 Registered Professional Engineer
 and/or Land Surveyor
 No. 6290
 State of New Mexico
 Certified Professional Engineer

**HANLAD AKZ STATE #1
LIST OF OFFSET OPERATORS**

- 1) BHP Petroleum
6 Desta Dr. #3200
Midland, TX 79701
- 2) Collins & Ware Inc.
303 W. Wall St. #2200
Midland, TX 79701
- 3) Elk Oil Co.
P.O. Box 310
Roswell, NM 88202
- 4) McClellan Oil
P.O. Drawer 730
Roswell, NM 88201

County Chavez Pool Palma Mesa-Pennsylvanian Gas

TOWNSHIP 8 South Range 27 East NMPM



Description: Sec: 13. S/2 (R-7114-10-19-82)

Ext: Sec: 14 S/2, Sec: 23 N/2 (R-7193, 1-26-83)



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

July 20, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Darrick Stallings

RE: Hanlad AKZ State Well No. 1

Dear Mr. Stallings:

Your application dated June 29, 1993 for an unorthodox Wolfcamp location for the subject well in Chaves or Eddy County, New Mexico (18S-27E is in Eddy County), cannot be approved at this time due to insufficient information.

Please provide all **applicable** information and supporting data pursuant to Division General Rule 104.F (or appropriate Special Pool Rules) and Division Memorandum 1-90 (see copy attached.)

Should you have any questions concerning these rules, requirements and/or procedures after you have reviewed them, please contact me at (505) 827-5811.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Larry Van Ryan, OCD Chief Engineer - Santa Fe
William J. LeMay, OCD Director - Santa Fe
OCD - Artesia



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

No. 1-90

MEMORANDUM

TO: All Operators
FROM: William J. LeMay, Director *WJL*
SUBJECT: Administrative Applications for Unorthodox Locations
DATE: March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

NEW MEXICO OIL CONSERVATION DIVISION

**SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL
OF NON-STANDARD LOCATION APPLICATIONS**

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable;
 - B. Proposed access roads and pipelines if they affect the location selection;
 - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
 - E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.

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DENNIS G. KINSEY
TREASURER

June 29, 1993

Mr. William Lemay, Director
State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. Lemay:

Yates Petroleum Corporation respectfully requests your administrative approval of an unorthodox location for recompletion to the Wolfcamp formation as authorized by New Mexico Oil Conservation Division Rule 104-F-(1) in the following well:

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Sincerely,

Darrick Stallings
Petroleum Engineer

DS/cvg

xc: Collins & Ware Inc.
BHP Petroleum