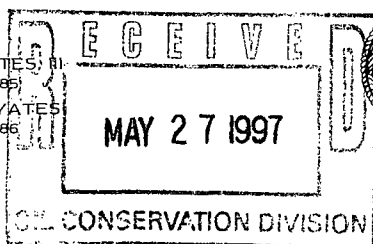


NSL

6/16/97

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

May 21, 1997

Mr. Michael Stogner

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, New Mexico 87508

NSL-GAS.3

RE: Application for Unorthodox Location
Cities Service AQP St #1
Undesignated Morrow Gas Pool
W/2 Section 13, T16S, R34E
Lea County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Morrow gas well, the Cities Service AQP State #1. This well is located on State of New Mexico minerals, 660' FNL and 660' FWL of Section 13, T16S, R34E. The well was originally drilled to a TD of 11,450' by Cities Service and abandoned as a dry hole November 20, 1955. On December 30, 1996 Yates re-entered the existing wellbore and deepened the well to a total depth of 13,460'. The well was completed on March 1, 1997 in the Morrow formation. This operation was done obviously for economic reasons in that it could be done at approximately one-half the cost of drilling a new top to bottom hole.

Notification to the offset operators and unleased mineral owners to the north, south, and west was made by certified mail on May 21, 1997, including a copy of this application letter with all attachments.

We request that this unorthodox location be administratively approved if no objections are received within the cited twenty (20) days as required by OCD regulations.

Enclosed are Forms C-101, C-102 and C105, a land plat showing all offset operators and unleased mineral owners and a structure map for the Morrow formation. The Yates companies own 100% of the working interest in the E/2 of Section 11, the S/2 of Section 12 and the N/2 of Section 14. The Yates companies own 8.7125% of the working interest in the E/2 of Section 13 with the balance being unleased mineral owners. We would like to point out that Yates is the offset operator to the north and west and is therefore encroaching only on itself.

Yates believes approval of the unorthodox Cities Service AQP St #1 would be in the best interest of conservation and would protect correlative rights. We would further request this well location be approved for all formations developed on 320-acre spacing in the W/2 of Section 13.

Please call me at (505)748-4351 if you need further information. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

KP Relu

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address. YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico		OGRID Number 025575
		API Number 30 - 0
Property Code	Property Name Cities Service AQP State	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	13	16S	34E		660'	North	660'	West	Lea

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 Undesignated Morrow Gas					Proposed Pool 2				

Work Type Code E&D	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 4085' (DF)
Multiple No	Proposed Depth 13,500'	Formation Morrow	Contractor Unknown	Spud Date ASAP

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
	13 3/8" in place	36#	320'	325 sacks	Circulated
	8 5/8" in place	32#	3970'	2284 sacks	Circulated
7 7/8"	5 1/2"	17# & 20#	TD	450 sacks	as warranted

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to re-enter this well using a pulling unit to drill out the surface plug and the top of the plug at 3900'. Then move in a drilling rig to clean out the wellbore to the original TD of 11,450' and deepen the well to a TD of 13,500'. If commercial, run 5 1/2" production string, cement with adequate cover, perforate and stimulate to gain production.

BOPE PROGRAM: BOPE will be installed of the 8 5/8" casing.

MUD PROGRAM: 0 to 11,450' cleanout with watered mud in well; 11,450' to TD with saltgel and Drispak

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

Signature: *Clifton R. May*

Printed name: Clifton R. May

Title: Regulatory Agent

Date: December 16, 1996 Phone: (505) 478-4347

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:
Attached ☐

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Undesignated Morrow Gas	
4 Property Code		5 Property Name Cities Service AQP State			6 Well Number 1
7 OGRID No. 025575		8 Operator Name YATES PETROLEUM CORPORATION			9 Elevation 4085' (DF)

10 Surface Location

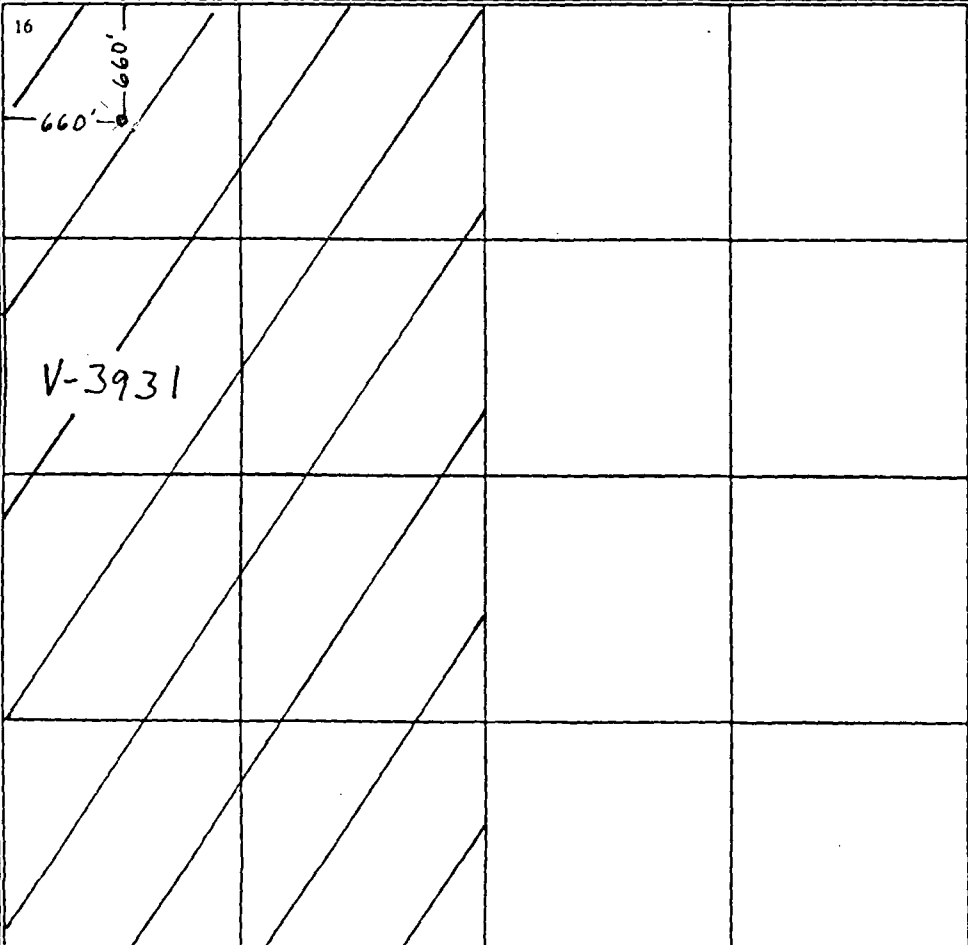
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	13	16S	34E		660'	North	660'	West	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

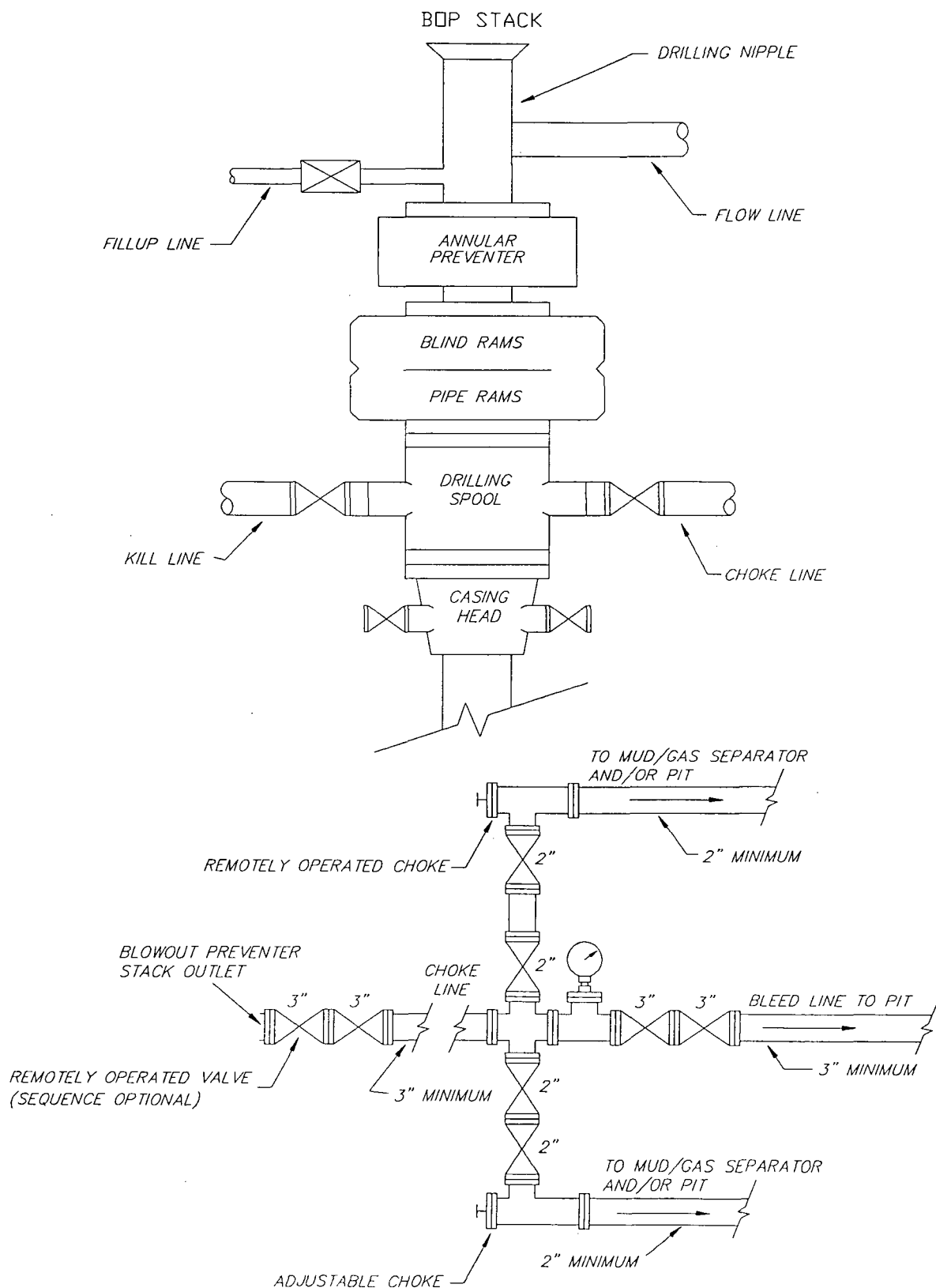
12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <i>Clifton R. May</i> Clifton R. May Printed Name Regulatory Agent Title Date December 16, 1996
	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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

YATES PETROLEUM CORPORATION

TYPICAL 5,000 p.s.i. BLOWOUT PREVENTER & CHOKE MANIFOLD SCHEMATIC



Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-105
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO.
30-025-01910
5. Indicate Type of Lease STATE ☒ FEE ☐
6. State Oil & Gas Lease No. V-3931

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER ☐
b. Type of Completion: NEW WELL ☐ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF RESVR ☐ OTHER ☐ Re-entry

TIGHT HOLE

7. Lease Name or Unit Agreement Name Cities Service AQP State
8. Well No. 1
9. Pool name or Wildcat Undesignated Morrow

2. Name of Operator YATES PETROLEUM CORPORATION
(505) 748-1471
3. Address of Operator 105 South 4th St., Artesia, NM 88210

4. Well Location Unit Letter D : 660 Feet From The North Line and 660 Feet From The West Line Section 13 Township 16S Range 34E NMPM Lea County

10. Date Spudded Re-entry 12-30-96	11. Date T.D. Reached 2-20-97	12. Date Compl. (Ready to Prod.) 3-1-97	13. Elevations (DF & RKB, RT, GR, etc.) 4085' DF	14. Elev. Casinghead
15. Total Depth 13460'	16. Plug Back T.D. 13367'	17. If Multiple Compl. How Many Zones?	18. Intervals Drilled By Rotary Tools 11450-13460'	Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name 13238-13257' Morrow	20. Was Directional Survey Made No
--	---------------------------------------

21. Type Electric and Other Logs Run CNL/GR & Platform Express HALS/MCFL	22. Was Well Cored No
---	--------------------------

23. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	36#	320'		In place	
8-5/8"	32#	3970'		In place	
5-1/2"	17#	13459'	7-7/8"	2150 sacks	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-7/8"	13082'	13082'

26. Perforation record (interval, size, and number) 13238-13257' w/120 .42" holes	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED None
--	--

28. PRODUCTION							
Date First Production 3-1-97		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing				Well Status (Prod. or Shut-in) SIWOPLC	
Date of Test 3-2-97	Hours Tested 24	Choke Size 3/16"	Prod'n For Test Period	Oil - Bbl.	Gas - MCF 2977	Water - Bbl.	Gas - Oil Ratio
Flow Tubing Press. 3700#	Casing Pressure packer	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF 2977	Water - Bbl.	Oil Gravity - API - (Corr.)	

29. Disposition of Gas (Sold, used for fuel, vented, etc.) Will be sold when hookup available	Test Witnessed By Curtis Priddy
--	------------------------------------

30. List Attachments Deviation survey & logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief			
Signature Rusty Klein	Printed Name Rusty Klein	Title Operations Tech.	Date 3-17-97

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

T. Anhy _____	T. Canyon _____
T. Salt _____	T. Strawn _____ 12138'
B. Salt _____	T. Atoka _____ 12282'
T. Yates _____	T. Miss _____ 13360'
T. 7 Rivers _____	T. Devonian _____
T. Queen _____	T. Silurian _____
T. Grayburg _____	T. Montoya _____
T. San Andres _____	T. Simpson _____
T. Glorieta _____	T. McKee _____
T. Paddock _____	T. Ellenburger _____
T. Blinebry _____	T. Gr. Wash _____
T. Tubb _____	T. Delaware Sand _____
T. Drinkard _____	T. Bone Springs _____
T. Abo _____	T. Morrow _____ 12878'
T. Wolfcamp _____	T. _____
T. Penn _____	T. _____
T. Cisco (Bough C) _____	T. _____

Northwestern New Mexico

T. Ojo Alamo _____	T. Penn. "B" _____
T. Kirtland-Fruitland _____	T. Penn. "C" _____
T. Pictured Cliffs _____	T. Penn. "D" _____
T. Cliff House _____	T. Leadville _____
T. Menefee _____	T. Madison _____
T. Point Lookout _____	T. Elbert _____
T. Mancos _____	T. McCracken _____
T. Gallup _____	T. Ignacio Otzte _____
Base Greenhorn _____	T. Granite _____
T. Dakota _____	T. _____
T. Morrison _____	T. _____
T. Todilto _____	T. _____
T. Entrada _____	T. _____
T. Wingate _____	T. _____
T. Chinle _____	T. _____
T. Permian _____	T. _____
T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
No. 2, from.....to.....
No. 3, from.....to.....
No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
			REFER TO ORIGINAL COMPLETION FOR LITHOLOGY AND SHALLOW TOPS				

YATES PETROLEUM CORPORATION
Cities Service AQP State #1
Section 13-T16S-R34E
Lea County, New Mexico

TIGHT HOLE

RESULTS OF DRILL STEM TESTS:

DST #1 13100-13160' (Morrow Clastics): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60". RECOVERY: 3988' of fresh water cushion with trace rat hole mud.
SAMPLER: 2600 cc mud. PRESSURES: IHP 6887; IFP 1761-1771; ISIP 2842; 2nd FP 1764-1764; 2nd SIP 2948; FFP 1764-1767; FHP 6885

DST #2 13221-13260' (Morrow Clastics): TIMES: TO 20"; SI 194"; TO 20"; SI 180".
RECOVERY: 1017' of condensate. SAMPLER: 17.7 cfg and 100 cc oil. PRESSURES: IHP 6983; IFP 2288-2935; ISIP 6601; FFP 2243-2972; FSIP 6587; FHP 6975

OFFSET OPERATOR AND UNLEASED MINERAL OWNER NOTIFICATION
UNORTHODOX LOCATION

CITIES SERVICE AQP ST. #1
TOWNSHIP 16 SOUTH, RANGE 34 EAST
SECTION 13: 660' FNL AND 660' FWL
LEA COUNTY, NEW MEXICO

BELOW ARE ALL PARTIES LISTED ON LEASES COVERING E/2 SECTION 13, T16S-R39E

Judy Woods
PO Box 1574
Idyllwild, California 92349

Estella Cupp Latham
911 Sorrell Lane West
Midland, Texas 79705

Lillie Bunjes
Rt. 11, Box 322
Huntsville, Texas 773

Lena Smith
5822 Cardale
Lakewood, California 90713

Mrs. W.C. Kimball
2317 Haynes
Midland, Texas 79705

D'Lese Darcel Travis
14300 N. Pennsylvania
Oklahoma City, OK 7

J.C. Ratz
5827 W. Ramsey
Banning, California 92220

Franklin L. Martin
1301 19th Street
Alamogordo, New Mexico 88310

Mary L. Neal
2901 Hemingford Lane
Oklahoma City, OK 7

Janice Mae Ratz Reid
611 Cypress
Beaumont, California 92223

Florence Louise Whitsitt Woods
224 E. Yucca Drive
Hobbs, New Mexico 88240

Alfred E. Rogers, Jr.
PO Box 910
Lovington, New Mexic

First Interstate Bank of Lea County
Trust Division
Juna Thompson Trust
PO Box 400
Hobbs, New Mexico 88240

First Interstate Bank of Lea County
Trust Division
Grady Thompson Trust
PO Box 400
Hobbs, New Mexico 88240

Estelle Lewis Cooper
2802 Forest Lodge Ro
Pebble Beach, Californ

Barbara Sue Talbert
1102 North Glade
Oklahoma City, OK 73127

Paul M. Joplin
21731 Palomino
Leavenworth, WA 98826

Elizabeth H. Coffey
aka Elizabeth Sue Hine
804 Theresa Street
Austin, Texas 78703

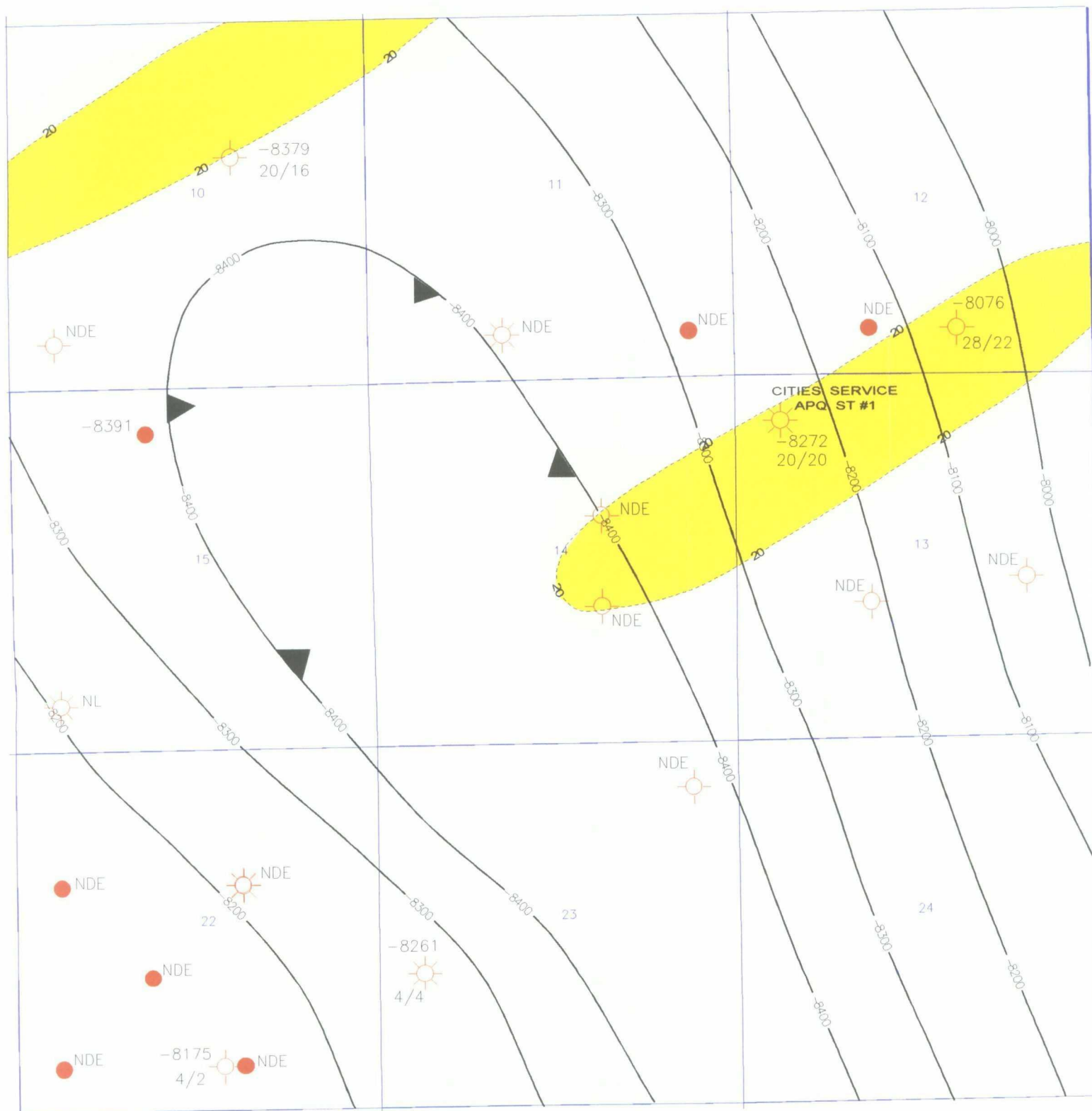
Oscar Loyd Landfair
115 North Kent Street
Yakima, WA 98901

Doneva K. Stanley
1470 N.E. Penn Street
Homestead, Florida 33030

Johnny Travis
7812 Legend Avenue
Amarillo, Texas 7912

Melma Lee Rutledge
302 South 3rd Street
Copperas Cove, Texas 76522

Elk Oil Company
PO box 310
Roswell, New Mexico 88202



Yates Petroleum Corporation

STRUCTURE Atoka Marker
ISOPACH Gross Morrow Clastic <50 API
CITIES PROSPECT

Geol: MD Hayes

5/97

ISO INT = 20'

Shane Donaldson

Scale 1:24000.

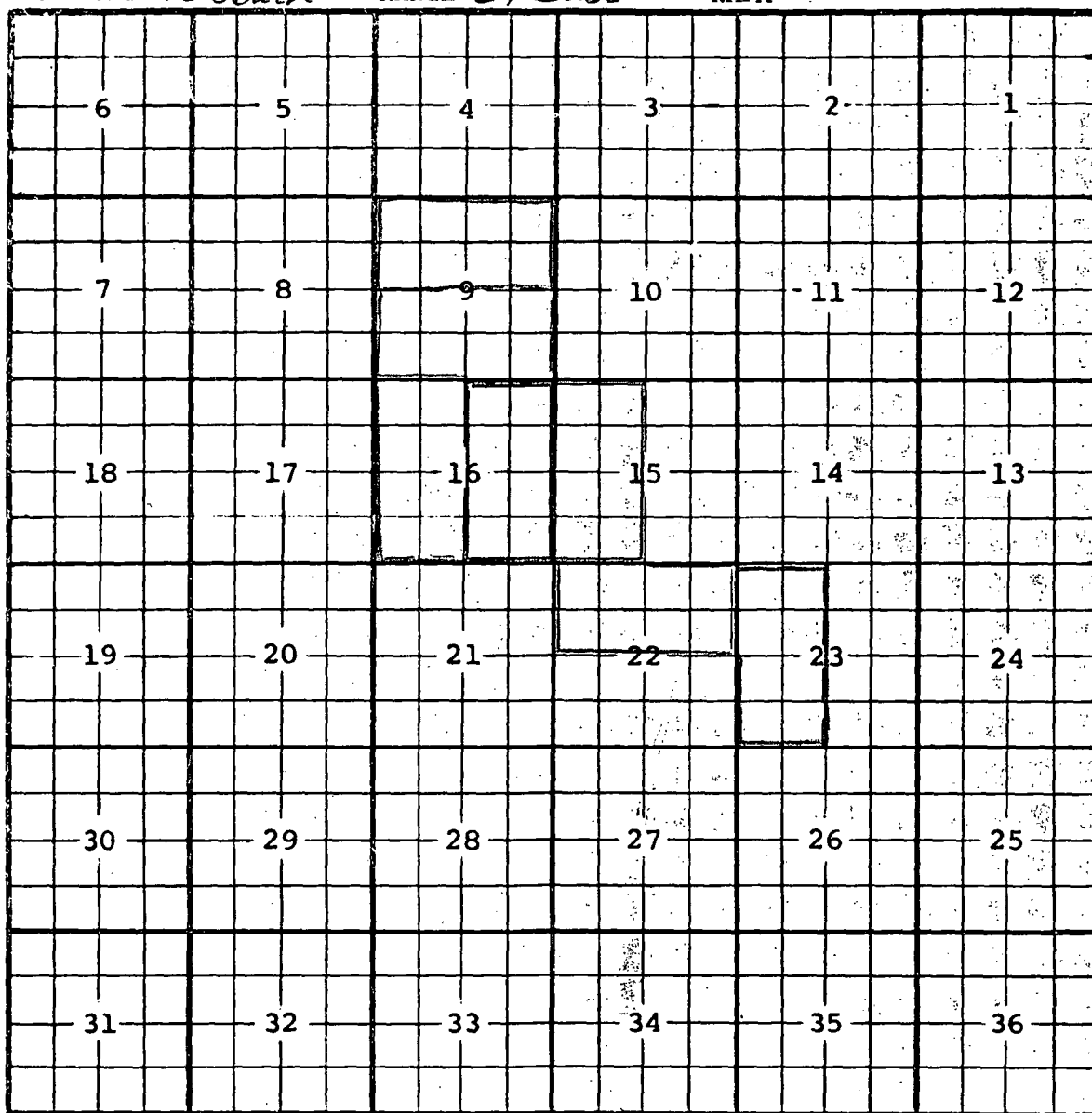
STR INT = 100'

COUNTY Lea

POOL

Kemnitz - Morrow GasTOWNSHIP 16 SouthRANGE 34 East

NMPM



Description: $\frac{E}{2}$ Sec 16 (R-4119, 4-1-71) Ext: $\frac{W}{2}$ Sec 15 (R-5361, 3-1-77)

Ext: $\frac{N}{2}$ Sec 22 (R-5456, 7-1-77) Ext: $\frac{W}{2}$ Sec 23 (R-6623, 4-7-81)

Ext. $\frac{N}{2}$ sec 9 (R-6724, 7-16-81) Ext: $\frac{S}{2}$ sec 9 (R-6758, 8-26-81)

Ext: $\frac{W}{2}$ Sec 16 (R-9615, 12-3-91)