

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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NSL 1/22/98

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December 30, 1997

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Attention: Mr. Michael E. Stogner

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Oil Well Location, Chaves County
New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for any and all oil production for its proposed Rowdy ASF State #1 to be drilled at an unorthodox oil well location of 1,480 feet from the South line and 500 feet from the West line (Unit I) of Section 3, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 40 acre spacing unit consisting of the NE/4SE/4 of Section 3 and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the NE/4SE/4 of Section 3. (See Exhibit # 1 enclosed)
- 2) Yates proposes to drill its Rowdy ASF State #1 at an unorthodox oil well location of 1,480 feet from the South line and 500 feet from the West line (Unit I) of Section 3, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico to test the Devonian formation. (See Exhibit # 2 enclosed)
- 3) The subject well is to be drilled at an unorthodox location in an attempt to penetrate the reservoir at the highest structural position possible based on 3-D seismic coverage over the feature. (See Exhibit # 3, enclosed)
- 4) Yates' geologic conclusion is that a well drilled at the closest standard location would not be at the optimum structural position within the fault block and would also encroach upon the updip trapping fault. (See Exhibit # 4, E-W seismic line, enclosed)

- 5) In the event the Devonian is not capable of commercial production in this well, then Yates intends to test the San Andres formation that will also be at an unorthodox well location.
- 6) The opportunity to test for production from the San Andres formation within this spacing unit can most economically be attempted with this wellbore rather than drilling another well to simply test the San Andres.
- 7) The beneficiary of State of New Mexico oil and gas lease VO-4967 in Section 3-T12S-R27E, on which the well will be drilled is the Territorial Water Reservoir (Institutional Grant Lands). Likewise, the beneficiary State of New Mexico oil and gas lease VO-4709 in Section 2-T12S-R27E is the same.
- 8) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibit #1 and #5)

Wherefore, Yates Petroleum Corporation requests that this matter be approved administratively by the Division.

Respectfully submitted,

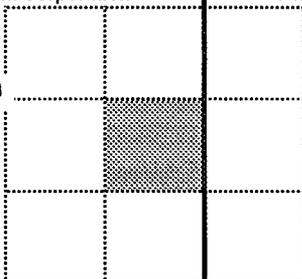
YATES PETROLEUM CORPORATION



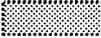
Chuck Moran
Landman

Rowdy ASF State#1

TOWNSHIP 11 and 12 SOUTH - RANGE 27 EAST, NMPM
CHAVES COUNTY, NEW MEXICO

<p>Open State</p> <p>33</p>	<p>Open State</p> <p>34</p>	<p>Yates Petroleum Corporation VO-4966</p> <p>35</p>
<p>C. R. McMillan NM-70880</p> <p>4</p>	<p>Yates Petroleum Corporation VO-4967</p> <p>3</p> 	<p>Yates Petroleum Corporation VO-4709</p> <p>2</p>
<p>Open Federal</p> <p>9</p>	<p>Yates Petroleum Corporation VA-1411</p> <p>10</p>	<p>Yates Petroleum Corporation VO-4699</p> <p>11</p>

Rowdy ASF State #1, Yates Petroleum Corporation Operator
Section: 3
1480 feet from South Line
500 feet from West Line

-  Forty Acre Spacing for Rowdy ASF State #1
-  Forty Acre Spacing - Devonian Oil Well

Yates Petroleum Corporation
Rowdy ASF State #1
Exhibit #1

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

OIL CONSERVATION DIVISION

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name ROWDY "ASF" STATE	Well Number 1
OGRID No.	Operator Name YATES PETROLEUM CORPORATION	Elevation 3714

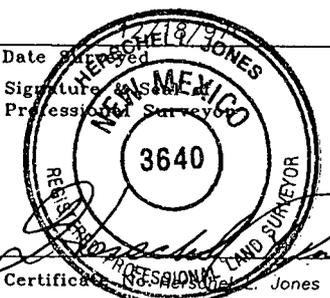
Surface Location

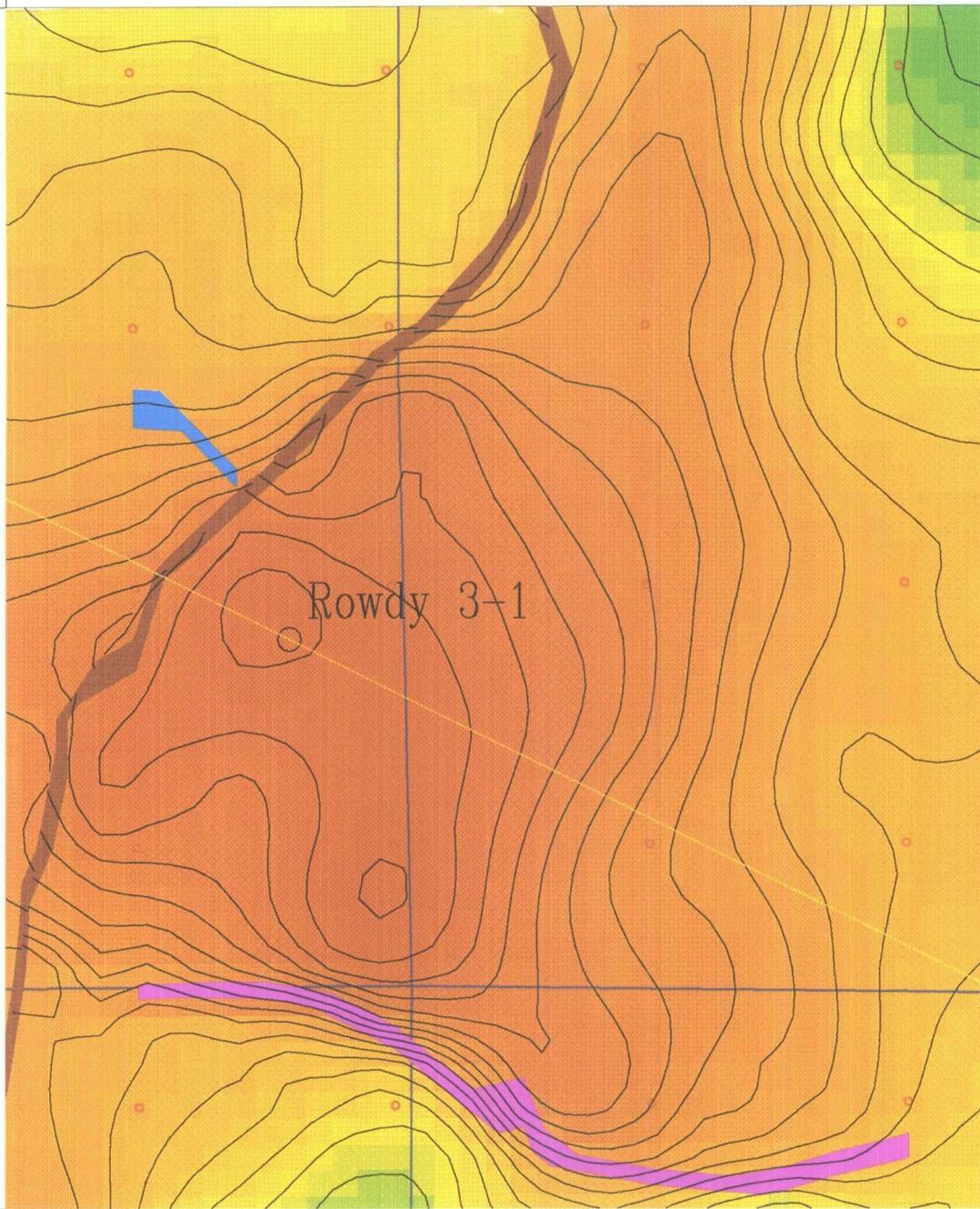
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	3	12S	27E		1480	SOUTH	500	EAST	CHAVES

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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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

<p>Yates Petroleum Corporation Rowdy ASF State #1 Exhibit #2</p>	<p>500'</p>	<p>1480'</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date Surveyed _____</p> <p>Signature _____</p> <p>Professional Surveyor _____</p>		
			
	<p>Rowdy DISK 6 GENERAL SURVEYING COMPANY</p>		



Yates Petroleum Corporation
Rowdy ASF State #1
Exhibit #3

HRZ:junk_1 (900.25,943.38)

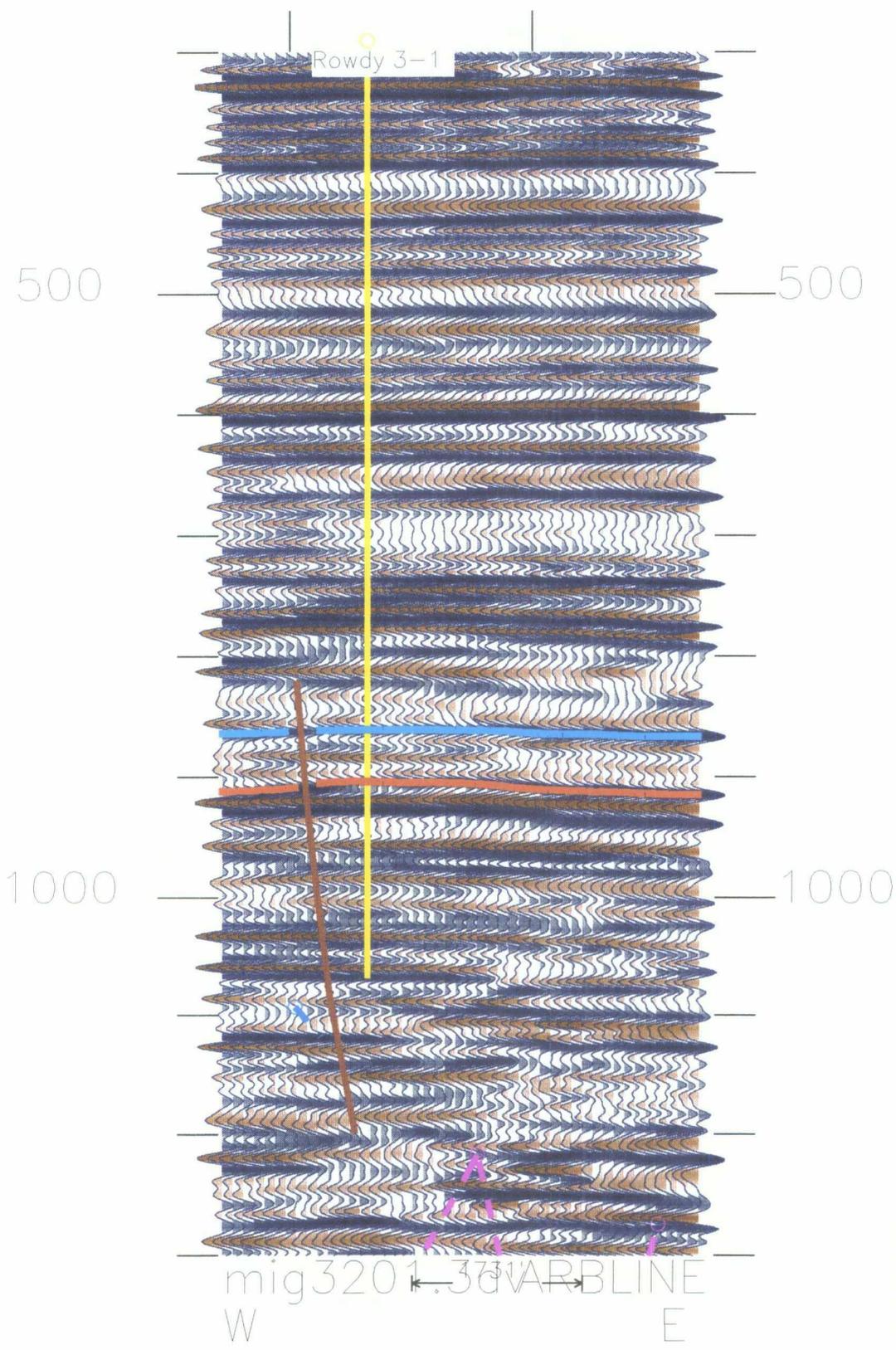
Unforgiven 3-D
Devonian Time Structure
Rowdy Location

0' 750' 1500'



1" = 750 feet

Yates Petroleum Corporation
Rowdy ASF State #1
Exhibit #4



5-Dec-1997 13:25

RowdySeis

5-Dec-1997 13:25

RowdySeis

Yates Petroleum Corporation
Rowdy ASF State #1
Exhibit #5

AFFECTED PARTIES

Yates Petroleum Corporation