

DATE IN 3-8-10	SUSPENSE	ENGINEER DB	LOGGED IN 3-8-10	TYPE NSL	PTGW APP NO. 1006755851
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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 Pet.

RECEIVED

ADMINISTRATIVE APPLICATION CHECKLIST

Foot Hall BCF Fed #3
1 23

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]

30-005-64033

6168

[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.

Chuck Moran
Print or Type Name

Chuck Moran
Signature

Chief Landman
Title

3/4/10
Date

cmoran@yatespetroleum.com
e-mail Address

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

March 4, 2010

CERTIFIED MAIL/RETURN RECEIPT

Mr. Richard Ezeanium
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Richard Ezeanium

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

Dear Mr. Ezeanium:

Yates Petroleum Corporation in accordance with Division Rule 1.15.15.13 Unorthodox Well Locations applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for any oil and all gas production from its Football BCF Federal #3 (formerly called the Grid Iron BLI Federal #1H), drilled as a horizontal gas well. The Surface location of the well is 259' FEL and 1,998' FSL in Sec. 1-Township 12 South - Range 26 East, Chaves County New Mexico with the wells kick off point being at 4,000'. When originally drilled the primary target of the well was the Wolfcamp formation in the adjoining section. At this time we are making plans to re-complete this well in the San Andres formation in the vertical section of the wellbore and the wellbore will be unorthodox. In support of this we state the following:

- 1) Yates Petroleum Corporation is the operator of the Football BCF Federal #3 well drilled at a surface location of 1,998' FSL and 259' FEL in Sec. 1-T12S-R26E, Chaves County, New Mexico which is a unorthodox location for San Andres oil or gas. (See Exhibit #1 for well plat and Exhibit #2 for lease and offset wells).
- 2) The reason for surface location is that the well was originally planned as a horizontal well with the target formation and bottom hole location being located in adjoining Section 6-T12S-R27E.
- 3) Authorizing the unorthodox well location at this location will prevent waste and protect the correlative rights of the owners by preventing the drilling of unnecessary wells.
- 4) In the event the San Andres is not capable of commercial production in this well, then Yates may test any and all formations in the vertical portion of the wellbore

20-005-640
1980 FSL & 259 FEL

above the kick off point of 4,000' for commercial production that will be at an unorthodox well location for NE/4SE/4 spacing unit.

- 5) The opportunity to test these other productive formations within the respective spacing unit can most economically be attempted with this wellbore rather than drilling another well to test the Yeso or San Andres oil formations on NE/4SE/4 spacing unit in Sec. 1-T12S-R26E.
- 6) The ownership of the lease in the W/2 of Sec. 6, T12S-R27E is set out on Exhibit 2 and the well will only encroach on this lease so the affected parties are the owners of the lease. (See Exhibit # 2)
- 7) The offset operators and affected persons whom are encroached on in adjoining and diagonal spacing units to this proposed well are identified on Exhibit #2.
- 8) Notice of this application was simultaneously mailed to all parties identified on Exhibit 2, the affected parties.

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

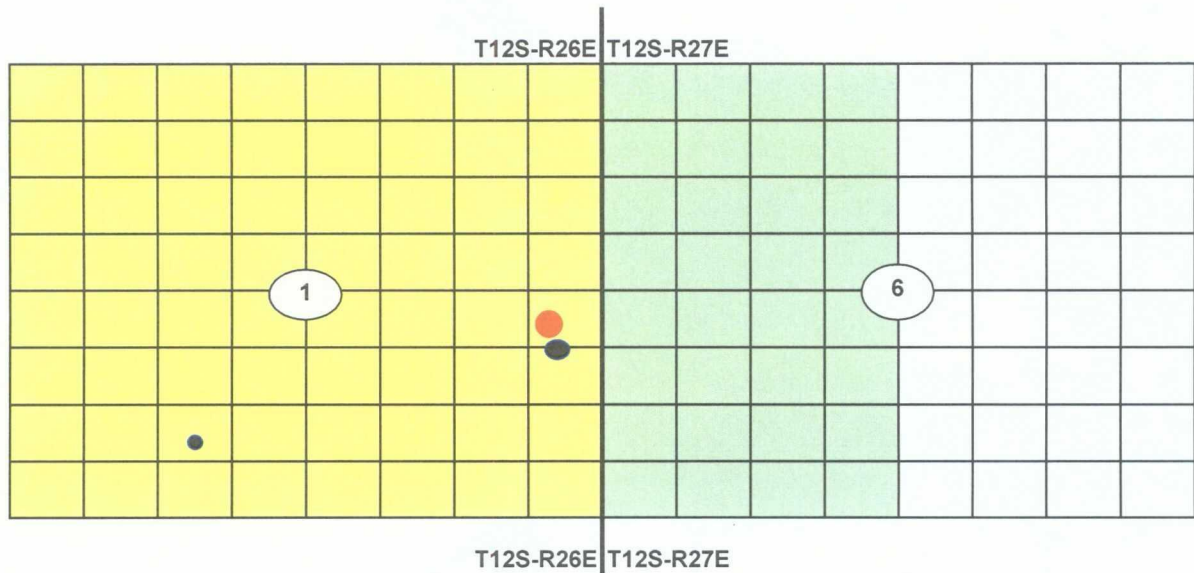
Respectfully submitted,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read 'Chuck Moran', with a long horizontal flourish extending to the right.

Chuck Moran
Chief Landman

Exhibit 1
Application for Unorthodox Location
Yates Petroleum Corporation's
Football BCF Federal #3



Footages not to scale

Wells

- 1 Well Name: Football BCF Federal #1
 Location: 860' FSL & 1,650' FWL - Sec. 1-12S-26E
 API #: 3000563603
 Operator: Yates Petroleum Corporation
- 2 Well Name: Football BCF Federal #2H
 Location: 1,980' FSL & 250' FEL - Sec. 1-12S-26E
 API #: 3000564020
 Operator: Yates Petroleum Corporation
- 3 Well Name: Football BCF Federal #3
 (formerly: Grid Iron BLI Federal Com #1H)
 Location: 1,998' FSL & 259' FEL - Sec. 1-12S-26E
 API #: 3000564033
 Operator: Yates Petroleum Corporation

NM-106904

NM-101580

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

WF

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1998' FSL and 259' FEL, Unit I (NESE) - Surface Location Section 1, T12S-R26E
1900' FSL and 660' FEL, Unit I (NESE) Bottom Location, Section 6, T12S-R27E

5. Lease Serial No.

NM-101579

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No.

Grid Iron BLI Federal Com. #1 H

9. API Well No.

30-005-64033

10. Field and Pool, or Exploratory Area

The Coyote; Wolfcamp Gas Pool

11. County or Parish, State

Chaves County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change of
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Surface Use Plan

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation requests permission to change the center hole due to size of rig available to 18' North and 9' West of the Wellhead of Football BCF Federal 2 H being 1998' FSL and 259' FEL, Unit I (NESE - Surface Location Section 1, T12S-R26E - bottom hole remains the same.

This should allow Yates Petroleum Corporation to produce the Football BCF Federal 2 H while drilling the Grid Iron BLI Federal Com. #1 H. Production department will bury the flowline and install a pipe guard around the wellhead of the Football BCF Federal 2 H.

C102 attached

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Debbie L. Caffall

Title

Regulatory Agent

Signature

Date

October 7, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

DISTRICT I
1638 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1900 N. El Paso Rd., Artesia, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Exhibit 1
Energy, Minerals & Natural Resources Department
Application for Unorthodox Location
Yates Petroleum Corporation's
Football BCF Federal #3
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-64033	Pool Code 97361	Pool Name The Coyote; Wolfcamp Gas Pool
Property Code 37239	Property Name GRID IRON BLI FEDERAL COM	Well Number 1H
OGEID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3748'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	1	12S	26E		1998	South	259	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
I	6	12S	27E		1900	South	660	East	Chaves
Dedicated Acres 320 S/2	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

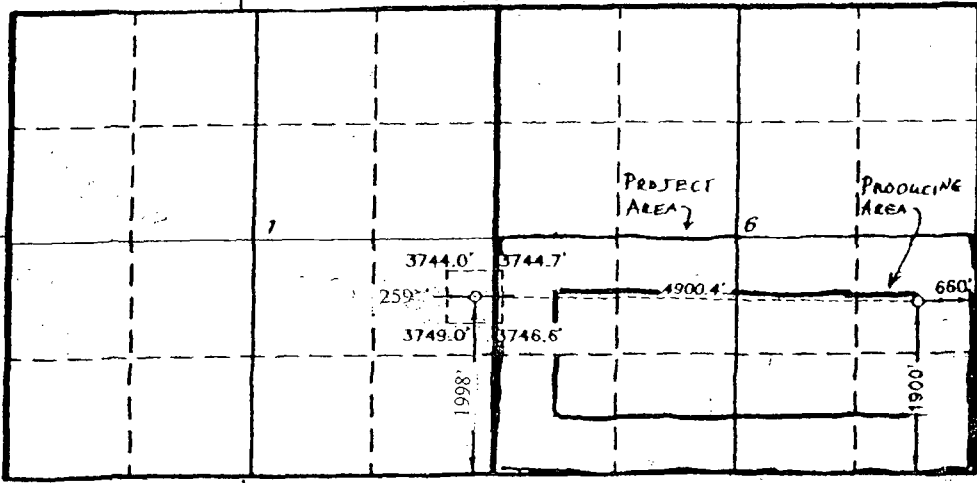

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Debbie L. Caffall Printed Name Regulatory Agent Title 10/6/08 Date
BOTTOM HOLE LOCATION Lat - N33°18'18.15" Long - W104°16'11.33" SPC - N: 838526.795 E: 560747.630 (NAD-83)	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 Surveyed Signature & Seal of Professional Surveyor Certificate No.

Exhibit 2
Application for Unorthodox Location
Yates Petroleum Corporation's
Football BCF Federal #3

Ownership of Lease Where Well Is Located:

Lease # NM-106904

Legal: Township 12 South, Range 26 East, NMPM
 Section 1: Lots 1-4, S/2N/2, S/2 (All
 Chaves County, New Mexico
 Containing 642.40 acres

Working Interest Owners: Yates Petroleum Corporation
 Yates Drilling Company
 Myco Industries, Inc.
 Abo Petroleum Corporation
 Ash Mines & Minerals, Inc.
 Elliott-Hall Company Limited
 Elliott Industries, Limited
 Genesis Limited Partnership
 Slash Exploration Limited

Operator: Yates Petroleum Corporation

Wells: No San Andres or Yeso Completions

Offsetting Ownership/ Affected Parties:

Lease # NM-101580

Legal: Township 12 South, Range 27 East, NMPM
 Section 6: Lots 3-7, SENW, E/2SW (W/2)
 Chaves County, New Mexico
 Containing 321.96 acres

Working Interest Owners: Yates Petroleum Corporation
 Yates Drilling Company
 Myco Industries, Inc.
 Abo Petroleum Corporation

Operator: Yates Petroleum Corporation

Wells: No San Andres or Yeso Completions

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

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CHAIRMAN OF THE BOARD

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PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

March 4, 2010

CERTIFIED MAIL / RETURN RECEIPT

To Person / Entities Attached Exhibit A

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

Ladies and Gentlemen:

I enclose for your review Yates Petroleum Corporation's application for Unorthodox Well location for any oil and all gas production from its Football BCF Federal #3 (formerly called the Grid Iron BLI Federal #1H) drilled as a horizontal gas well. The Surface location of the well is 259' FEL and 1,998' FSL in Sec. 1-Township 12 South - Range 26 East, Chaves County New Mexico. We plan to attempt completion in the San Andres and Yeso formations.

If you wish to protest this application, you must contact the New Mexico Oil Conservation division within the twenty day period permitted under the rules. At this time we request that you waive any objection. I can be reached at 575-748-4349 or by email cmoran@yatespetroleum.com to discuss any questions.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Chief Landman

Enclosures

Address List
Notice of Unorthodox Location
Football BCF Fed. #3
March 4, 2010

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

Ash Mines & Minerals, Inc.
P. O. Box 26
Waters, MI 49797

Elliott-Hall Company Limited
P. O. Box 1231
Ogden, Utah 84402

Elliott Industries, Limited
Attention: Steve Elliott
P. O. Box 3300
Roswell, NM 88202-3300

Genesis Limited Partnership
Attention: Steve Speer
P. O. Box 1363
MT. Pleasant, SC 29465-1363

Slash Exploration Limited
Attention: Brian Carlozzi
P. O. Box 1973
Roswell, NM 88202-1973