

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 12, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Yarbrough Oil, L. P. c/o Oil Reports & Gas Services, Inc. 1008 W. Broadway Hobbs, New Mexico 88240

Attention:

Gaye Heard

gheard@oilreportsinc.com

Administrative Order NSP-1871 (Administrative Reinstatement of Division Order No. R-479)

Dear Ms. Heard:

Reference is made to the following: (i) your application on behalf of the operator, Yarbrough Oil, L. P. (Yarbrough") filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on March 29, 2004 (administrative application reference No. pMES0-410348639); and (ii) the Division's records in Santa Fe: all concerning Yarbrough's request to administratively amend Division Order No, R-479, dated May 27, 1954, which order authorized the creation of a non-standard 160-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising the N/2 SW/4, SW/4 SW/4, and NW/4 SE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

By Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001, the Division caused the prorationing of gas production to cease within the Eumont Gas Pool and promulgated "Special Pool Rules for the Jalmat Gas Pool," which provides for: (i) 640-acre standard gas spacing units; (ii) gas development on a well density based on one well per 160 acres; (iii) gas well locations to be no closer than 660 feet to any outer boundary of its assigned gas spacing unit or governmental quarter section line nor closer than 330 feet to any governmental quarter-quarter section line; and (iv) administrative exceptions, in most cases, to these rules.

From the Division's records and from the information provided in your application, it is understood that by Division Order No. R-479, issued in Case No. 703 on May 27, 1954, this 160-acre non-standard gas spacing unit was initially established for Jalmat gas production from Skelly Oil Company's E. L. Steeler Well No. 7 (API No; 30-025-10789) located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 17. This well ceased producing from the Jalmat Gas Pool in February, 1974 and is currently temporarily abandoned in the Langlie-Mattix (Yates-Seven-Rivers-Queen-Grayburg) Pool (37240)

From your application, it would appear that Yarbrough intends to re-complete its E. L. Steeler Well No. 4 (API No. 30-025-10786), located at a standard Jalmat gas well location 860 feet from the South line and 660 feet from the West line (Unit M) of Section 17, from the Langlie-Mattix (Yates-Seven-Rivers-Queen-Grayburg) Pool into the Jalmat Gas Pool.

April 12, 2004

Page 2

The above-described 160-acre non-standard Jalmat gas spacing unit initially authorized by Division Order No. R-479 is hereby restored for Yarbrough's above-described E. L. Steeler Well No. 4. Division Order No. R-479 is hereby amended to reflect this well change; furthermore, all provisions applicable to the subject 160-acre non-standard gas spacing unit in Division Order No. R-479, not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Michael E. Stogner

Engineer/Hearing Officer

MES/ms

cc:

New Mexico Oil Conservation Division - Hobbs

File:

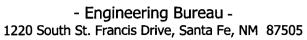
Case No. 703

Mr. Eddy W. Seay - Hobbs, NM (seay04@leaco.net)

PMESO-APP NO. 4

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION





ADMINISTRATIVE APPLICATION CHECK!

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TI	HIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS WHICH REQUIRE PROCESSING AT THE DI			REGULATIONS
Appli	cation Acronym	B:			
	[NSL-Non-Sta	ndard Location] [NSP-Non-Standard Prora	tion Unit] [SD-	Simultaneous Dedica	tion]
	[DHC-Dow	nhole Commingling] [CTB-Lease Commi	ngling] [PLC-	Pool/Lease Comming	ling]
	[PC-Pc	ol Commingling] [OLS - Off-Lease Stora	ge] [OLM-Off	Lease Measurement	1
		[WFX-Waterflood Expansion] [PMX-Pres	sure Maintena	nce Expansion]	-
		[SWD-Salt Water Disposal] [IPI-Inje	ction Pressure	Increase]	
	[EOR-Qua	lified Enhanced Oil Recovery Certification] [PPR-Positi	ve Production Respon	nse]
				READ	T XX
[1]	TYPE OF A	PPLICATION - Check Those Which Apply		ALCU	VHI
	[A]	Location - Spacing Unit - Simultaneous D	Dedication		
		NSL X NSP SD		MAD	
				MAR 29	2004
	Check	One Only for [B] or [C]			
	[B]	Commingling - Storage - Measurement		Oil Conservation	olohdel at
			PC OLS	I I TESTAM NA COL. IS COL	Total Day
			_	Santa Fe, NN	i 8750e I 8750e
	[C]	Injection - Disposal - Pressure Increase - 1	Enhanced Oil R	ecoverv	* 61203
		☐ WFX ☐ PMX ☐ SWD ☐			
	[D]	Other: Specify			
	L J	<u> </u>		*54**	
[2]	NOTIFICAT	ION REQUIRED TO: - Check Those Whi	ch Apply or 🖼	ioes Not Apply	
[-]	[A]	Working, Royalty or Overriding Roy			
	f. •1	working, Royalty of Overriding Roy	any interest ov	VIICES	
	[B]	Offset Operators, Leaseholders or Su	rface Owner		
	ركا	Offset Operators, Deasenorates of Su	riace owner		
	[C]	Application is One Which Requires I	Published Legal	Notice	
	[0]		donshed Legal	Honec	
	[D]	☐ Notification and/or Concurrent Appr	oval by RIM o	r SI O	
	رطا	U.S. Bureau of Land Management - Commissioner of Pul	blic Lands, State Land C	Office	
	rm1				
	[E]	For all of the above, Proof of Notific	ation or Publica	ition is Attached, and/o	or,
	[F]	Waivers are Attached			
ron	OTIDBATE A C	CUD AME AND COLOR EMP INTODICA	TION DECIN		
[3]	SUBMIT AC	CURATE AND COMPLETE INFORMA	TION REQUI	RED TO PROCESS	THE TYPE
	OF APPLICA	ATION INDICATED ABOVE.			
F 43	CPD TITLE	TTON 11 1 10 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
[4]	CERTIFICA	TION: I hereby certify that the information	submitted with	this application for a	dministrative
appro	val is accurate a	and complete to the best of my knowledge.	I also understar	ıd that no action will b	oe taken on this
applic	cation until the re	equired information and notifications are sub	mitted to the D	ivision.	
	Note:	Statement must be completed by an individual wit	h managerial and/	or supervisory canacity	
		1 /	······································		
Ga	ye Heard	Mysteard	Agent		3/24/04
	or Type Name	Signature	Title		Date
				d@oilreportsinc.	
					COM .
			e-mail Add	iress	

March 23, 2004

RECEIVED

MAR 2 9 2004

OIL CONSERVATION DIVISION

California () and the first of an energy of the

NMOCD Engineering ATTN: Michael Stogner Box 6429 1220 S. Saint Francis Drive Santa Fe, NM 87504

RE: Yarbrough Oil Company LP

Jalmat Gas

Mr. Stogner:

Yarbrough Oil Co. is seeking approval to re-enter and complete two wells on its Steeler Lease in Section 17, Township 23 S., Range 37 E., Lea Co. to Jalmat Yates Gas. Within are the C-101's for both wells. Well #8 is a standard 160 acre in the Northeast quarter. Our #4 well is 160 acres dedicated to it but we are seeking a non-standard proration unit. There is 120 acres in the SW 1/4 and 40 acres in the NW 1/4 of the SE 1/4.

Find within plat and C-101 for both wells.

If you have any questions, please call.

Thanks,

Eddie W. Seay, Agent

601 W. Illinois

Hobbs, NM 88242

(505)392-2236

District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Revised June 10, 2003

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit to appropriate District Office State Lease - 6 Copies

Fee Lease - 5 Copies

Form C-101

☐ AMENDED REPORT

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Printed name	,					Title:										
Title: Agent						Appr	oval Date	:		Expir	epiration Date:					
E-mail Addre	ss: gheard	@oilreports	sinc.com													
Date: 3/24/04	ļ		Phone: 505/3	93-2727		Cond	Conditions of Approval:									

Attached

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

160

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

1220 S. St. Francis	Dr., Santa l	Fe, NM 8	7505						AMEN	IDED REPORT		
			WELL LC	CATIO	N AND ACR	EAGE DEDIC	CATION PLA	\mathbf{T}_{\cdot}				
	PI Number	•	³ Pool Code ³ Pool Name Jalmat Gas									
Property C				⁵ Property Name								
016406	1				4							
'OGRID N	io.			' Elevation								
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					¹⁰ Surface	Location						
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		<u> </u>	¹¹ Bo	ottom Ho	le Location It	f Different From	n Surface	- ····································		······································		
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12 Dedicated Acres 13 Joint or Inf			14 Consolidation	Code 15 O	der No.							

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDADD LINIT HAS BEEN ADDROVED BY THE DIVISION

	DARD ONLI HAS BEL		
16			¹⁷ OPERATOR CERTIFICATION
			I hereby certify that the information contained herein is true and
			complete to the best of my knowledge and belief.
	REC	EIVE	Complete to the best of my knowledge and better.
			Signature
	MA	R 29 2004	Gave Heard
			Printed Name
	Oil Ce	nservation Division	Agent gheard@oilreportsinc.com
	1220	S. St. Francis Drive	Title and E-mail Address
	Sar	ta Fe, NM 87505	3/24/04
			Date
l	[
<i> </i>	<i>//////////////////////////</i> _		18SURVEYOR 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
E		E	my supervision, and that the same is true and correct to the best
E l		<u> </u>	of my belief.
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Sec : 17 Twp : 23S Rng : 37E Section Type : NORMAL

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NEW MEXICO OIL CONSERVATION COMMISSION



Skelly Oil Co.

E. L. Steeler

Operator

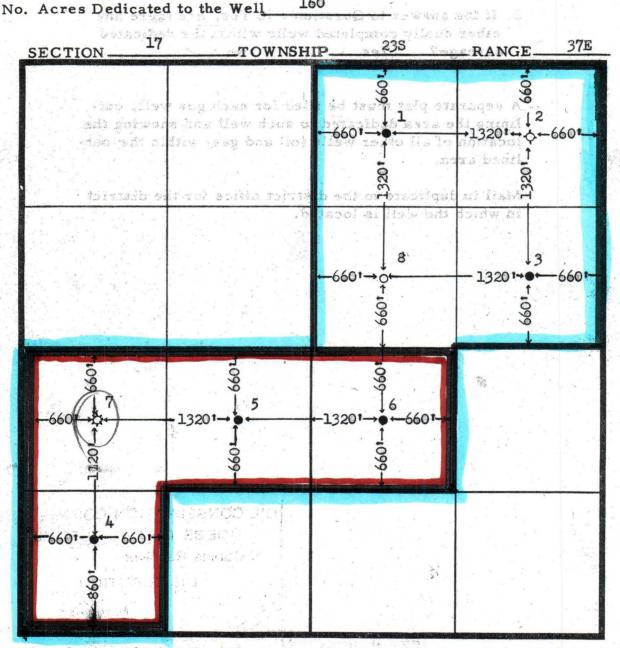
Lease

is this you wall a deal completion". Lee of the

Pool Langmat Gas

No Acres Dedicated to the Well 160

Name of Producing Formation Yates & 7-Rivers



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

Name

Blue - Lease Lines Red - Unit Lines Position Dist. Supt.

Representing Skelly Oil Co.

Address Box 38, Hobbs, New Mexico

(over)

INSTRUCTIONS

Yabas M 7-divere

essi) dame and

- 1. Is this gas well a dual completion? Yes V No
- 2. If the answer to Question I is Yes, are there any other dually completed wells within the dedicated acreage? Yes No V

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area.

Mail in duplicate to the district office for the district in which the well is located.

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MA A NUODERIO Santa Fe DOO 301440 NAMe Land Office Transporter. U. S. G. S.

APPLICATION OF SKELLY OIL COMPANY TO EXPAND ITS SKELLY LANGLIE MATTIX STEELER WATER FLOOD PROJECT IN THE LANGLIE-MATTIX POOL IN LEA COUNTY, NEW MEXICO.

ORDER WFX NO. 407

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION COMMISSION

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Under the provisions of Order No. R-3593, Skelly Oil Company has made application to the Commission on January 7, 1974, for permission to expand its Skelly Langlie Mattix Steeler Water Flood Project in the Langlie-Mattix Pool in Lea County, New Mexico

NOW, on this 22nd day of January, 1974, the Secretary-Director finds:

- 1. That application has been filed in due form.
- 2. That satisfactory information has been provided that all offset operators have been duly notified of the application.
- 3. That no objection has been received within the waiting period as prescribed by Order No. R-3593.
- 4. That the proposed injection wells are eligible for conversion to water injection under the terms of Order No. R-3593
- 5. That the proposed expansion of the above-referenced water flood project will not cause waste nor impair correlative rights.
 - 6. That the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, Skelly Oil Company, be and the same is hereby authorized to inject water into the Queen formation through the following described wells for purposes of secondary recovery, to wit:

- E. L. Steeler Well No. 1, Unit B,
- E. L. Steeler Well No. 3, Unit H,
- E. L. Steeler Well No. 7, Unit L,

all located in Section 17, Township 23 South, Range 37 East, $\ensuremath{\mathsf{NMPM}}$.

That injection into each of said wells shall be through tubing which is internally coated or lined with plastic or cement and set in a packer which is located above and as near as practicable to the uppermost perforation and that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

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

STATE OF NEW MEXICO
OA CONSERVATION OMMISSION

A. L. PORTER, Jr. Secretary-Director

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