

All dimensions must be from the outer boundaries of the section.

Rault Petroleum Corp.		Lease		Hanlad State <del>LC-0003</del>		Well No. #1	
Section	Township	Range	County				
M 13	8 South	27 East	Chaves				
Location of Well:							
660 feet from the South line and		660 feet from the West line					
Well Level Elev.	Producing Formation	Pool	Dedicated Acreage:				
3936	Penn	Wildcat Undesignated	320.00				

Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

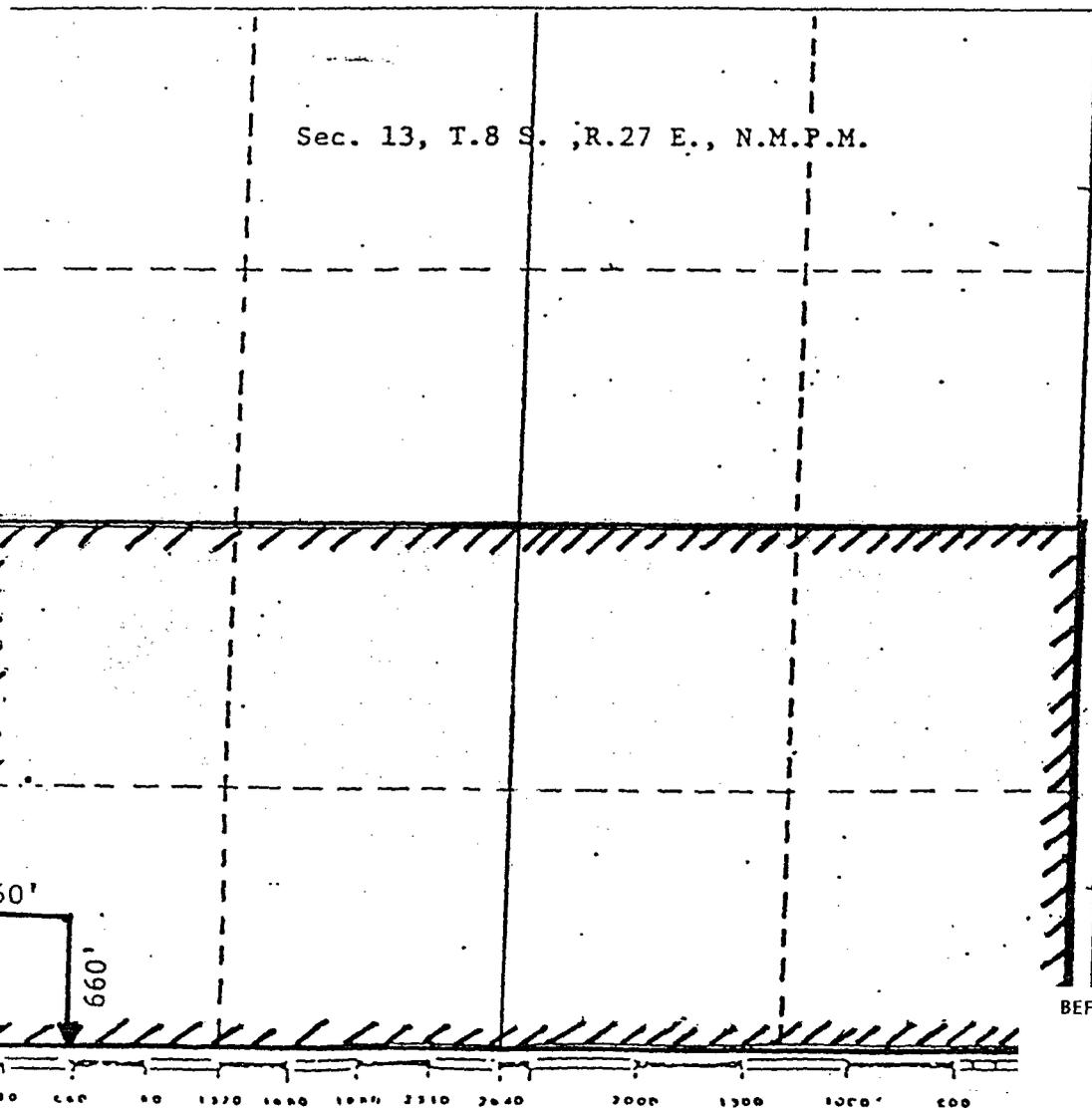
If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **JOHN D. JACQUES**  
March 19, 1982

Registered Professional Engineer and/or Land Surveyor  
No. 16240

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13229 Exhibit No. 2  
Submitted by:  
Yates Petroleum Corporation  
Hearing Date: September 16, 2004

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

RECEIVED

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:

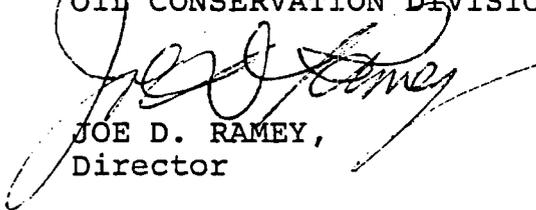
(1) That the application of Rault Petroleum Corporation for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well located at a point 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County,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

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

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,

A handwritten signature in cursive script that reads 'Darrick Stallings'.

Darrick Stallings  
Petroleum Engineer

DS/sj

Enclosures

ENTERED JUN 11 2002

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

October 13, 1993

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

ANITA LOCKWOOD  
CABINET SECRETARY

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210

Attention: Derrick Stallings, Petroleum Engineer

*Corrected Administrative Order NSL-3309*

Dear Mr. Stallings:

Reference is made to your application dated August 19, 1993 for a non-standard wildcat Wolfcamp gas well location for your existing Hanlad "AKZ" State Well No. 1 which was drilled in 1982 and completed in the Palma Mesa-Pennsylvanian Pool at a previously approved unorthodox gas well location (Division Order No. R-7065, dated August 24, 1982) 660 feet from the South and West lines (Unit M) of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County, New Mexico.

It is my understanding that the Pennsylvanian zone will be properly plugged back and said well will be recompleted to the Wolfcamp formation, which pursuant to Division General Rule 104.B(1), is unorthodox. Further, the S/2 of said Section 13 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

By the authority granted me under the provisions of General Rule 104.F(1), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay  
Director

WJL/MES/amg

cc: Oil Conservation Division - Artesia  
NM State Land Office - Santa Fe

Submit 3 Copies To Appropriate District

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised June 10, 2003

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

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO.	30-005-61493
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	VB-427
7. Lease Name or Unit Agreement Name	Hanlad AKZ State
8. Well Number	1
9. OGRID Number	025575
10. Pool name or Wildcat	Paloma Mesa Penn

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:  
Oil Well  Gas Well  Other

2. Name of Operator  
Yates Petroleum Corporation

3. Address of Operator  
105 S. 4<sup>th</sup> Street, Artesia, NM 88210

4. Well Location  
Unit Letter M : 660 feet from the South line and 660 feet from the West line  
Section 13 Township 8S Range 27E NMPM Chaves County

RECEIVED  
OCT 30 2003  
OCD-ARTESIA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3936'GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Well back on production <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Well back on production 10/20/03

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

SIGNATURE: Tina Huerta TITLE: Regulatory Compliance Supervisor DATE: October 28, 2003

Type or print name Tina Huerta E-mail address: tinah@ypcnm.com Telephone No. 505-748-1471

(This space for State use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of approval, if any: