

NSL 5/20/99

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



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

105 SOUTH FOURTH STREET APP 30
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

April 28, 1999

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Certified Mail
Return Receipt Requested

RE: Application for Unorthodox Well Location
Concho "ACT" State Com #1 Well
Township 17 South, Range 27 East
Section 8: N/2
Eddy County, New Mexico

Dear Mr. Stogner:

We believe this API No. 30-015-30472 has been with drawn by Concho Resources.
Please process Yates' application for an unorthodox gas well location

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

April 28, 1999

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Sundry Notice/APD Cancellation
Chama "8" Federal Com #1 Well
T17S, R27E, NMPM
1650' FEL & 660' FNL of Section 8,
Eddy County, New Mexico
Chama Prospect (771117)

Gentlemen:

Reference is made to your previous correspondence with Yates Petroleum Corporation of Artesia, New Mexico, regarding their application for the Concho "ACT" State Com #1 Well. Your office has rejected Yates' application due to Concho's previously proposed Chama "8" Federal Com #1 Well.

Concho has prepared and sent the BLM Office a Sundry Notice requesting APD cancellation for the Chama "8" Federal Com #1 Well – API #30-015-30472 (a copy is enclosed). As noted on the enclosed copy, the Sundry Notice has been approved as of April 13, 1999 by the BLM. Please consider this approved Sundry Notice as Concho's written request to withdraw application to drill said well. Thank you for your assistance in this matter.

Sincerely,

CONCHO RESOURCES INC.


Van Rodgers

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

| | |
|--|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | 5. Lease Designation and Serial No. NM98809 |
| 2. Name of Operator Concho Resources Inc. | 6. If Indian, Allottee or Tribe Name |
| 3. Address and Telephone No. 110 W. Louisiana, Ste 410; Midland Tx 79701 | 7. If Unit or CA, Agreement Designation |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FEL & 660' FNL, UL - B; Sec 8, T-17S, R-27E | 8. Well Name and No. Chama '8' Federal Com #1 |
| | 9. API Well No. 30015 30472 |
| | 10. Field and Pool, or Exploratory Area Crow Flat Morrow |
| | 11. County or Parish, State Eddy Co., NM |

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

| TYPE OF SUBMISSION | TYPE OF ACTION |
|---|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Abandonment |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> Altering Casing |
| | <input checked="" type="checkbox"/> Other <u>Cancel APD</u> |
| | <input type="checkbox"/> Change of Plans |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Conversion to Injection |
| | <input type="checkbox"/> Dispose Water |

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Concho Resources Inc. respectfully request the cancellation of the Permit to Drill for the Chama '8' Federal Com #1 well approved on 10/26/98.

APPROVED

APR 13 1999
Linda R. Ashberry
AUTHORIZED OFFICER, MINERALS
BUREAU OF LAND MANAGEMENT

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

Signed *[Signature]* Title Production Analyst Date 04/01/99

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

~~NSK~~ 5/10/49

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TELEPHONE (505) 748-1471

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DENNIS G. KINSEY
TREASURER

APR 19 1999

April 15, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application for Unorthodox Well Location
Concho ACT State Com #1 Well
Township 17 South, Range 27 East
Section 8: N/2
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Morrow gas well location, the Concho ACT State Com #1. The well is located on State of New Mexico minerals, 1650' FNL and 660' FEL of Section 8, Township 17 South, Range 27 East, Eddy County, New Mexico. The acreage dedicated to the well is the N/2 of Section 8 which is 50% State of New Mexico minerals and 50% USA minerals.

The necessity for this unorthodox location is based on geologic conditions prevailing in the primary objective Lower Morrow clastics interval.

The sand isopach map is enclosed herewith. The map exhibit is an isopach map of the Lower Morrow clastics. Double circled well spots are Morrow penetrations. The contour interval is 20 feet. The spacing unit is outlined in red and the proposed location is pointed out.

The isopach map depicts the varying thickness of the Lower Morrow to Mississippian unconformity interval in the environs of the subject proration unit. Contouring of the available well control shows that the proposed location is on the west flank of the main "thick" in the area. Experience in this area has shown that wells in or near "thicks" have a much better chance of encountering Lower Morrow alluvial channel sand reservoirs capable of producing very good economic volumes of gas.

The proposed location should encounter sufficient Lower Morrow interval to accommodate an alluvial sand channel capable of producing economic reserves of gas.

Notification to the offset operator(s) to the east was made by certified mail on April 15, 1999 including a copy of this application letter with all attachments.

New Mexico Oil Conservation Division
April 15, 1999

Page 2

Yates requests that this unorthodox well location be administratively approved if no objections are received within the cited twenty (20) days as required by New Mexico Oil Conservation Division regulations or earlier if waivers are received.

Enclosed with the isolith map are forms C-101, C-102 and a land plat showing offset operator(s).

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

Thank you.

Very truly yours,

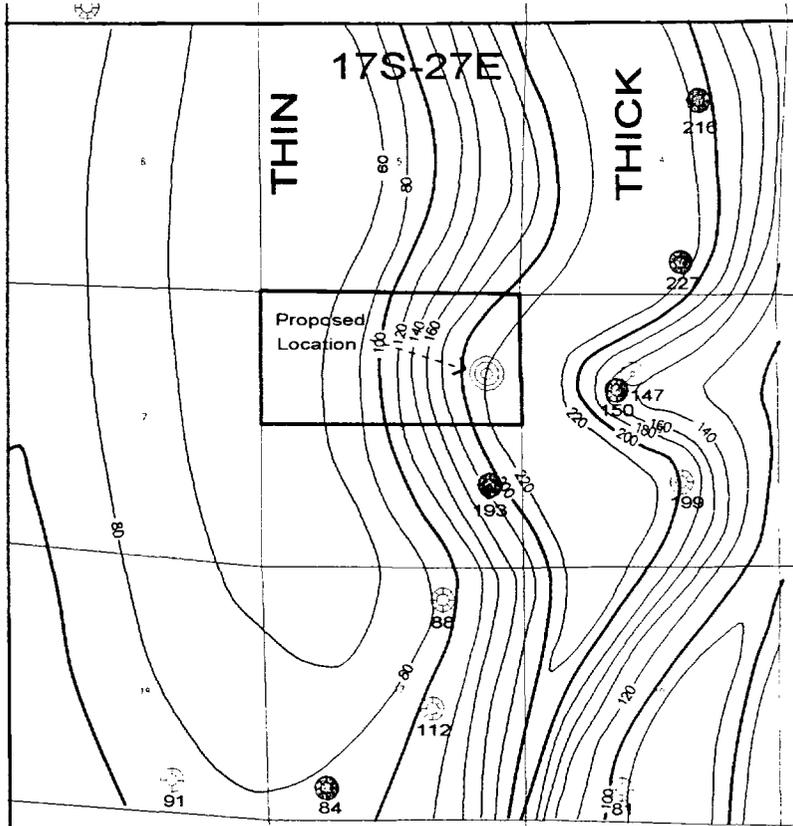
YATES PETROLEUM CORPORATION

A handwritten signature in black ink that reads "Robert Bullock". The signature is written in a cursive style with a large, prominent initial "R".

Robert Bullock
Landman

RB/mw

Enclosures



LEGEND

- Morrow Penetrations
- 193₁ - Lower Morrow to Miss. Thickness
- Lower Morrow Producer
- Solid Contours of Lower Morrow to Miss. Thickness; C.I. = 20'

YATES PETROLEUM CORPORATION

New Mexico
Empire - Logan Draw - Dog Canyon Area
Isopach Lower Morrow Clastics

| | | |
|------------------|----------------|--------------|
| Grid: Play/Bench | C.I. 20' | 4/15/98 |
| | Scale 1:62,500 | J. C. Jarama |

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District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

AMENDED REPORT

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

| | | |
|--|---|-------------------------------------|
| ¹ Operator Name and Address. YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30 - 0 |
| ⁴ Property Code | ⁵ Property Name Concho "ACT" State Com. | ⁶ Well No. 1 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 8 | 17S | 27E | | 1650' | North | 660' | East | Eddy |

⁸ Proposed 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 |
|--|---------|----------|-------|---------|-------------------------------|------------------|---------------|----------------|--------|
| ⁹ Proposed Pool 1 Morrow | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|---------------------------------------|-----------------------------------|--|---|
| ¹¹ Work Type Code N | ¹² Well Type Code G | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3362' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 9150' | ¹⁸ Formation Morrow | ¹⁹ Contractor Undesignated | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/4" | 8 5/8" | 24# J-55 | 1400' | 500 sx | Circulated |
| 7 7/8" | 4 1/2" | 11.6# S-95 | 9150' | 400 sx | TOC 7500' |
| | | | | | |
| | | | | | |

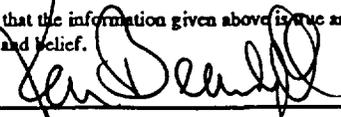
²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formations. Approximately 1400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cement circulated, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-1400' FW; 1400'-4700' FW Gel; 4700'-8100' Cut Brine; 8100'-TD Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: 

Printed name: KEN BEARDEMPHL

Title: LANDMAN

Date: April 6, 1999

Phone: 505-748-4348

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 APT Number | | 2 Pool Code | | 3 Pool Name Morrow | |
| 4 Property Code | | 5 Property Name CONCHO "ACT" STATE COM | | | 6 Well Number 1 |
| 7 OGRID No. 025575 | | 8 Operator Name YATES PETROLEUM CORPORATION | | | 9 Elevation 3362. |

10 Surface Location

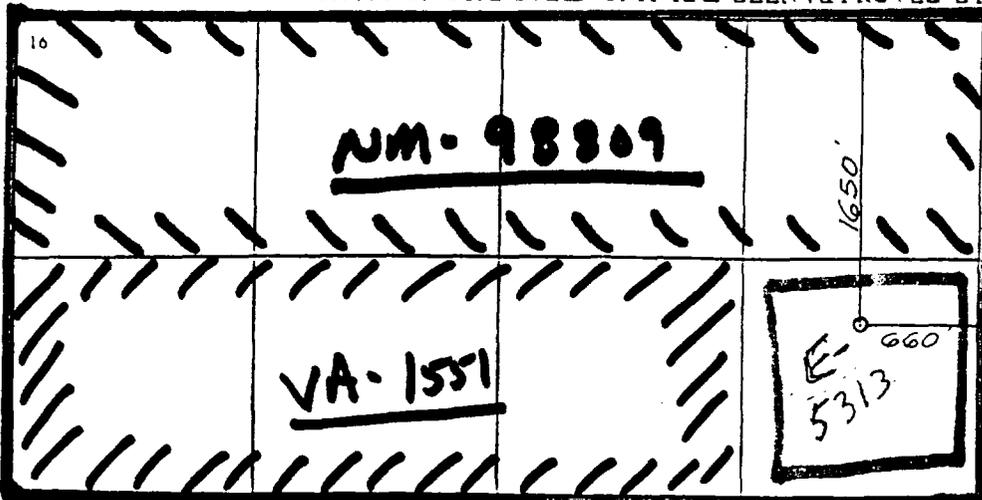
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 8 | 17-S | 27-E | | 1650 | NORTH | 660 | EAST | EDDY |

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. |
|---------------------------|--------------------|-----------------------|--------------|

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



17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

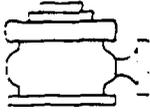
Signature: *Ken Beardemphl*
 Printed Name: Ken Beardemphl
 Title: Landman
 Date: April 6, 1999

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.

APRIL 3, 1999
 Date of Survey

Signature and Seal of Professional Surveyor:

 Certificate Number: 5412
 NM RE EPS-NO. 01974-12

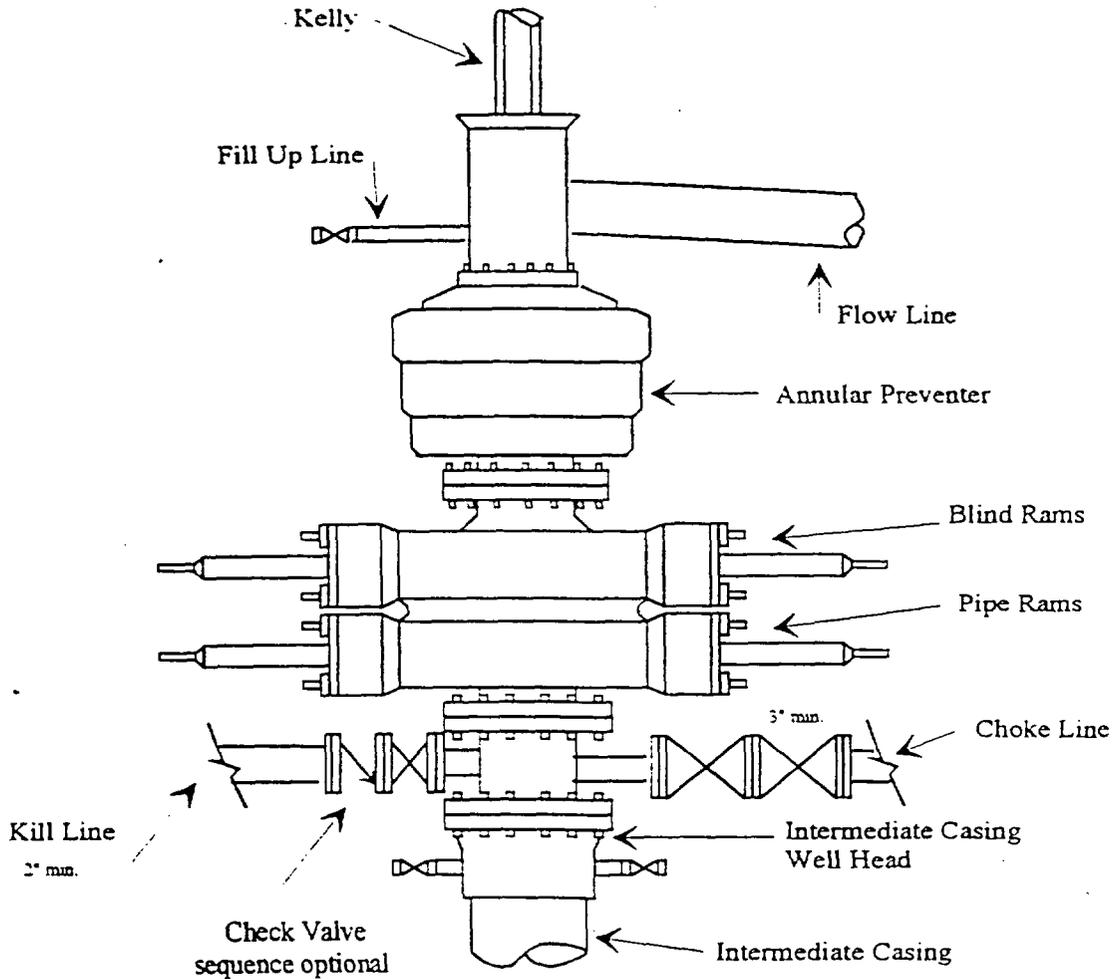


Yates Petroleum Corporation

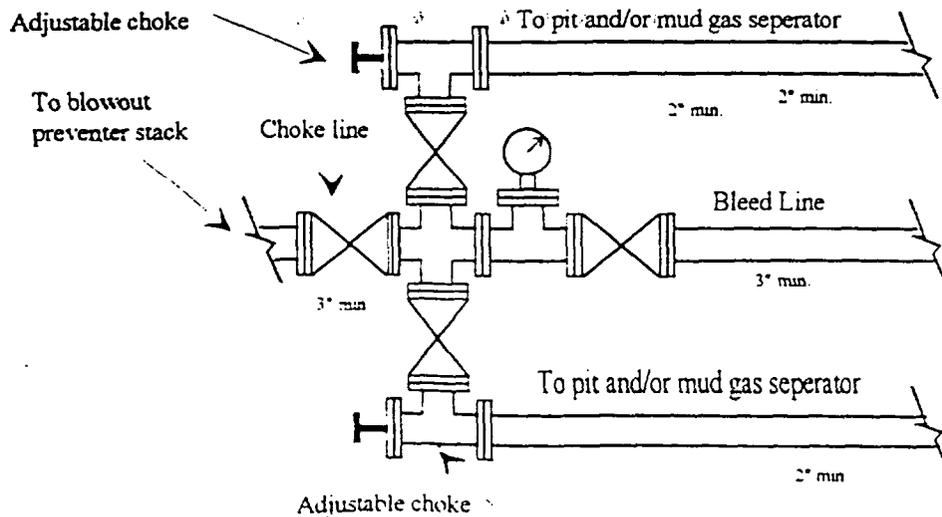
BOP-3

Typical 3,000 psi Pressure System Schematic

Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



Notification List of Offset Operator(s)
to Unorthodox Morrow Gas well location
Concho "ACT" St. Com. #1
Township 17 South, Range 27 East
Section 8: 1650' FNL & 660' FEL
Eddy County, New Mexico

Oxy USA, Inc.
Box 50250
Midland, Texas 79710