

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

NSL 11/8/99

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

OCT 18 1999

October 15, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508

CERTIFIED MAIL
Return Receipt Requested

RE: Application for Unorthodox Location
R.L. Burns ATL #1
Wildcat Mississippian Pool
E/2 Section 11, T16S, R35E
Lea County, New Mexico

Case 12291

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Mississippian gas well, the R.L. Burns ATL #1. The proposed well is located on fee minerals, 330' FSL and 330' FEL of Section 11, Township 16 South, Range 35 East.

Yates Petroleum Corporation proposes to re-enter the captioned well which was drilled by R.L. Burns Corporation in November, 1973 and plugged in January 1974. We will re-enter using a pulling unit and a reverse unit to drill out plugs to the 8 5/8" casing at 1438', dress off stub and tie back to the 8 5/8" casing from 1438' to the surface. We will then drill out plugs to the 8 5/8" shoe plug at 4663', pressure test casing, and rig down pulling unit. We will bring in a drilling rig, drill out the plugs to the original TD of 12,111' and deepen to the Mississippian formation at approximately 12,700', run logs and run 5" casing.

Yates concludes that it is cheaper to re-enter this well than to drill a new well and would be in the best interest of conservation.

Notification to the offset operator to the south, east and southeast was made by certified mail on October 15, 1999, including a copy of this application letter with all attachments.

Yates requests that this unorthodox location be administratively approved if no objections are received within the cited twenty (20) days as required by OCD regulations, or earlier if waivers are received.

Enclosed are Forms C-101, C-102, land plat and notification list of offset operators including letters of waiver.

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

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB:bn
enclosure(s)

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TREASURER

October 15, 1999

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

RE: Offset Operator Notification
Unorthodox Location
R.L. Burn ATL #1
Township 16 South, Range 35 East
Section 11: 330' FSL & 330' FEL
Lea County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to re-enter the existing wellbore at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in NMOCD Rule 104 C. (2) (b) (Revised 8-12-99).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the NMOCD within twenty (20) days from the date of this notice.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB/dc
enclosure(s)

The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation

CHESAPEAKE OPERATING, INC.

By: _____
Title: _____
Date: _____

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



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

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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 15, 1999

Merit Energy Company
2510 W. Ohio Avenue
Midland, Texas 79701

RE: Offset Operator Notification
Unorthodox Location
R.L. Burn ATL #1
Township 16 South, Range 35 East
Section 11: 330' FSL & 330' FEL
Lea County, New Mexico

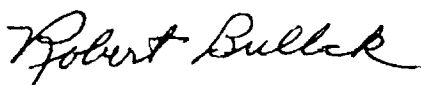
Gentlemen:

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Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB/dc
enclosure(s)

The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation

MERIT ENERGY COMPANY

By: _____
Title: _____
Date: _____

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



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ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 15, 1999

David H. Arrington Oil and Gas, Inc.
P.O. Box 2071
Midland, Texas 79702

RE: Offset Operator Notification
Unorthodox Location
R.L. Burn ATL #1
Township 16 South, Range 35 East
Section 11: 330' FSL & 330' FEL
Lea County, New Mexico

Gentlemen:

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Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB/dc
enclosure(s)

The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation

DAVID H. ARRINGTON OIL AND GAS, INC.

By: _____
Title: _____
Date: _____

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

SEP 30 1999



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

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PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 29, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508

CERTIFIED MAIL
Return Receipt Requested

RE: Application for Unorthodox Location
R.L. Burns ATL #1
Wildcat Mississippian Pool
E/2 Section 11, T16S, R35E
Lea County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Mississippian gas well, the R.L. Burns ATL #1. The proposed well is located on fee minerals, 330' FSL and 330' FEL of Section 11, Township 16 South, Range 35 East.

Yates Petroleum Corporation proposes to re-enter the captioned well which was drilled by R.L. Burns Corporation in November, 1973 and plugged in January 1974. We will re-enter using a pulling unit and a reverse unit to drill out plugs to the 8 5/8" casing at 1438', dress off stub and tie back to the 8 5/8" casing from 1438' to the surface. We will then drill out plugs to the 8 5/8" shoe plug at 4663', pressure test casing, and rig down pulling unit. We will bring in a drilling rig, drill out the plugs to the original TD of 12,111' and deepen to the Mississippian formation at approximately 12,700', run logs and run 5" casing.

Yates concludes that it is cheaper to re-enter this well than to drill a new well and would be in the best interest of conservation.

Notification to the offset operators to the south, east and southeast was made by certified mail on September 29, 1999, including a copy of this application letter with all attachments.

Yates requests that this unorthodox location be administratively approved if no objections are received within the cited twenty (20) days as required by OCD regulations, or earlier if waivers are received.

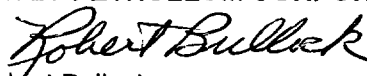
Enclosed are Forms C-101, C-102, land plat and notification list of offset operators including letters of waiver.

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

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB:bn
enclosure(s)

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

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

| | | |
|---|--|--|
| ¹ Operator Name and Address. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210 | | ² OGRID Number 025575 |
| | | ³ API Number 30 - 0 25-24559 |
| ⁴ Property Code | ⁵ Property Name R.L. Burns ATL | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 11 | 16S | 35E | | 330' | South | 330' | East | Lea |

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 Wildcat Mississippian | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|---|--|--|---|
| ¹¹ Work Type Code E | ¹² Well Type Code G | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 3971' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 12,700' | ¹⁸ Formation Mississippian | ¹⁹ Contractor Not Determined | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|----------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 48# | 375' In Place | 325 sx | Circulated |
| 11" | 8 5/8" | 28# & 32# | 4762' In Place | 500 sx | Circulated |
| 7 7/8" | 5 1/2" | 17# | 12,700' | 750 sx | TOC 7000' |
| | | | | | |
| | | | | | |

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.

SEE ATTACHED PAGE 2.

Will file for NSL with the New Mexico Energy, Minerals, and Natural Resources Department.

| | | | |
|--|--|--|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: | | OIL CONSERVATION DIVISION | |
| Approved by: | | | |
| Printed name: Ken Beardemphl | | Title: | |
| Title: Landman | | Approval Date: | |
| Date: September 23, 1999 | | Expiration Date: | |
| Phone: (505) 748-1471 | | Conditions of Approval: Attached <input type="checkbox"/> | |

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 API Number 30-025-24559 | | ² Pool Code | ³ Pool Name |
| ⁴ Property Code | ⁵ Property Name R.L. Burns ATL | | ⁶ Well Number 1 |
| ⁷ OGRID No. 025575 | ⁸ Operator Name YATES PETROLEUM CORPORATION | | ⁹ Elevation 3971' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 11 | 16S | 35E | | 330' | South | 330' | East | Lea |

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

| | | | | | |
|---------------|--|--|--|--|--|
| ¹⁶ | | | | | <div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p>Signature: <i>Ken Beardemphl</i></p><p>Printed Name: Ken Beardemphl</p><p>Title: Landman</p><p>Date: September 23, 1999</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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.</p><p>Date of Survey:</p><p>Signature and Seal of Professional Surveyor: <i>Refer to Original Plat</i></p><p>Certificate Number</p></div> |
| | | | | | |
| | | | | | |
| | | | | | |

DRILLING PROGRAM

R.L. Burns ATL #1

Page 2

Yates Petroleum Corporation proposes to re-enter the captioned well which was drilled by R.L. Burns Corporation in November, 1973 and plugged in January 1974. Will re-enter using a pulling unit and a reverse unit to drill out plugs to the 8 5/8" casing at 1438', dress off stub, and tie back to the 8 5/8" casing from 1438' to the surface. Will then drill out plugs to the 8 5/8" shoe plug at 4663', pressure test casing, and rig down pulling unit. Will bring in a drilling rig, drill out the plugs to the original TD of 12,111' and deepen to the Mississippian Formation at approximately 12,700', run logs and run 5" casing.

MUD PROGRAM: Will use Cut Brine, 9.3 ppg, viscosity 29-33.

BOPE PROGRAM: 5000# BOPE will be installed on the 8 5/8" casing and tested daily for operational.

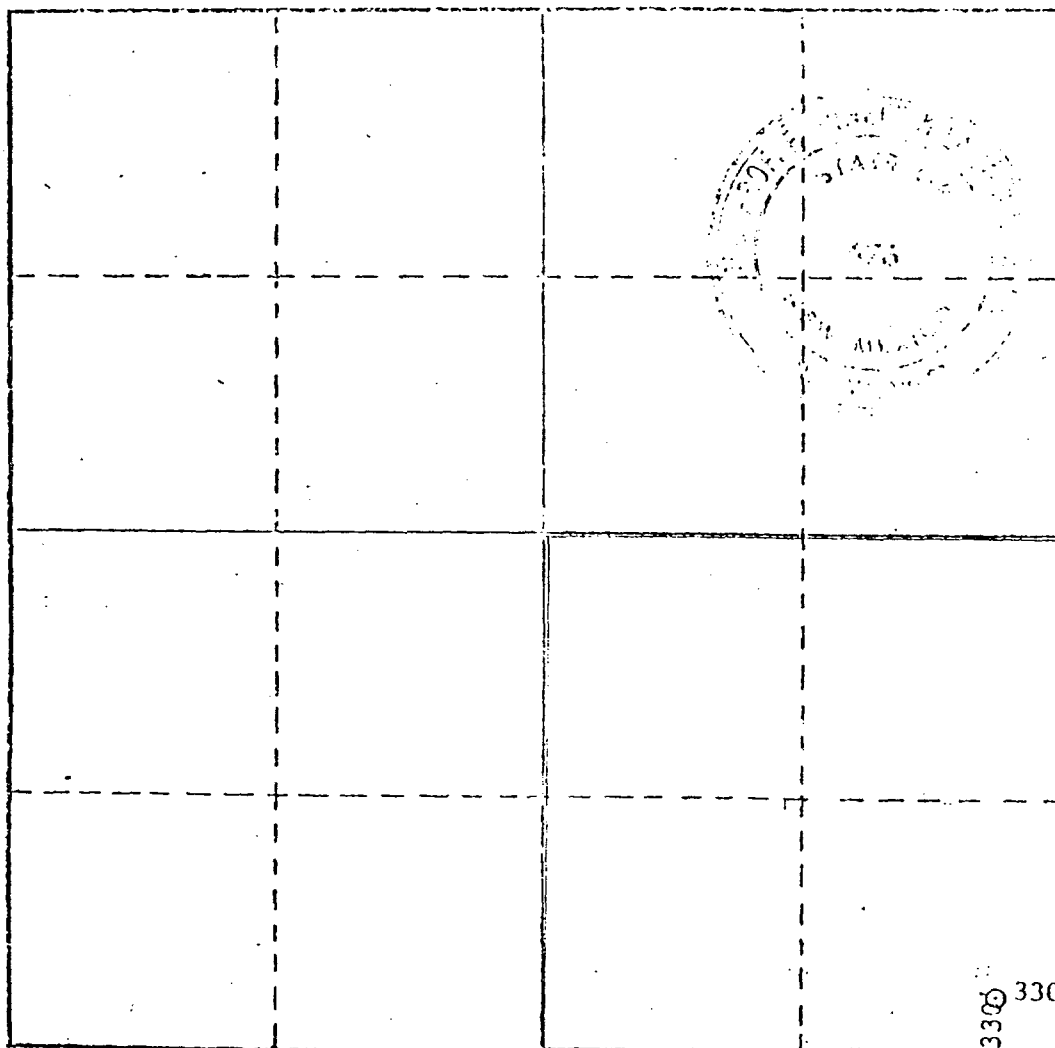
| | | | | |
|--|--------------------------------------|---|---|----------------------|
| Operator R. L. BURNS CORPORATION | | Location WITT | | Well No. 1 |
| Unit Letter O | Section 11 | Township 16 S | Range 35 E | County LEA |
| Actual Postage Location of Well: 330 feet from the SOUTH line and 330 feet from the EAST line | | | | |
| Ground Level Elev. 3971.6' | Producing Formation Strawn | Pool Undes. North Shoe Bar Penn | Dedicated Acreage: 160 160 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 Communitization

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 Commission.



CERTIFICATION

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

By: John W. West
Position
Agent

Company
R. L. Burns Corporation

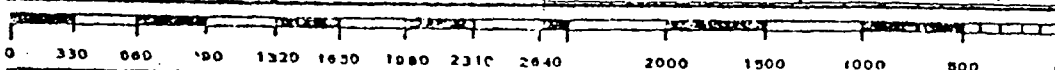
Date
November 27, 1973

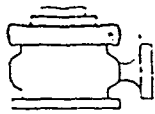
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
OCTOBER 10, 1973

Registered Professional Engineer
and/or Land Surveyor

John W. West
Certificate No. **676**

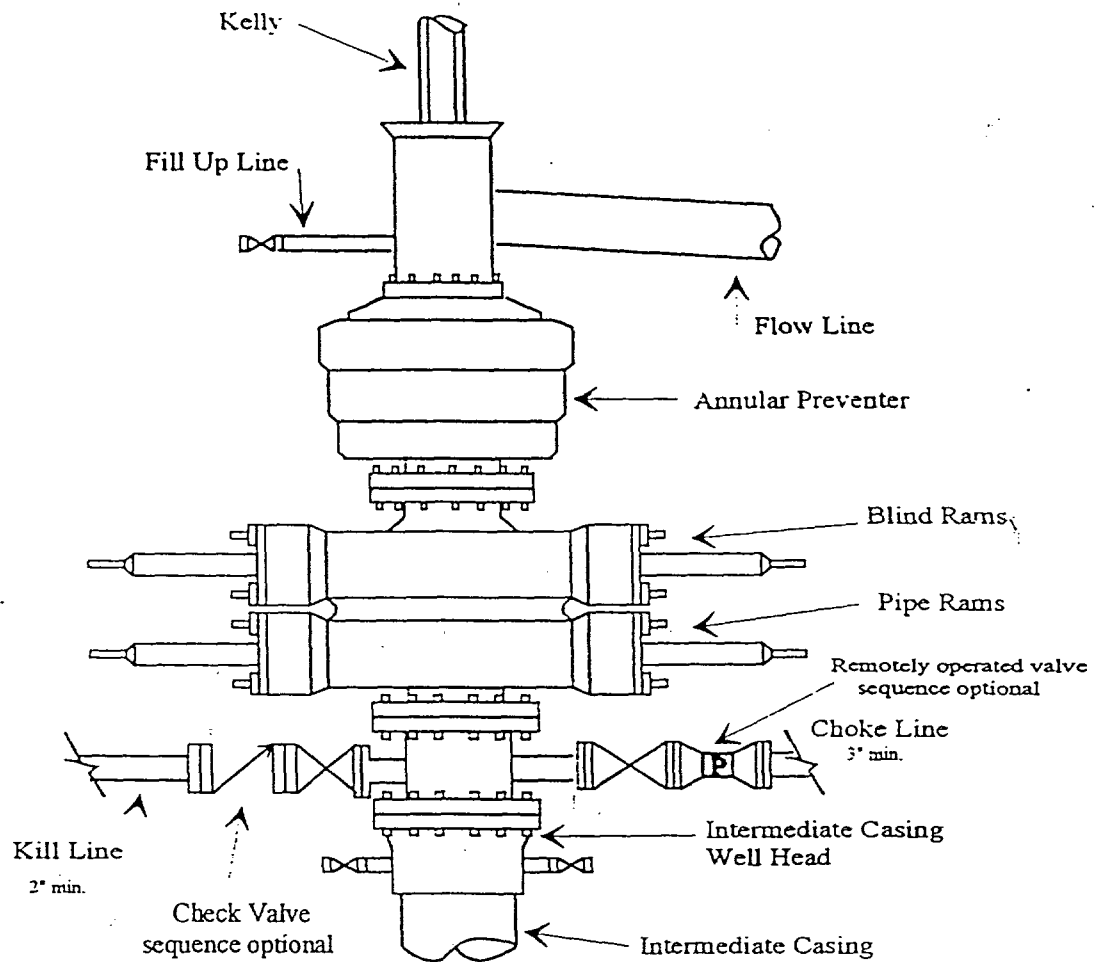




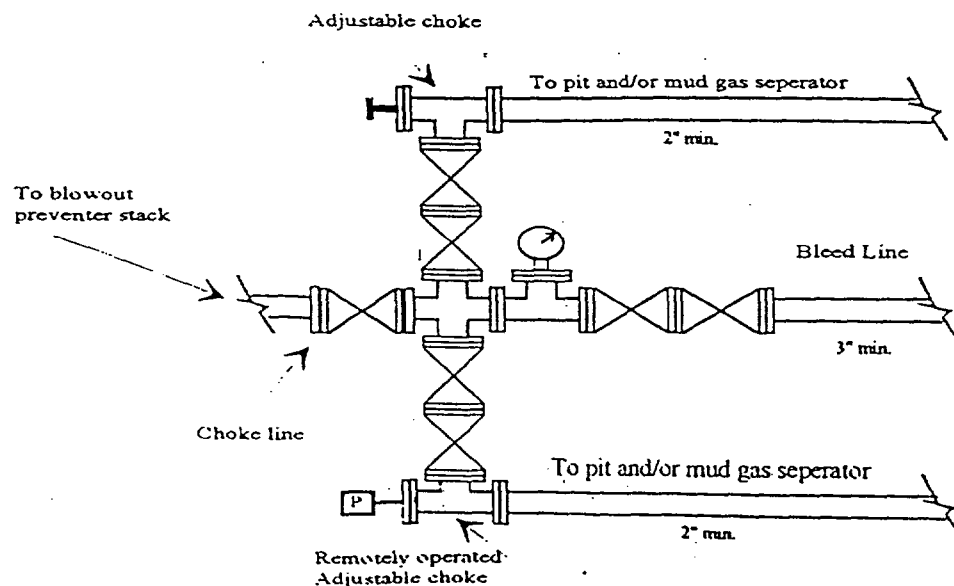
Yates Petroleum Corporation

BOP-4

Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



[illegible]

*Notification List
Offset Operators*

*Merit Energy Company
2510 W. Ohio Avenue
Midland, Texas 79701*

*David H. Arrington Oil and Gas, Inc.
PO Box 2071
Midland, Texas 79702*

*Chesapeake Operating, Inc.
PO Box 18496
Oklahoma City, Oklahoma 73154-0496*

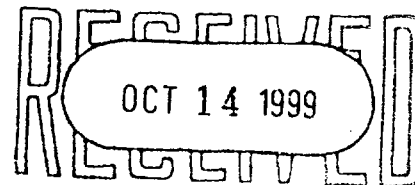


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 12, 1999

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210



Attention: Robert Bullock

Re: *Administrative application for an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to re-enter and deepen the plugged and abandoned R. L. Burns Corporation Witt Well No. 1 (API No. 30-025-24559), to be redesignated the R. T. Burns "ATL" Well No. 1, to the Mississippian formation at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 11, Township 16 South, Range 35 East, NMPM, Undesignated North Townsend-Mississippian Gas Pool, Lea County, New Mexico.*

Dear Mr. Bullock:

It appears that your application is incomplete with respect to notice, the rules for unorthodox location applications were recently changed by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999, and by Division Order No. R-11205, issued by the Commission in Case No. 12177 (see copies attached). Your letters of notice attached to the application referenced the old rules.

I am therefore returning this application so that notification can be verified as being correct. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Kathy Valdes, NMOCD - Santa Fe
Mr. Randy Patterson, Yates Petroleum Corporation - Artesia
Mr. William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Ms. Lori Wrotenbery, Director NMOCD - Santa Fe