OIL CONSER OF DIVISION RE SED

Letter: William J. lethy

14 LAW OFFICES

ERNEST L. CARROLL
JOEL M. CARSON
JAMES E. HAAS
A. J. LOSEE

300 YATES PETROLEUM BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88211-0239

LOSEE, CARSON, HAAS & CARROLL, P. A.

TELEPHONE (505) 746-3505 TELECOPY

(505) 746-6316

DEAN B. CROSS MARY LYNN BOGLE

January 20, 1992

Mr. William J. LeMay, Director New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Re: Applications of Yates Petroleum Corporation

Dear Mr. LeMay:

Enclosed for filing, please find three copies each of three Applications of Yates Petroleum Corporation for permits to drill, all three underlying Section 2, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

We ask that these cases be set for hearing before an examiner, after allowing twenty days for notice, and that we be furnished with a copy of the docket for said hearings.

Yours truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Ørnest L. Carroll

ELC:bjk Enclosures

cc w/encl: New Mexico Potash

New Mexico State Land Office Bureau of Land Management

1 717 5104

#### BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

722.04 1 177 2 04

.... : E

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR A PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO

#### **APPLICATION**

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys Losee, Carson, Haas & Carroll, P.A. (Ernest L. Carroll), and in support hereof respectfully states:

- 1. Applicant is the operator of the Delaware and intermediate formations underlying Township 22 South, Range 31 East, N.M.P.M., Section 2: Unit G, and proposes to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2.
- 2. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8500 feet. Applicant has submitted its Application for Permit to Drill, Deepen or Plug Back, Form C-101, as required by Rule 102 of the Oil Conservation Division, to permit the drilling of the well at the above mentioned location. Applicant has further complied with Order No. R-111-P and has sent the required notice of such Application for Permit to Drill, Deepen or Plug Back to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plat submitted with

applicant's Application for Permit to Drill, Deepen or Plug Back.

Attached hereto as Exhibit "1" is a copy of Form C-101 as previously submitted.

- 3. Applicant has received verbal notice from the potash operator to whom notice was given that it will object to the drilling of said well.
- 4. Said location is in compliance with Order No. R-111-P(G)(3)(d), and upon information and belief is not located within any Life of Mine Reserves (LMR) or buffer zone as presently designated with the State Land Office. The permitting of such well will not result in undue waste of potash deposits, or constitute a hazard to or interfere unduly with mining of potash deposits.
- 5. A standard 40-acre oil proration unit comprising Unit G of said Section 2 should be dedicated to such well.
- 6. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of oil, will prevent 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.

#### WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

- B. That upon hearing the Division enter its order granting applicant permission to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2, Unit G, Township 22 South, Range 31 East, N.M.P.M., which is reasonably presumed to be productive of oil from the Delaware or intermediate formations.
- C. And for such other relief as may be just in the premises.

LOSEE, CARSON, HAAS & CARROLL, P.A. P. O. Drawer 239 Artesia, New Mexico 88210

Artesia, New Mexico 88210 (505/746-3505)

Attorneys for Applicant

Submit to Appropriate
District Office
State Lease - 6 copies
Foe Lease - 5 copies

## State of New Mexico ne Minerals and Natural Resources Department

Form C-101 Revised 1-1-89

<u>DISTRICT I</u> P.O. Box 1980, Hobbs, NM 88240 OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

5. Indicate Type of Lease

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

STATE X FEE

API NO. ( assigned by OCD on New Wells)

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 6. State Oil & Gas Lease No. V-2705

1000 Kio Brazos Kd., Azied	; rum 8/41U			V-2705	
	ION FOR PERMIT T	O DRILL, DEEPEN, O	R PLUG BACK		
1a. Type of Work:				7. Lease Name or Unit Ag	greement Name
DRILL	. X RE-ENTER	DEEPEN	PLUG BACK	Graham AKB St	ato
b. Type of Well: OIL SAS WELL WELL WELL	7	SINGLE	MULTPLE	di dildili ARB 50	u cc
	OTHER	ZONE	ZONE		
2. Name of Operator	C			8. Well No.	
	eum Corporation			9. Pool name or Wildcat	
3. Address of Operator 105 South Fo	urth Street, Ar	tesia, NM 88210	•		ost Tank Delawar
4. Well Location Unit Letter G	: <u>1980</u> Feet Fr	om The North	Line and $1050$	Feet From The	East Line
Section	2 Towns	ip 22 South Ran	ge 31 East	nmpm Eddy	County
		10. Proposed Depth 8500		<del>onnauon</del> Delaware	12. Rozzy or C.T.
		////	<del></del>		Rotary
13. Elevations (Show whether 3552 '	GR	4. Kind & Status Plug. Bood Blanket	15. Drilling Contractor Undesignat		Date Work will start
17.	PR	OPOSED CASING AN	ID CEMENT PROGE	RAM	
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	
17 1/2"	13 3/8"	54.5#	850'	850	Circulate
11" 7 7/8"	8 5/8" 5 1/2"	32.0# 17 & 10#	4500' TD	2500 As warranted	Circulate Tie Back
commercial, casing, per MUD PROGRAM: BOP PROGRAM: Letter has b	production casi forated and sting Native mud to BOP will be it	rmediate casing will be run armulated as needed 850'; Brine to 4 nstalled at the constant of t	nd cemented to the for production of the formal state of the following t	tie-back to the n. e/Starch to TD. ed daily for ope	8 5/8" rational.
ZONE, GIVE BLOWOUT PREV	ENTER PROGRAM, IF ANY.	e to the best of my knowledge and			
SKINATURECL	fth R. M.	ley m	ve Permit Ager	nt D.	ne <u>11-25-91</u>
TYPE OR PRINT NAME CT	ifton R. May	J		TE	1271KNE NO. 748-1471
(This space for State Use)				•	
APTROVED BY		<u>T</u> IT	LP	DA	TE
LAVORTELA 90 2HOLTIQUO	P ANY:			,	
				,	

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

#### State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

#### **OIL CONSERVATION DIVISION**

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

P.O. Box 1980, Hobbs, NM 88240

DISTRICT III WELL LOCATION AND ACREAGE DEDICATION PLAT 1000 Rio Brazos Rd., Aztec, NM 87410 All Distances must be from the outer boundaries of the section Well No. Lease Operator YATES PETROLEUM CORPORATION GRAHAM AKB STATE Unit Letter Range Section Township County 22 SOUTH 31 EAST EDDY COUNTY, NM **NMPM** Actual Footage Location of Well: 1650 **EAST** 1980 NORTH feet from the line and feet from the line Ground level Elev. Producing Formation Dedicated Acreage: UNDES. LOST / ANK DELAUARE 40 ELAWARE 3552. Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? Yes 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 neccessary. 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 interest, has been approved by the Division. OPERATOR CERTIFICATION I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief. Signature Prirted Name Clifton R. May Position Permit Agent Company YATES PETROLEUM CORPORATION 1650 Date November 25, 1991 1-2905 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 supervison, and that the same is true and correct to the best of my knowledge and belief. Date Surveyed NOVEMBER R211 E Signay EM.WEN. NM PERPSONUSS'

1500

2000

1000

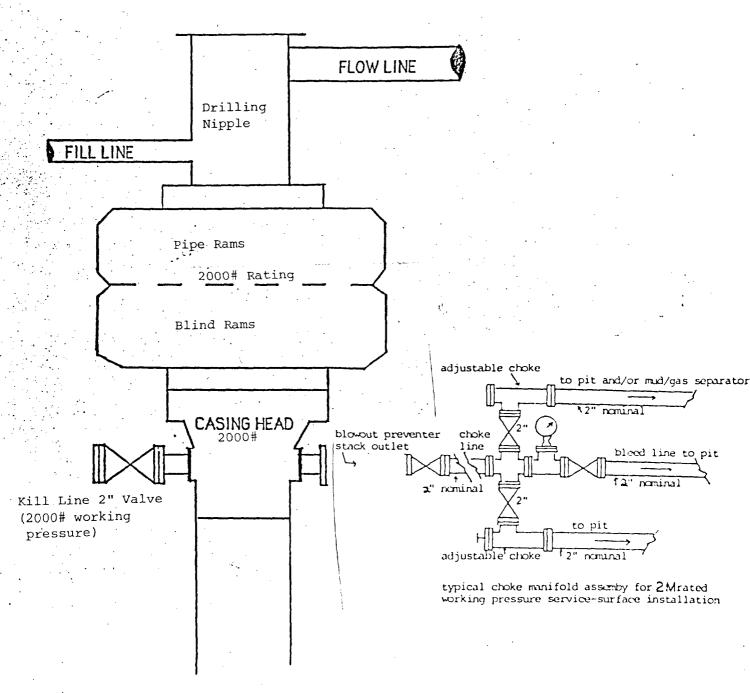
500

2640

1980 2310

1320

1650



BLOWOUT PREVENTER 2M SYSTEM

SENDER: Complete items 1 and 2 wher 3 and 4. ditional services are desired, and complete items Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consuit postmaster for fees and check box(es) for additional service(s) requested. MARTIN YATES, III 1912 - 1985 1. 

Show to whom delivered, date, and addressee's eddress. 2. Restricted Delivery FRANK W. YATES (Extra charge) -1936 - 1986 3. Article Addressed to: 4. Article Number P 384 291 931 Type of Service: Mr. Bob Lane Registered Insured New Mexico Potash Certified COD Return Receipt P.O. Box 610 Express Mail Hobbs, NM 88241 Always obtain signature of addressee or agent and DATE DELIVERED November 21, 1991 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) Х Flora AKF #1 Signature 17 Graham AKB #3 & 4 Mr. Bob Lane 7. Date of Delivery Martha AIK Fed. #7,8,&9 New Mexico Potash P.O. Box 610 PS Form 3811, Apr. 1989 **∡** U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT Hobbs, NM 88241 Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

> Graham AKB State #4 1980' FNL and 1650' FEL Sec. 2-T22S-R31E Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

RECEIPT FOR CERTIFIED I

CERTIFIED

MAIL

'See Reverse)

Œ

U

\_0

leften R. May Clifton R. May

	Permit Agent	
CRM/tg	; orm 3800, June 1985	⊕U.S.G.P.O. 1989-234-555
NO OBJECTIONS OFFERED  NEW MEXICO POTASH  By:  Title:  Date:	Restricted Delivery Fee  Return Receipt showing to whom and Date Delivered to whom and Date Delivery  TOTAL Postage and Fees  Postmark or Date 11-21-91 Graham Ak Flora AKF #1 Martha AIK Fed. #7	MR. Bo

ά

SECTION 34 - 215 - 31E	SECTION 35 - 218-318	SECTION 36-815-31E
NEW NEW MEXICO POTASH SWILSE 4	UNTEVZEO	NEW MEXICO POTASH
STATE LICA	USA	STATE
SECTION 3-225-31E	SECTION 2-225-312	SECTION 1- 225- 21E  UNLEASED
USA	STATE	usa-
SECTION 10-225-31E	SECTION 11-225-21E UNLEASEP	SECTION 12 - 225-31E.
USA.	USA	U SA

10-31-91 -- GUERGY SCHEPCOFF, DISTRICT MINING ENGINEER
11-1-91 -- CHARLENG NMSLO CEMBEL LEASING

Cliffin R. May

## BEFORE THE OIL CONSERVATION DIVISION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR A PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO

#### <u>APPLICATION</u>

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys Losee, Carson, Haas & Carroll, P.A. (Ernest L. Carroll), and in support hereof respectfully states:

- 1. Applicant is the operator of the Delaware and intermediate formations underlying Township 22 South, Range 31 East, N.M.P.M., Section 2: Unit G, and proposes to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2.
- 2. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8500 feet. Applicant has submitted its Application for Permit to Drill, Deepen or Plug Back, Form C-101, as required by Rule 102 of the Oil Conservation Division, to permit the drilling of the well at the above mentioned location. Applicant has further complied with Order No. R-111-P and has sent the required notice of such Application for Permit to Drill, Deepen or Plug Back to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plat submitted with

applicant's Application for Permit to Drill, Deepen or Plug Back.

Attached hereto as Exhibit "1" is a copy of Form C-101 as previously submitted.

- 3. Applicant has received verbal notice from the potash operator to whom notice was given that it will object to the drilling of said well.
- 4. Said location is in compliance with Order No. R-111-P(G)(3)(d), and upon information and belief is not located within any Life of Mine Reserves (LMR) or buffer zone as presently designated with the State Land Office. The permitting of such well will not result in undue waste of potash deposits, or constitute a hazard to or interfere unduly with mining of potash deposits.
- 5. A standard 40-acre oil proration unit comprising
  Unit G of said Section 2 should be dedicated to such well.
- 6. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of oil, will prevent 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.

#### WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

- В. That upon hearing the Division enter its order granting applicant permission to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2, Unit G, Township 22 South, Range 31 East, N.M.P.M., which is reasonably presumed to be productive of oil from the Delaware or intermediate formations.
- And for such other relief as may be just in the premises.

LOSEE, CARSON, HAAS & CARROLL, P.A. P. O. Drawer 239 Artesia, New Mexico 88210 (505/746-3505)

Attorneys for Applicant

#### State of New Mexico

Form C-101 Revised 1-1-89

EST. TOP

Circulate

Circulate

Tie Back

Submit to Appropriate
District Office
State Lease — 6 copies
Fee Lease — 5 copies

SIZE OF HOLE

17 1/2"

SIZE OF CASING

13 3/8"

8 5/8"

5 1/2"

Ene: Minerals and Natural Resources Department:

State Lease — 6 copies Fee Lease — 5 copies	OIL CONSERVATION	DIVISION .			
<u>DISTRICT I</u> P.O. Box 1980, Hobbe, NM 88240	P.O. Box 2088	API NO. ( assigned by OCD on New Wells)			
DISTRICT II P.O. Drawer DD, Artesia, NM 88210	Santa Fe, New Mexico 875	004-2088	5. Indicate Type of Leas	STATE X FEE	
DISTRICT III 1000 Rio Brazia Rd., Aziec, NM 87410			6. State Oil & Gas Leas V-2705	se No.	
	PERMIT TO DRILL, DEEPEN, OR	PLUG BACK			
In Type of Work:			7. Lease Name or Unit.	Agreement Name	
b. Type of Well:	<b>-</b>	LUG BACK	Graham AKB S	tate	
AET MET OUVER	SINCLE ZONE	MULTIPLE ZONE			
2 Name of Operator Yates Petroleum Corp	poration		8. Well No. 4		
3. Address of Operator 105 South Fourth Sti	reet, Artesia, NM 88210		9. Pool name or Wildca Undesignated	u Lost Tank Delawar	
4. Well Location Unit Letter G: 198	80 Feet From The North	Line and 1050	Feet From The	East Line	
Section 2	Township 22 South Range	31 East	NMPM Eddy	County	
	10. Proposed Depth 8500'		ommuon Delaware	12 Rozary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GF	R, etc.) 14. Kind & Status Plug, Bond	15. Drilling Contractor	16. Aporo	z. Date Work will start	
3552' GR	Blanket	Undesignat			

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

SETTING DEPTH

850'

4500'

TD

SACKS OF CEMENT

As warranted

850

2500

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

WEIGHT PER FOOT

<u>54.5#</u>

32.0#

17 & 10#

BOP PROGRAM: BOP will be installed at t	the offset and tested daily for	operational.
Letter has been sent to N.M. Potash Corp	poration.	
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: # PROPOSALIS TO ZONE, GIVE BLOWOUT PREVENTI'R PROGRAM, # ANY.	DEFINEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE Z	ONE AND PROPOSED NEW PRODUCTIVE
I hereby certify that the information above is true and complete to the best of my knowled		
SKINATURE Clifta R. May		DATE
TYTE OR PRESC NAME Clifton R. May		теличено. 748-1471
(Thus space for State Use)	-	
APPROVED BY	mre	DATE
CONDITIONS OF ANYTHOUGH, IF ANY:	,	

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

#### State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

#### **OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

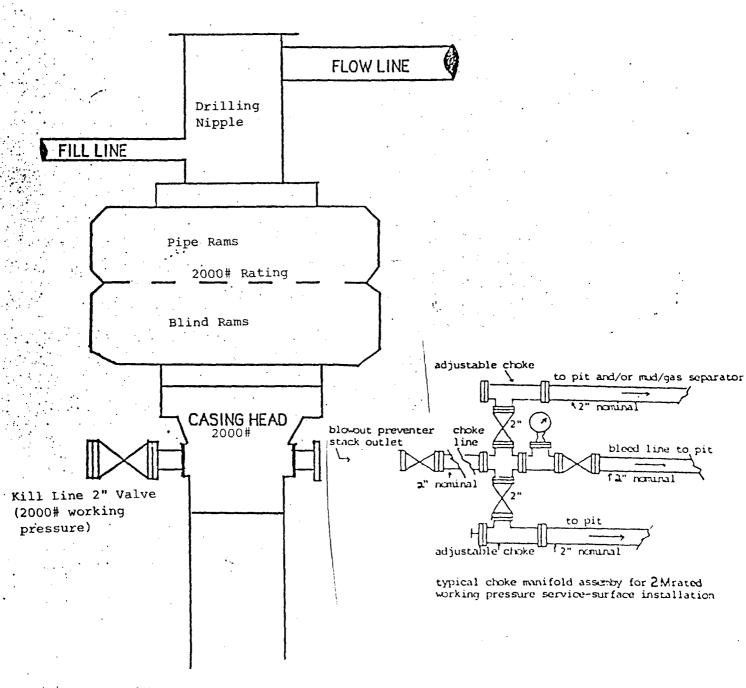
DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT III 1000 Rio Brazos Rd., Aziec, NM 87410

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

perator	<del></del>			Lease			<del></del>	Well No.	
•	ימונבנוא כם	RPORATION			AM AKB S	rate		4	
	tion	Township		Range	LELI LIKE U.		County		
G	2		SOUTH	1	EAST	NMPN	KDDA	COUNTY,	NM
al Footage Lixation	of Well:					131411 1	2-1		
		IORTH	line and	1650		feet from	n the EAST		<u></u>
ind level Elev.		g Formation		Pool	, —	T		Dedicated Acre	age:
3552.		4WARE	<del> </del>			DELAUAR	€	40	Acres
		d to the subject well	•		•				
Z. II more than	one lease is ded	licated to the well, o	outline each and	l locality the ov	viiersnip inercoi	(both as to won	ting interest and re	oyaity).	
	one lease of difforce-pooling, etc	ferent ownership is	dedicated to the	well, have the	interest of all o	wners been cons	olidated by comm	unitization,	
Ye			wer is "yes" ty	pe of consolidat	ion				
		s and tract descripti				Jse reverse side	of	· · · · · · · · · · · · · · · · · · ·	
this form if no		to the well until all	interests have h	een consolidate	d (by communit	ization unitizate	on forced-pooling	or otherwise)	
		minating such intere				izacion, umuzaci	on, rorecu-pooning	, or carerwise,	
			1	,			OPERATO	OR CERTIF	CATION
	ļ				1			certify that i	
	İ				1		contained herein		
	. 1		~~ <b>.</b> ~				best of my knowle	edge and belief.	•
	1				1				
				0	1		Signature (1)	ftn R.	$m_{c}$
	ł		ł	8	Ì			an I.	1 (4
	Ì			6	i		Printed Name	( Mass	
			Transportation of the last	<del></del>	<del> </del>		Clifton R	. iridy	
	i		ľ		İ		Position		
	i		İ	İ	<b>i</b> '		Permit Ag	ent	
	i			Ţ	i		YATES PET	DOLEHM CO	TACADOL
	i			· · · · · · · · · · · · · · · · · · ·	1650		Date		JAF ORA I
	i		12.0	>05	i.		November	25, 1991	
	i		y - 21	1000	i.		011011011	05.000	
	<del></del>	,	Property of the State of		<del> }</del>		SURVEY	OR CERTIF	ICATION
	•		ļ		i	İ	I hereby certify	that the wall	Inantias al
	i				1	į i	on this plat w		
	j 1				1		actual surveys	made by me	or unier
	ļ				- 		supervison, and		
	ļ ļ						correct to the	best of my	knowledge
	ļ				1	ļ	belief.		
	ļ						Date Surveyed		
. — — —	:		† <del></del> :		<del>+</del>		NOVEMBER	RSNE 4991	
	ļ				1		Signature & Sc Professional Su	CALGE V.	
	ł				1		Signature & Sc Professional Sy	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	\
	ļ						1 1 7	\	\ <sub>~</sub> \
	1				1		REG	5412	). <u>E</u> ]
	1				1		1.15.	Max 1	ACINE.
	1				1		Nil Collan	A SURVEY B	<b>F</b> /
	1		<u> </u>				201111111111111111111111111111111111111		1
			za	Designation	)		NM PERPS	ONO 55154 12	<u> </u>
330 660 990	1320 1650	1980 2310 26	340 or	000 1500	1000	500 0		-	



BLOWOUT PREVENTER 2M SYSTEM

SENDER: Complete items 1 and 2 wher 3 and 4. ditional services are desired, and complete items Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will present this card from being returned to you. The return receipt fee will provide you the name of the person dewarded to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. MARTIN YATES, III 1912 - 1985 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery FRANK W. YATES (Extra charge) (Extra charge) -1936 - 1986 3. Article Addressed to: 4. Article Number P 384 291 931 Type of Service: Mr. Bob Lane Registered nsured New Mexico Potash Certified COD Return Receipt for Merchandise P.O. Box 610 Express Mail Hobbs, NM 88241 Always obtain signature of addressee or agent and DATE DELIVERED November 21, 1991 5. Signature - Addressee 8. Addressee's Address (ONLY if requested and fee paid) Х Flora AKF #1 Synature / Agent Graham AKB #3 & 4 Mr. Bob Lane 7. Date of Delivery Martha AIK Fed. #7,8,89 New Mexico Potash P.O. Box 610 PS Form 3811, Apr. 1989 DOMESTIC RETURN RECEIPT Hobbs, NM 88241 Ú.S.G.P.O. 1989-238-815 Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #4 1980' FNL and 1650' FEL Sec. 2-T22S-R31E Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May Permit Agent

CRM/tg U.S.G.P.O. 1989-234-555 Form 3800, June 1985 Flora Return Date: a Street 11-21-91 Return Receipt showing to whom and Date Deli-Restricted Delivery Fee Centiled TOTAL RECEIPT FOR CERTIFIED Hobber õ **NO OBJECTIONS OFFERED** n Receipt showing to whom and Address of Delivery غيّ Postage and Delivery Fee ቁጭ በአካሪ ኒክኒራያነው ዘርዓ 106 ሊታፊው 30 ምፅ3100 30ዓምሮ (14 04 or Date AKE 0 т Б **NEW MEXICO POTASH** AIK Bob ZIP GATE Вох - tt Graham **-11 1**-11 By: 610 Title: 8824 Date: #7 00 8 :#: ယ

-	<u></u>	
SECTION 34- 215- 31E	GEOTION 25 - 215-21E	SECTION 36-815-31E
NEW NEW MEXICO POTASH SWKISE KI	UNLEYSED	NEW MEXICO POTASH
STATE USA	(45A	STATE
SECTION 3-225.318	SICTION 2-225-31E	SECTION 1-225-21E  UNLEASED
USA	FLORA AKF Sr. # 1 CTATE	u S A-
SECTION 10 - 225 - 31E	SECTION 11- 225-21E	SEICTION 12 - 225- 31E
UNIFASEO	UNLEASED	C(NIT ACED
USA	USA	USA

10-31-91 --- GLORGE SCHEPCOFF, DISTRICT MINING ENGINEER 11-1-91 --- CHARLEN MMSLD COMPLEL LEASING

Oilin R. May

## BEFORE THE OIL CONSERVATION DIVISION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR A PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO

case no. 10447

#### **APPLICATION**

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys Losee, Carson, Haas & Carroll, P.A. (Ernest L. Carroll), and in support hereof respectfully states:

- 1. Applicant is the operator of the Delaware and intermediate formations underlying Township 22 South, Range 31 East, N.M.P.M., Section 2: Unit G, and proposes to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2.
- 2. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8500 feet. Applicant has submitted its Application for Permit to Drill, Deepen or Plug Back, Form C-101, as required by Rule 102 of the Oil Conservation Division, to permit the drilling of the well at the above mentioned location. Applicant has further complied with Order No. R-111-P and has sent the required notice of such Application for Permit to Drill, Deepen or Plug Back to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plat submitted with

applicant's Application for Permit to Drill, Deepen or Plug Back.

Attached hereto as Exhibit "1" is a copy of Form C-101 as previously submitted.

- 3. Applicant has received verbal notice from the potash operator to whom notice was given that it will object to the drilling of said well.
- 4. Said location is in compliance with Order No. R-111-P(G)(3)(d), and upon information and belief is not located within any Life of Mine Reserves (LMR) or buffer zone as presently designated with the State Land Office. The permitting of such well will not result in undue waste of potash deposits, or constitute a hazard to or interfere unduly with mining of potash deposits.
- 5. A standard 40-acre oil proration unit comprising Unit G of said Section 2 should be dedicated to such well.
- 6. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of oil, will prevent 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.

#### WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

- That upon hearing the Division enter its order В. granting applicant permission to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2, Unit G, Township 22 South, Range 31 East, N.M.P.M., which is reasonably presumed to be productive of oil from the Delaware or intermediate formations.
- And for such other relief as may be just in the premises.

Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A. P. O. Drawer 239 Artesia, New Mexico 88210

(505/746-3505)

Attorneys for Applicant

#### Submit to Appropriate District Office

P.O. Box 1980, Hobbs, NM 88240

State of New Mexico

Form C-101 Revised 1-1-89

State Lease - 6 copies
Fee Lease - 5 copies

DISTRICTI

Minerals and Natural Resources Department Enc :

(	M.	CONSERV	ATTON	DIVISION
◟	ببدر	COLIDER	ヘー・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス・ス	

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

		•
5.	Indicate Type of Lease	_
		- 1

API NO. ( assigned by OCD on New Wells)

DISTRICT III

P.O. Drawer DD, Artesia, NM 88210

6. State Oil & Gas Lease No.

1000 NO BIZZO NG., AZIO		J V-2/0	5		_ :				
APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK									
la. Type of Work:			7. Lease Nat	ne or Unit Ag	reement Name				
DRILL b. Type of Well:	DRILL X RE-ENTER DEEPEN PLUG BACK Graham AKB State								
ABIT X ABIT C									
2. Name of Operator	<del></del>		·	8. Well No.	·				
Yates Petrol	eum Corporation				4 -				
3. Address of Operator				9. Pool name	e or Wildcat				
105 South Fo	urth Street, Art	tesia, NM 88210		Undesig	nated Lo	ost Tank	Delawar		
4. Well Location Unit Letter G: 1980 Feet From The North Line and 1050' Feet From The East Line									
Section	2 Townsh	in 22 South Ran	31 East	NMPM	Eddy		County		
Section	2 Townsh				 Eddy ////////				
Section	2 Townsh	22 South Ran		NMPM Formation Delaware	Eddy	12 Rotary or C Rotar	/////// :T.		
Section  13. Elevations (Show whether 3552)		10. Proposed Depth		Formation Delaware			/////// эт. У		
13. Elevations (Show whesher	er DF, RT, GR, etc.) 14	10. Proposed Depth 8500 '	15. Drilling Contracto Undes i gna	Formation Delaware ted	16. Approx. I	Rotar	/////// эт. У		
13. Elevations (Show whether 3552 17.  SIZE OF HOLE	GR PROSIZE OF CASING	10. Proposed Depth 8500' 4. Kind & Status Plug, Bood Blanket OPOSED CASING AN WEIGHT PER FOOT	15. Drilling Contractor Undes i gna D CEMENT PROG SETTING DEPTH	Formation Delaware ted	16. Approx. I ASAP	Rotar	LT. Ty		
13. Elevations (Show whether 3552 ') 17.  SIZE OF HOLE 17 1/2"	PROSIZE OF CASING	10. Proposed Depth 8500' 4. Kind & Status Plug, Bood Blanket OPOSED CASING AN WEIGHT PER FOOT 54.5#	15. Drilling Contractor Undes i gna D CEMENT PROG SETTING DEPTH 850'	Formation Delaware ted RAM SACKS OF	16. Approx. I ASAP	Rotar	TOP		
13. Elevations (Show whether 3552 ' 17.  SIZE OF HOLE 17 1/2" 11"	PRO SIZE OF CASING 13 3/8" 8 5/8"	10. Proposed Depth 8500 ' 4. Kind & Status Plug. Bond Blanket  OPOSED CASING AN WEIGHT PER FOOT 54.5# 32.0#	15. Drilling Contracto Undes i gna D CEMENT PROG SETTING DEPTH 850' 4500'	Formation Delaware ted RAM SACKS OF	16. Approx. I ASAP	Rotar  Rotar  Rotar  Rotar  Rotar  Rotar  Rotar  EST. 1  Circulat  Circulat	TOP		
13. Elevations (Show whether 3552 ' 17.  SIZE OF HOLE 17 1/2"	PROSIZE OF CASING	10. Proposed Depth 8500' 4. Kind & Status Plug, Bood Blanket OPOSED CASING AN WEIGHT PER FOOT 54.5#	15. Drilling Contractor Undes i gna D CEMENT PROG SETTING DEPTH 850'	Formation Delaware ted RAM SACKS OF	16 Approx I ASAP	Rotar  Rotar  Rotar  Rotar  Rotar  Rotar	TOP		

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP will be installed at the offset and tested daily for operational. BOP PROGRAM:

Letter has been sent to N.M. Potash C	orporation.	
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: #PROPOSAL ZONE, GIVE BLOWOUT PREVENTER PROGRAM, # ANY.	. IS TO DUTTEN OR FLUG BACK, GIVE DATA ON FRESENT PRODU	UCTIVE ZONE AND PROPOSED NEW PRODUCTIVE
I hereby certify that the information above is true and complete to the best of my kind signature Cliffa R. May	powiodge and bolid.  Thus Permit Agent	DATE 11-25-91
THEOREPHINAME Clifton R. May		тел <i>е</i> ликове но. 748-1471
(Thus space for State Use)		•
APPROVED BY	mile	DATE
יציא ער דע ערשיים אינט אינט אינט אינט אינט אינט אינט אינט		

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

#### State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

#### OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

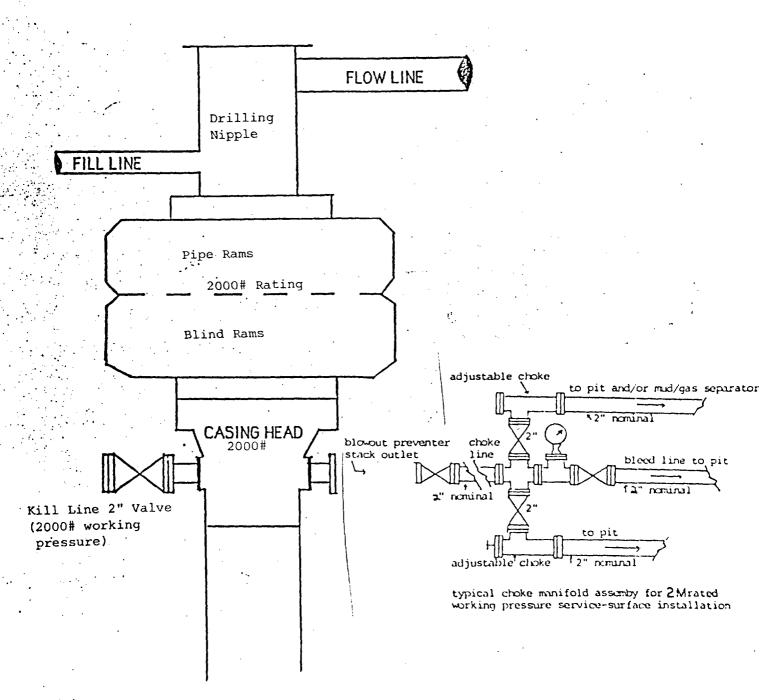
DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aziec, NM 87410

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator					Lease				<del></del>	Well No.	
	PETR	OLEUM CO	RPORATION		G	<b>РАНАМ</b>	AKB S	TATE		4	
Unit Letter	Sectio		Township		Range				County	1	
G		2	22	SOUTH		31 EAS	T	NMP	EDD'	Y COUNTY,	NM
Actual Footage Loc	ation of	Well:			•						
1980	feet fr		ORTH	line and	165	0		feet from	m the EAS		
Ground level Elev.	İ	$\sim$ .	g Formation		Pool	1		7		Dedicated Acr	eage:
3552.			WARE					C DIELA UAR	? E	40	Acres
1. Outlin	e the acı	cage dedicated	to the subject we	il by colored pen	cil or hach	ure marks	on the pi	iat below.			
2. If mor	re than o	ne lease is ded	icated to the well,	outline each and	identify th	e ownersl	nip thereo	f (both as to wor	king interest and	royalty).	
3. If mor	re than o	ne lease of diff ce-pooling, etc	ferent ownership is	dedicated to the	well, hav	the inter	est of all o	owners been con	solidated by com	munitazation,	
	Yes		No If an	swer is "yes" typ				<del> </del>			
If answe this form			s and tract descript	ions which have	actually b	een conso	iidated. (	Use reverse side	of		
			o the well until all	interests have be	cen consol	idated (by	commun	itization, unitizat	ion, forced-poolin	g, or otherwise)	
or until a	non-sta	ndard unit, elir	ninating such inte	est, has been app	proved by	the Division	on.				
		<del></del>		1	·				OPERAT	OR CERTIF	ICATION
-		I			]	ļ.			I hereby	certify that	the information
		ļ		1	ļ	1			1		complete to the
		l I				ļ			best of my know	rieage and beiiej	•
		1		1		l I			Signature 0		. 0
		i I		1	28	1				ftn R.	may
		l I			0	ŀ			Prirted Name	1	
<del> </del> -		_¦		- Carrier Control		<del>}}</del> -			Clifton !	R. May	
		-		Ì		1:			Position		
		i		1		i.			Permit Ac	gent:	
		;				İ			Company	TDOLEUM C	ORPORATIO
		i			Ú	<u> </u>	1650	•	Date	I KULEUM C	UKPUKATIU
li		i		12.5	905	Ė			November	25, 1991	
		i		1 2 m	6	ĺ			CUDVE	(O) CERTU	CICATION
l		<del>-i</del>		1200 PR CT 100 PR 1000 PR	and was				SURVE	YOR CERTII	FICATION
		İ				I			I hereby certif	fy that the wel	l location show
		1				1			on this plat v	vas plotted fro	m field notes o
		İ				1					e or unier m ame is true an
		1				1					knowledge an
						- 1			belief.		
!				1		i			Date Surveyed	<u> </u>	
		_		+		· <del></del>			NOVEMBER	RZHENON	.1
		1				I			Signature & S	CHATTE OF	
		ļ		1		ļ			Signature & S Professional S	M. WAS CO	. \
		1		1		Į.				` <b>\</b>	\ ~ l
				}		ļ			REG	5412	IEER
{		1				ĺ			1 10.	La )	ACINE I
		1				j			Ceruicate	ID SURVEY.	<b>4</b>
		_1		J		l_			1 1	PONUSSISITE	7
	_=				The same of the last of the la	4			NEI FEARS	ייניננניייייי	<u> </u>
0 330 660	990	1320 1650	1980 2310 2	640 20	00 1	500	1000	500 0			



BLOWOUT PREVENTER 2M SYSTEM

SENDER: Complete items 1 and 2 where 3 and 4. ditional services are desired, and complete items Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person descend to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. MARTIN YATES, III 1912 - 1985 1. ☐ Show to whom delivered, date, and addressee's address.

2. ☐ Restricted Delivery (Extra charge) FRANK W. YATES 1936 - 1986 3. Article Addressed to: 4. Article Number P 384 291 931 Type of Service: Mr. Bob Lane Insured
COD
Return Registered New Mexico Potash Certified Return Receipt for Merchandise P.O. Box 610 Express Mail Hobbs, NM 88241 Always obtain signature of addressee or agent and DATE DELIVERED November 21, 1991 5. Signature - Addressee 8. Addressee's Address (ONLY if requested and fee paid) Flora AKF #1 Graham AKB #3 & 4 nice Mr. Bob Lane 7. Date of Delivery Martha AIK Fed. #7,8,&9 New Mexico Potash P.O. Box 610 PS Form 3811, Apr. 1989 DOMESTIC RETURN RECEIPT Hobbs, NM 88241 ±U.S.G.P.O. 1989-238-815

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #4 1980' FNL and 1650' FEL Sec. 2-T22S-R31E Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May Permit Agent

CRM/tg	: Form 3800, June 1985		·· U.S.G.P.O. 1989-234-555	
NO OBJECTIONS OFFERED  NEW MEXICO POTASH  By: Title: Date:	e and Address of rAL Postage and Amark or Date = 21-91 G ora AKF = 17tha AIK	hed Fee hat Delivery Fee ricted Delivery Fee ricted Delivery Fee ricted Delivery Fee ricted Delivery Fee ricted Delivery Fee ricted Delivery Fee	P 384 293 431  RECEIPT FOR CERTIFIED MAIL  AND FOR CERTIFIED MAIL  AND FOR CERTIFIED MAIL  AND FOR CERTIFIED MAIL  AND FOR CERTIFIED MAIL  AND FOR CERTIFIED MAIL  Sent to MR. Bob Lane  Street apt 10. Box 610  P O Florb Brd Zip [Main 88241  Postage  Street apt 10. Box 6241	

SECTION 34- 215-31E	German 35 - 215-218	SECTION 36-815-31E
NEW NEW MEXICO POINSH SWINSELY	UNLE^SEO	NEW MEXICO POTASH
STATE   MEA	Spection 3-225-31E	STATE
UNLEASED	GRAHAM AKE ST.  NEW MEYICO POTASH	SECTION 1-225-21E  UNLEASED
USA	FLORACKE ST. # 1 CTANE.	4.50
<del></del>	SECTION 11- DAS- 21E	USA-
SECTION 10-225-31E UNIFASED	UNLEASED	SECTION 12 - 285-31E
USA .	USA	USA

10-31-91 -- GLORGE COFFEPCOFF, DISTRICT MINING ENGINEER 11-1-91 -- CHARLENG NMSLO CEMPTEL LEASING

Cliffia R. May