CASE 6778: HARVEY E. YATES COMPANY FOR AN NGPA DETERMINATION, EDDY COUNTY, NEW MEXICO

CASE NO.

6278

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

January 30, 1980

Re: CASE NO. 6778
ORDER NO. R-6249

Mr. Robert H. Strand, Attorney
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

Applicant:

Harvey E. Yates Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6778
Order No. R-6249

APPLICATION OF HARVEY E. YATES
COMPANY FOR AN NGPA DETERMINATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 30, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of January, 1980, 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, Harvey E. Yates Company, seeks a determination by the Division, in accordance with Sections 2 (6) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission, that its Loco Hills Welch Well No. 2, located in Unit N of Section 4, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a new onshore reservoir from which natural gas was not produced in commercial quantities before April 20, 1977.

(3) That said well was completed in the Morrow formation with perforations from 10,896 to 10,910 feet, and a plugged-back depth of 11,371 feet after having been drilled to a total depth of 11,430 feet.

(4) That although there are several wells in the vicinity of the subject well which have penetrated and are completed in the Morrow formation, available well logs demonstrate that the

subject well is completed in a stray sand encountered in a section containing a non-productive shale or tight sand facies in such other wells.

(5) That the 3800 pound shut-in pressure encountered by said well is indicative of an undrained reservoir.

(6) That the combined log and pressure data presented establishes that said Loco Hills Welch Well No. 2 has been completed in a new onshore reservoir as defined by the provisions of Section 102 (c) of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

IT IS THEREFORE ORDERED:

(1) That the Harvey E. Yates Company Loco Hills Welch Well No. 2, located in Unit N of Section 4, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is completed in a new onshore reservoir as defined by Sections 2 (6) and 102 (c) of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission.

(2) 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

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
3 January 1980

EXAMINER HEARING

IN THE MATTER OF:	
Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico.	CASE 6778

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:
Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:
Robert E. Strand, Esq.
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

I N D E X

RANDOLPH C. SMITH

E X H I B I T S

MR. STAMETS: We'll call next Case 6778.

MR. PADILLA: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico.

MR. STRAND: Mr. Examiner, in this application Harvey E. Yates Company seeks a Natural Gas Policy Act determination for its Loco Hills Welch No. 2 Well, seeking again a determination that it produces from a new on-shore reservoir. We have one witness, Mr. Randy Smith, who needs to be sworn, I believe.

(Witness sworn.)

RANDOLPH E. SMITH

being called as a witness and having been duly sworn upon his oath, testifies as follows, to-wit:

DIRECT EXAMINATION

BY MR. STRAND:

Q. State your name, please.

A. Randolph C. Smith.

Q. Mr. Smith, who are you employed by?

A. With Harvey E. Yates Company.

Q. Mr. Smith, have you testified before

the Commission in the past?

A. No, I have not.

Q. Would you please state for the record your educational background?

A. I have a Bachelor's of Science in geology from New Mexico Institute of Mining and Technology in 1974. The last two years prior to graduation I worked for the New Mexico Bureau of Mines with Roy Foster in research and exploration geology.

After graduation I went to work for Dresser Atlas in Odessa, Texas, and worked for them for eighteen months as an open hole logging engineer.

Then I went to work for Superior Oil Company for three and a half years in Midland, Texas, as exploration geologist for southeast New Mexico and West Texas, and then the last nine months I've been employed with Harvey E. Yates Company as an exploration geologist in southeast New Mexico.

MR. STRAND: Mr. Examiner, are Mr. Smith's qualifications acceptable?

MR. STAMETS: They are.

Q. Mr. Smith, would you please state the location of the Loco Hills Welch No. 2?

A. The Loco Hills Welch No. 2 is located in Section 4, Township 18 South, 29 East, 1980 from the

west and 660 from the south, of Eddy County, New Mexico.

Q. Mr. Smith, Harvey E. Yates Company is the operator of that well, is this correct?

A. That's correct.

Q. What is the status of the ownership under the proration unit assigned to that well?

A. It's a fee.

Q. It's all --

A. It's all fee.

Q. What was the spud date of that well?

A. October 18th, 1979.

Q. And would you please state the perforated or producing interval in that well?

A. Yes. It's 10,896 through 910.

Q. Would you describe in geological terms that producing interval?

A. This is a 14-foot Lower Morrow Sand, which is a medium to coarse, fairly well sorted sand, as we perforated it.

MR. STAMETS: What was the bottom perforation?

A. 10,910.

MR. STAMETS: Thank you.

Q. Mr. Smith, are you familiar with the term "reservoir" as defined under the Natural Gas Policy

Act of 1978?

A. Yes, sir.

Q. Referring to Exhibit Number One, would you please describe that exhibit?

A. Okay. Exhibit Number One is a primary exhibit. This is a stratigraphic cross section. I believe you each have a copy. If you'd like me to hang it up, I could.

MR. STAMETS: No, I think this one is small enough, we could look at it right here.

A. Okay. As I said before, this is a stratigraphic cross section hung on the top of the Lower Morrow, which the datum is the top of the Lower Morrow, and is also classified by myself as the Morrow C Shale.

This is a regional marker throughout the area. Our well, Loco Hills Welch No. 2, is the well in the middle with the arrow above it, and there is also an index map on the right side of the cross section, which is a structure map on this top of the Lower Morrow Sands. Also, the well is indicated by the arrow in Section 4.

The intervals perforated in all the adjacent surrounding wells are in the center column colored in red. You can see the yellow indications of the sand and the red is the porosity in the cross section through the various logs.

You can see the interval that we perforated is also colored in red; that's 10,896 through 10,910. The three wells to the north, if you follow this reservoir laterally to the north, you can see are not present. They're just beneath this datum line, though all three of the northern wells there produced from higher and lower intervals.

As you move to the south and southwest, you see the other two wells, the right two logs on the righthand side of the cross section. The one just immediately to the south of us, the Depco Loco Hills Deep No. 1, they show that they did encounter a similar sand in the stratigraphic position. They ran a drill stem test that's written on the bottom from 10,920 to 11,078. They recovered 120 foot of drilling fluid. This well was P&A'd 2-5-77.

There were some other drill stem tests on this well but none of them proved to be commercial.

On the log there it also shows that they had low porosity and there's very little permeability on a resistivity log in comparison to our well adjacent to it to the north.

Q. Mr. Smith, is it your opinion that the wells that you have listed on this cross section are the wells which have significance in determining the extent of the reservoir from which the Loco Hills Welch No. 2

produces?

A. Yes.

Q. Mr. Smith, referring to Exhibit Number Two, would you please describe that for the Examiner?

A. Exhibit Number Two is just a larger, more regional version of the index map on the cross section. It's just more laterally continuous and distinct structure map on top of the Lower Morrow Sands, showing the relative size of the reservoir and compared to the other wells around. This also is just to show more detailed ownership map.

Q. Mr. Smith, have you described in kind of a red circle on Exhibit Number Two, and also on Exhibit Number One, what you feel the extent of the reservoir, Morrow reservoir under the Loco Hills Welch is?

A. Yes, I have.

Q. Mr. Smith, was any natural gas produced in commercial quantities from this reservoir prior to April 20th, 1977?

A. No, it was not.

Q. In your opinion was this reservoir penetrated by any old wells spudded prior to February 19th, 1977?

A. No, there was none.

Q. Mr. Smith, were Exhibits One and Two

prepared by you or under your supervision?

A. Yes.

MR. STRAND: Mr. Examiner, I would move the admission of Exhibits One and Two.

MR. STAMETS: These exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Smith, do you have the shut-in pressure on this well?

A. On our well?

Q. Yes.

A. Yes, sir, just a second.

The most recent shut-in tubing pressure was 3800 pounds. That was December 16th, 1979.

Q. Surface pressure?

A. Yes, sir.

Q. Looking at your Exhibit Number Two, it would appear that there are no Morrow gas wells east of the well in question, is that correct?

A. That's correct.

Q. At least in the immediate vicinity?

A. Yes, sir.

Q. Now, what about -- what about the wells in Section 8, which would be the section south and west of the section in question? What are those wells completed in?

A. Those two wells in Section 8, the Amoco South Empire Deep No. 15, this is completed out of a Lower Morrow Sand, which is not this sand. It's further down in the section.

And the Depco No. 1 Welch is completed -- was completed out of the Upper Pennsylvanian-Cisco carbonate zone.

Q. Okay.

A. Neither one of these wells contained or have this reservoir present in them.

Q. Okay, what about in the section north of there, the northwest quarter of Section 5? This Amoco SED No. 9?

A. Okay, that well also does not have the reservoir present. It is a dry hole and there are also two wells between that well and the subject well.

Q. All right.

A. To show the well -- the reservoir is also not present.

Q. And then in Section 33 of 17, 29, in

the southwest quarter there is a well.

A. Yes, sir. That well is produced out of the Upper Morrow sections, higher in the section than we are here. It does not have the reservoir present in it and it also has a dry hole in between, which is on our cross section, which is the dry hole adjacent to our well, the Amoco No. 17, that did not have the reservoir present.

That's the third log on the cross section.

Q. Okay. What is the trend of Morrow reservoirs in this area? Do they trend north/south, as you've shown on your exhibit, or do they trend east/west, or a combination?

A. Well, there's many combinations. It depends on where you are in the section. In this particular instance the reason I put the north/south orientation on this particular well is the fact that it is not present, or appear to be present, in any other reservoirs or any other wells except the one immediately to the south, which is the Depco Loco Hills No. 1, which you see the sand is present there. It was tested; only recovered a small amount of drilling fluid; has very little porosity and no permeability. And you can see that the sand does appear to be present there. It's not as thick or as clean but --

and it also is tight.

And that's the only well I have to show any type of orientation to that particular reservoir.

MR. STAMETS: Are there other questions of this witness? He may be excused.

Do you have anything further in this case?

This case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6778 heard by me on 1-3 19 80.

Richard L. Stamets, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
3 January 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico.

CASE 6778

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Robert E. Strand, Esq.
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(Witness sworn.)

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Q It's all --

A It's all fee.

Q What was the spud date of that well?

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Q And would you please state the perforated or producing interval in that well?

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Q Would you describe in geological terms that producing interval?

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A Yes, I have.

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A No, it was not.

Q In your opinion was this reservoir penetrated by any old wells spudded prior to February 19th, 1977?

A No, there was none.

Q Mr. Smith, were Exhibits One and Two

prepared by you or under your supervision?

A Yes.

MR. [illegible]: Mr. Examiner, I would move the admission of Exhibits One and Two.

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BY MR. STAMETS:

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A On our well?

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A That's correct.

Q At least in the immediate vicinity?

A Yes, sir.

[illegible] completed -- was completed [illegible] in the upper [illegible] section

Cisco carbonate zone.

Clay.

Notice the of these [illegible] outlined

A

or have this roosevelt formed [illegible] in.

Clay, very dense in the section

C

north of there, the northwest corner of section 32, this

Moco sub No. 92

D

also does not have

Clay, very dense in the hole and there are also

the roosevelt present. It is a very hole and there are also

two hills between like well as the southern hills.

B

[illegible] the roosevelt

Moco South Temple [illegible]

Lower Motion Sandy Water [illegible]

down in the section.

[illegible]

A

Plated -- was completed out of the upper [illegible]

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[illegible]

A

Plated Line

Moco of the Motion [illegible]

Notice in [illegible] section

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MR. STAMBS: Are there other questions of this witness? He may be excused.

Do you have anything further in this case?

This case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

Florene
It is ok to
send out the order
in Case 6778. Put
this in the Case file
Rft

Memo

RECEIVED
JAN 14 1980
O. C. D.
ARTESIA, OFFICE

From
R. L. STAMETS
Technical
Support Chief

To Bill

Please have Larry confirm
The "Morrow C Shale"
picks on this crossection.
We want to be certain
that this is indeed
a seperate pay zone
in Harvey Yates
Lord Hills Welch No 2
N 4-18S-29E.

1-23-80
Larry says correlation OK
Dick

OIL CONSERVATION DIVISION SANTA FE

HEYCO

PETROLEUM PRODUCERS

HARVEY E. YATES COMPANY

P. O. BOX 1933 SUITE 300, SECURITY NATIONAL BANK BUILDING 505/623-6601
ROSWELL, NEW MEXICO 88201

January 12, 1980

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Richard Stamets

Re: Case #6778
NGPA Determination
Loco Hills Welch #2

Dear Mr. Stamets:

I am submitting the information contained in this letter as a supplement to the evidence submitted at the January 3, 1980 hearing of the above referenced case.

The following tabulation shows the spud dates of the wells from which Mr. Randy Smith used data in defining the extent of the producing reservoir:

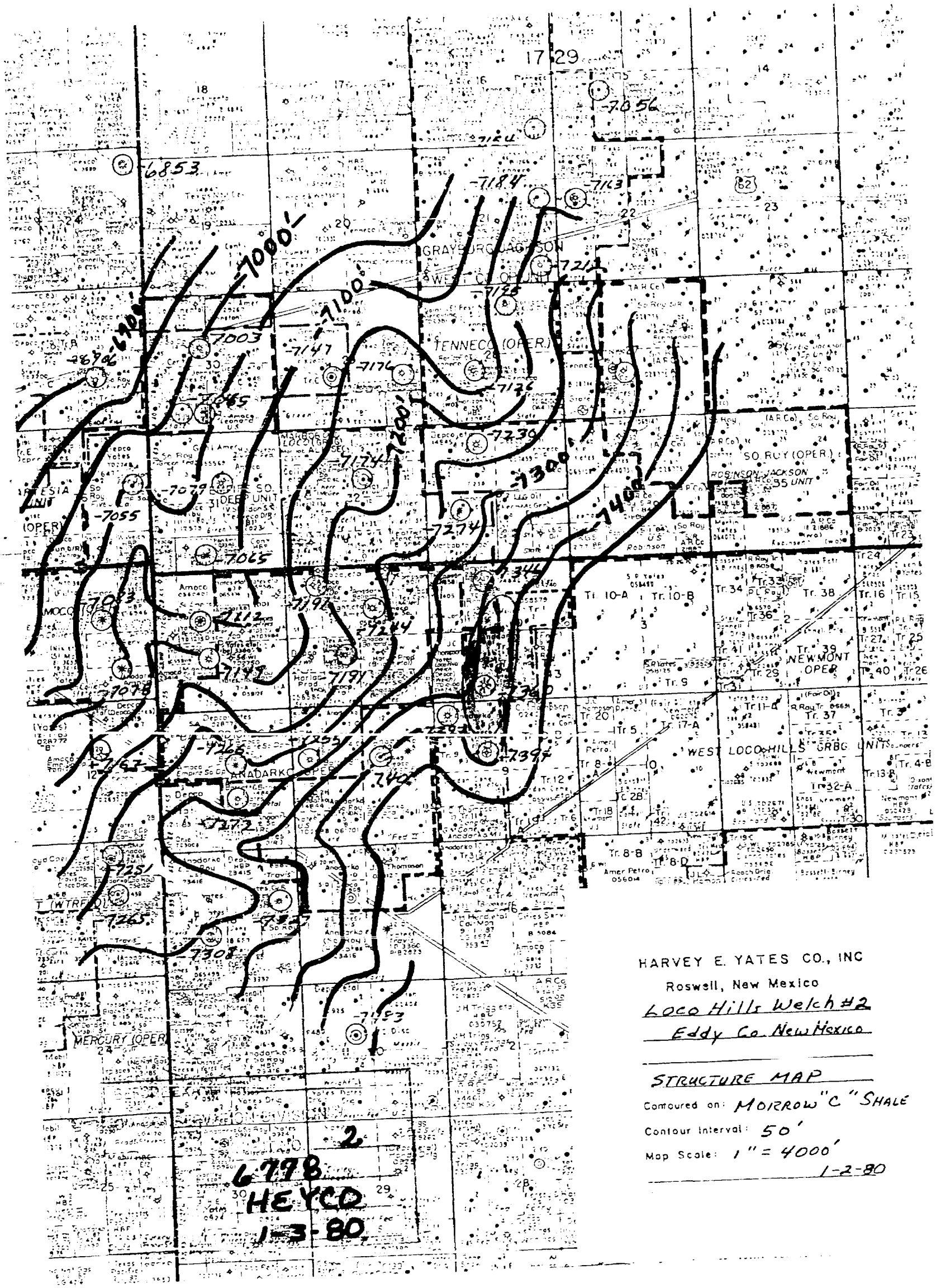
Empire South Deep Unit #12 2120 FWL & 1980 FSL Sec. 5, T-18S, R-29E	11/05/76
Empire South Deep Unit #14 1650 FNL & 2010 FEL Sec. 5, T-18S, R-29E	04/08/77
Empire South Deep Unit #17 660 FNL & 1980 FWL Sec. 4, T-18S, R-29E	11/10/77
Loco Hills Deep #1 1980 FNL & 1980 FWL Sec. 9, T-18S, R-29E	Spud date unavailable but prior to February 19, 1977
Loco Hills Welch #1 480 FNL & 600 FWL Sec. 9, T-18S, R-29E	09/15/78

If you have any questions concerning this information please let me know.

Sincerely,

Robert H. Strand
Attorney

RHS/lh
NGPA-1 #15



HARVEY E. YATES CO., INC

Roswell, New Mexico

Loco Hills Welch #2

Eddy Co. New Mexico

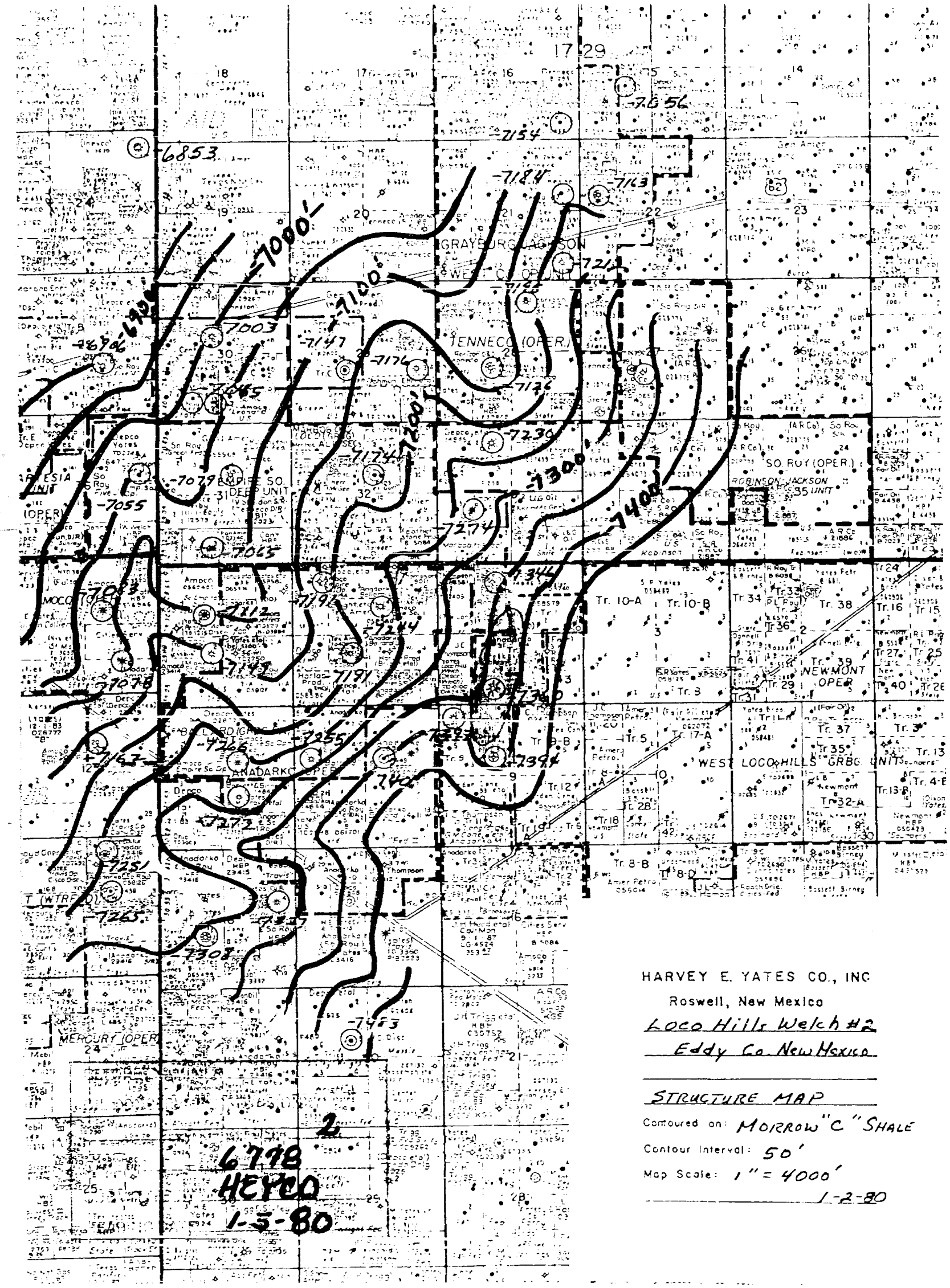
STRUCTURE MAP

Contoured on: MORROW "C" SHALE

Contour Interval: 50'

Map Scale: 1" = 4000'

1-2-80



HARVEY E. YATES CO., INC

Roswell, New Mexico

Loco Hills Welch #2

Eddy Co. New Mexico

STRUCTURE MAP

Contoured on: MORROW "C" SHALE

Contour Interval: 50'

Map Scale: 1" = 4000'

1-2-80

Exhibit B-1-12

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088, Santa Fe, New Mexico 87501

Alternative APPLICATION FOR WELLHEAD
PRICE CEILING CATEGORY DETERMINATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION _____

DETERMINATION _____

CONTESTED _____

PARTICIPANTS _____

Kind of Lease
State, Federal or Fee FEE

5. State Oil & Gas Lease No.

7. Unit Agreement Name

Name of Operator
HARVEY E. YATES COMPANY

8. Farm or Lease Name
LOCO HILLS WELCH

Address of Operator
P. O. Box 1933, Roswell, New Mexico 88201

9. Well No.
2

Location of Well
UNIT LETTER N 1980 FEET FROM THE West LINE AND 660 FEET FROM THE South LINE, SECTION 4 TOWNSHIP 18S RANGE 29E NMPM.

10. Field and Pool, or Wildcat
Und. S. Empire Morrow

13. Name and Address of Transporter(s)
El Paso Natural Gas Company, P. O. Box 1492, El Paso, Texas 79978

12. County
EDDY

WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

1. Category(ies) Sought (By NGPA Section No.) 103
2. All Applications must contain:

[X] a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

[X] b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

[ ] c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111

[X] d. AFFIDAVITS OF MAILING OR DELIVERY

3. NEW NATURAL GAS UNDER SEC. 102(c)(1)(B) (using 2.5 Mile or 1000 Feet Deeper Test)

[ ] a. Location Plat

4. NEW NATURAL GAS UNDER SEC. 102(c)(1)(C) (new onshore reservoir)

[ ] a. C-122 Multipoint and one point back pressure test

5. NEW ONSHORE PRODUCTION WELL

[X] a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT

[ ] b. No. of order authorizing infill program _____

6. STRIPPER GAS

[ ] a. C-116 GAS-OIL RATIO TEST

[ ] b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.

[ ] c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME: George M. Yates SIGNED: [signature]

TITLE: Vice President DATE: December 20, 1979

APPROVED: _____, EXAMINER

Exhibit B

FERC-121

1.0 API well number (If not available, leave blank. 14 digits.)	30-015-23001
2.0 Type of determination being sought (Use the codes found on the front of this form.)	103 (Section of NGPA) ____ (Category Code)
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	10,910' feet
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	HARVEY E. YATES COMPANY (Name) ____ (Seller Code) P. O. BOX 1933 (Street) Roswell, (City) NM (State) 88201 (Zip Code)
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	None (Field Name) EDDY (County) NM (State)
(b) For OCS wells:	____ (Area Name) ____ (Block Number) Date of Lease: ____ (Mo. Day Yr.) ____ (OCS Lease Number)
(c) Name and identification number of this well: (35 letters and digits maximum.)	LOCO HILLS WELCH #2
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	None
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	EL PASO NATURAL GAS COMPANY (Name) ____ (Buyer Code)
(b) Date of the contract:	101610111719 (Mo. Day Yr.)
(c) Estimated annual production:	550 MMcf.

	(a) Base Price ($/MMBTU)	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	2.143	.140	.----	2.283
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	2.143	.140	.----	2.283

9.0 Person responsible for this application

George M. Yates (Name) Vice President (Title)

Signature

December 20, 1979 (Date Application is Completed) 505-623-6601 (Phone Number)

Agency Use Only
Date Received by Juris. Agency
Date Received by FERC

FT79-0806 2-2

LOGO HILLS WELCH #2

Form Approved
OMB No. 038-R0381

FERC-121

U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
Washington, D.C. 20426

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)

(Sections 102, 103, 107 and 108)

PLEASE READ BEFORE COMPLETING THIS FORM:

General Instructions:

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualifies for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275-4539.

Specific Instructions for Item 2.0, Type of Determination:

Section of NGPA	Category Code	Description
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
103		New onshore production well
107		High cost natural gas
108		Stripper well

Other Purchasers/Contracts:

Contract Date (Mo. Day Yr.)	Purchaser	Buyer Code

Remarks:

FT7900806/1-2

APPLICATION PURSUANT TO
SECTION 103(c) OF
THE NATURAL GAS POLICY ACT OF 1978 (NGPA)

Well: LOCO HILLS WELCH #2
API No: 30-015-23001

AFFIDAVIT

STATE OF NEW MEXICO COUNTY OF EDDY

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared GEORGE M. YATES, who, being by me first duly sworn, deposed and said:

That he is the Vice President of HARVEY E. YATES COMPANY, the applicant for the well as described heretofore in this application, and, in that capacity, he is requesting the appropriate Jurisdictional Agency to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of said agency and the Federal Energy Regulatory Commission and pursuant to the NGPA.

That this application is made pursuant to 18 CFR 274.204 (a)-(f).

That to the best of his information and knowledge;

(a) The surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977.

(b) The well satisfies any applicable Federal or State well-spacing requirements.

(c) The well is not within a proration unit:

(1) Which was in existence at the time the surface drilling of the well began; and

(2) Which was applicable to the reservoir from which natural gas is produced; and

(3) Which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which began after February 18, 1977, and was thereafter capable of producing natural gas in commercial quantities.

That he has concluded to the best of his information and knowledge that there is substantial evidence to support a determination that the natural gas produced from said well is produced from a new onshore production well as defined in the NGPA; and that he has no knowledge of any other information not described in the application which is inconsistent with this conclusion.

That he has mailed, or caused to be mailed, postage prepaid, copies of the completed Form FERC 121, Application for Determination of the Maximum lawful Price Under the Natural Gas Policy Act, and any jurisdictional agency supplemental application form to the Purchaser(s) and to the co-lessee(s) and/or working interest owners, which are listed separately.

That to the best of his knowledge and belief, all information contained in this application for category determination, purusant to the NGPA, is true and correct including all documents, testimony, and evidence submitted with the application.

Signed _____
George M. Yates
Vice President

Subscribed in my presence and duly sworn to before me, this 21st day of December, 1979.

My Commission expires:
July 27, 1980

Rosemary Avery
Notary Public

INDEX OF EXHIBITS

1. Application to Drill
2. Completion Report
3. Well Location and Acreage Dedication Plat
4. Well Location Plat (Proration Unit)
5. List of Co-Lessees, Working Interest Owners and Gas Purchaser

EXHIBIT 1

APPLICATION TO DRILL

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	✓

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED

SEP 10 1979

O. C. C.
ARTESIA, OFFICE

30-015-2300

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well: OIL WELL [ ] GAS WELL [X] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE [ ]

8. Farm or Lease Name: Loco Hills Welch

2. Name of Operator: HARVEY E. YATES COMPANY

9. Well No.: 2

3. Address of Operator: P. O. Box 1933, Roswell, N. M. 88201

10. Field and Pool, or Wildcat: Und. S. Empire Morrow

4. Location of Well: UNIT LETTER N LOCATED 1980 FEET FROM THE West LINE AND 660 FEET FROM THE South LINE OF SEC. 4 TWP. 18S RGE. 29E NMPM

12. County: Eddy

19. Proposed Depth: 11,400'

19A. Formation: Morrow

20. Rotary or C.T.: Rotary

21. Elevations (Show whether DF, RT, etc.): 3521.2' GL

21A. Kind & Status Plug. Bond: Blanket

21B. Drilling Contractor: Moranco

22. Approx. Date work will start: Aug. 15, 1979

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48#	350'	475 Sx	Circulate
12 1/4"	8 5/8"	24#, 28#	3000'	1300 Sx	Circulate
7 7/8"	5 1/2"	17#, 20#	11,400'	1500 Sx	600' above productive zo

BOP: Schematic attached.

This acreage is [redacted] to a gas purchaser.

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES 12-12-79

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PROD. ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed: [signature] Title: Vice President Date: June 29, 1979

(This space for State Use)

APPROVED BY: [signature] TITLE: SUPERVISOR, DISTRICT II DATE: SEP 1 0 1979

CONDITIONS OF APPROVAL, IF ANY:
notify this office if waterflow is encountered

EXHIBIT 2

COMPLETION REPORT

DISTRIBUTION
SANTA FE
FILE
U.S.G.S.
LAND OFFICE
OPERATOR

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Form C-105 XX

TYPE OF WELL: Oil XX Gas Dry Other

TYPE OF COMPLETION: New XX Work Over Deep Plug Back Diff. Resvr. Other

Loco Hills Welch

Harvey E. Yates Company

2

P. O. Box 1933, Roswell, N. M. 88201

Und. S. Empire Morrow

Unit Letter N Feet From 1980 West Line and 660 Feet From

South Line of Sec. 4 Twp. 18S Rge. 29E NMPM

Eddy County

Date Spudded	Date T.D. Reached	Date Compl. (Ready to Prod.)	Elev. (DF, RKB, RT, GR, etc.)	Elev. Casinghead
10-18-79	11-23-79	12-13-79	3521.2' GL	

Total Depth	P.B.T.D.	Single, Dual, Triple Compl.	Rotary Tools	Cable Tools
11,430'	11,371'		→ 0'-11,430'	

Producing Interval(s), of this completion - Top, Bottom, Name

10,896' - 10,910' Morrow

Was Directional Survey Made: No

Type Electric and Other Logs Run

Densilog-Neutron; Dual-MicroLaterlog; GR-Depth Control

Was Well Cored: No

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	54#	360'	17 1/2"	350 Sx Cl C w/2% CaCl	None
8 5/8"	24#, 28#	2905'	11"	900 Sx	None
5 1/2"	17#	11,425'	7 7/8"	1000 Sx	None

LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 7/8"	10,913'	10,862'

Perforations or Open Hole, Size and Number

10,896' - 10,910' - 56 1/2" dia holes

ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
None	

PRODUCTION

First Production: 12-13-79

Production Method (Flowing, gas lift, pumping - Size and type pump): Flowing

Well Status (Prod. or Shut-in): SI

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
12-14-79	1	24/64"	→	Trace	131	0	

Flow. Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
915	0	→ est. 5	3155		0	55° - API

Test Witnessed By

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

Neil Hardee Engineer DATE 12-21-79

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radioactivity logs run on the well and a summary of all special tests conducted, including deviation tests. All depths reported shall be measured depths. In directionally drilled wells, true vertical depths shall also be reported. Formation tops must be reported for each zone. The back of this form shall be completed for all wells in accordance with the Rules and Regulations of the Commission, including Rule 104.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon	9812'	T. Ojo Alamo		T. Penn. "B"	
T. Salt		T. Strawn	10022'	T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka	10324'	T. Pictured Cliffs		T. Penn. "D"	
T. Yates	1015'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	1325'	T. Devonian		T. Menefee		T. Madison	
T. Queen	2018'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	2380'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	2830'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs	1st 6016'	T. Wingate		T.	
T. Wolfcamp	7988'	T.	Bone Sps 2nd 6830'	T. Chinle		T.	
T. Penn.	9550'	T.	Bone Sps 3rd 7778'	T. Permian		T.	
T. Cisco (Bough C)		T.	Mor Clastics 10724'	T. Penn. "A"		T.	
T. Chester	11403'		Lo-Morrow 10954'				

OIL OR GAS SANDS OR ZONES

No. 1, from 10896' to 10910' No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ..... to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	360	360	Surface rock				
360	1550	1190	Anhy				
1550	2625	1075	Anhy & lime				
2625	5310	2685	Lime				
5310	10802	5492	Lime & shale				
10802	10930	128	Lime, shale and chert				
10930	11058	128	Lime and shale				
11058	11148	90	Shale				
11148	11335	187	Lime and shale				
11335	11430	95	Shale				

EXHIBIT 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the section

Operator	Lease	Well No.
HARVEY E. YATES CO.	LOCO HILLS WELCH	2

Unit Letter	Section	Township	Range	County
N	4	18 SOUTH	29 EAST	EDDY

Actual Footage Location of Well:

1980 feet from the WEST line and 660 feet from the SOUTH line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage
3521.2	Morrow	Und. S. Empire Morrow	320

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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc.?

[ ] Yes [ ] No If answer is "yes," type of consolidation _____

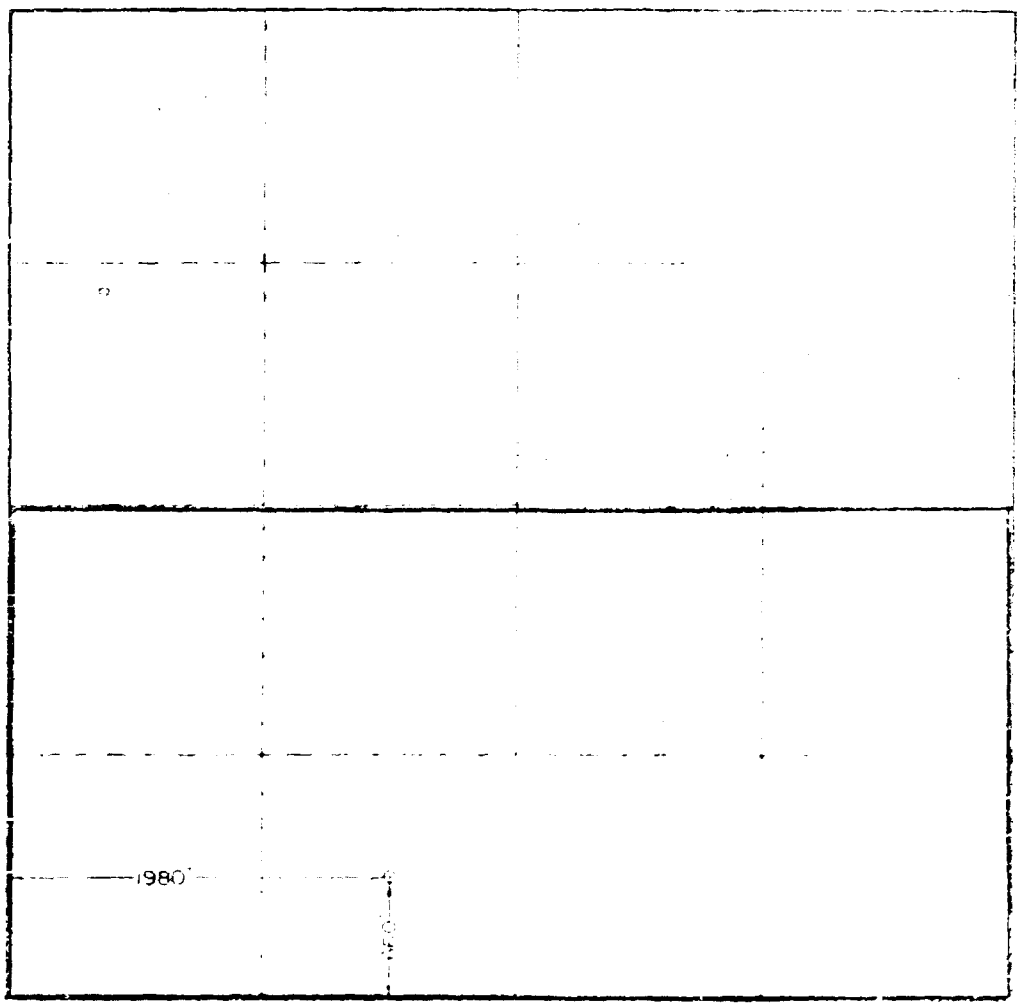
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

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 Commission.

RECEIVED

SEP 10 1979

O. C. C.
ARTESIA, OFFICE



Fred B. Yates

Vice President

Harvey E. Yates Company

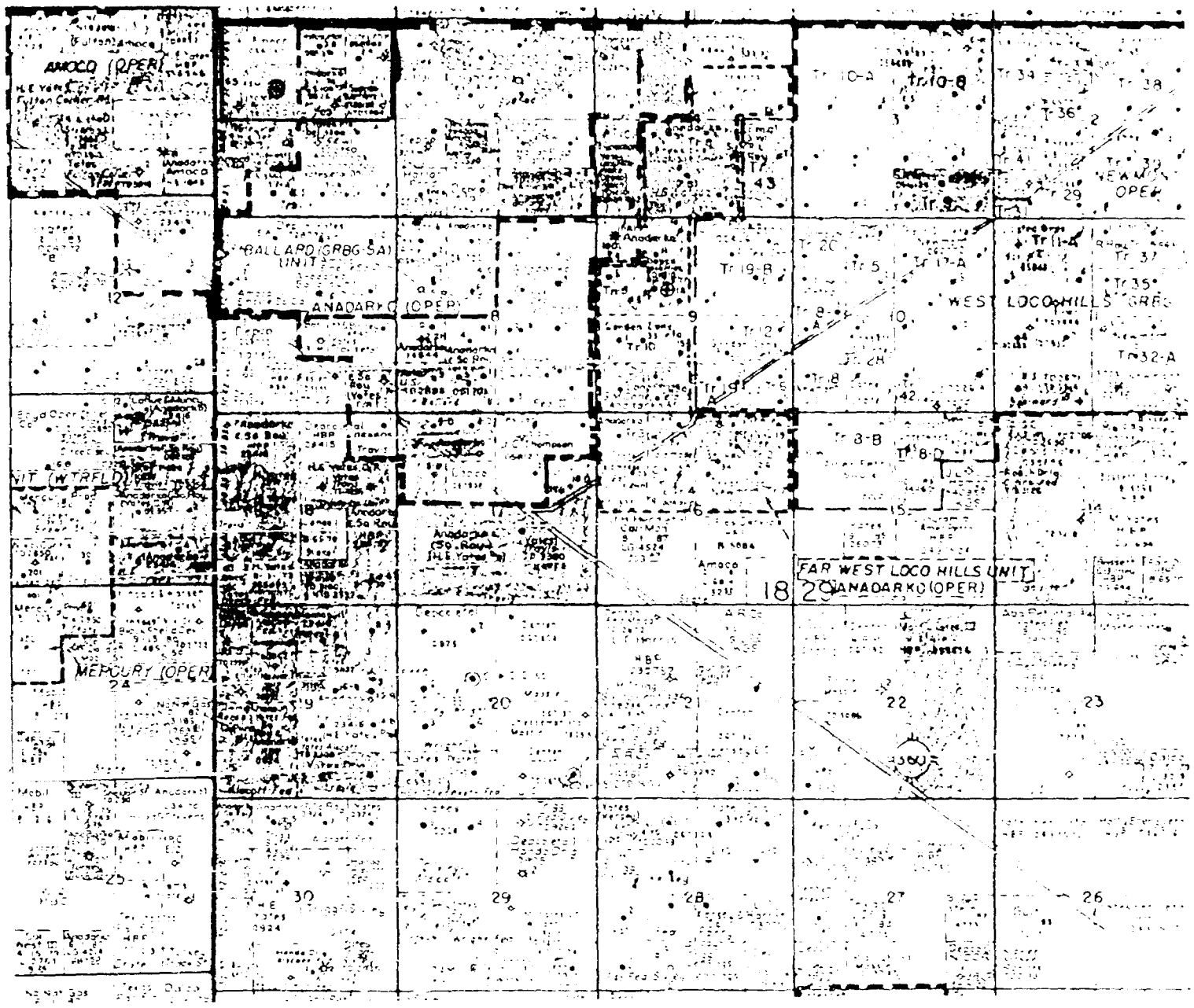
June 29, 1979

East 676

3239

EXHIBIT 4

WELL LOCATION PLAT (PRORATION UNIT)



O LOCO HILLS WELCH #2 WELL
1980 FWL and 660 FSL
Sec. 4, T-18S, R-29E

—— Proration Unit Assigned to the Loco Hills Welch #2 Well

EXHIBIT 5

LIST OF CO-LESSEES, WORKING INTEREST ONWERS AND
GAS PURCHASER

LOCO HILLS WELCH #2
Working Interest Owners
Mailing List

Richard L Ray
P. O. Box 689
Tyler, Texas 75701

J. Cleo Thompson
4500 Republic National Bank Building
Dallas, Texas 79701

Wendell W. Iverson
P. O. Box 1343
Midland, Texas 79701

Coronado Exploration Corp.
1007 Marquette, NW
Albuquerque, New Mexico 87102

DEPCO, INC.
1000 Petroleum Building
110 Sixteenth Street
Denver, Colorado 80202

GAS PURCHASER

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 78879

FORM C-132

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088, Santa Fe, New Mexico 87501

Alternative APPLICATION FOR WELLHEAD
PRICE CEILING CATEGORY DETERMINATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION _____

DETERMINATION _____

CONTESTED _____

PARTICIPANTS _____

Kind of Lease: State, Federal or Fee — FEE

5. State Oil & Gas Lease No.

7. Unit Agreement Name

8. Farm or Lease Name: LOCO HILLS WELCH

9. Well No.: 2

10. Field and Reservoir

Name of Operator: HARVEY E. YATES COMPANY

Address of Operator: P. O. Box 1933, Roswell, New Mexico 88201

Location of Well: Unit Letter N, 1980 Feet from the West Line and 660 Feet from the South Line, Section 4, Township 18S, Range 29E, NMPM, Und. S. Empire Morrow

13. Name and Address of Transporter(s): El Paso Natural Gas Company, P. O. Box 1492, El Paso, Texas 79978

12. County: EDDY

WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

1. Category(ies) Sought (By NGPA Section No.) 103

2. All Applications must contain:

[X] a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

[X] b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

[ ] c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111

[X] d. AFFIDAVITS OF MAILING OR DELIVERY

3. NEW NATURAL GAS UNDER SEC. 102(c)(1)(B) (using 2.5 mile or 1000 Feet Deeper Test)

[ ] a. Location Plat

4. NEW NATURAL GAS UNDER SEC. 102(c)(1)(C) (new onshore reservoir)

[ ] a. C-122 Multipoint and one point back pressure test

5. NEW ONSHORE PRODUCTION WELL

[X] a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT

[ ] b. No. of order authorizing infill program _____

6. STRIPPER GAS

[ ] a. C-116 GAS-OIL RATIO TEST

[ ] b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.

[ ] c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME: George M. Yates SIGNED: [signature]

TITLE: Vice President DATE: December 20, 1979

APPROVED: _____, EXAMINER

Exhibit B

FERC-121

1.0 API well number: (If not available, leave blank. 14 digits.)	30-015-23001
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	103 — Section of NGPA; ____ — Category Code
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	10,910' feet
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	HARVEY E. YATES COMPANY — Name; ____ — Seller Code P. O. BOX 1933 — Street Roswell, — City; NM — State; 88201 — Zip Code
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	None — Field Name EDDY — County; NM — State
(b) For OCS wells:	____ — Area Name; ____ — Block Number Date of Lease: Mo. Day Yr.; ____ — OCS Lease Number
(c) Name and identification number of this well: (35 letters and digits maximum.)	LOCO HILLS WELCH #2
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	None
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	EL PASO NATURAL GAS COMPANY — Name; ____ — Buyer Code
(b) Date of the contract:	01 01 71 — Mo. Day Yr.
(c) Estimated annual production:	550 MMcf.

	(a) Base Price ($/MMBTU)	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	2.143	.140	.000	2.283
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	2.143	.140	.000	2.283

9.0 Person responsible for this application:

George H. Yates — Name; Vice President — Title

Signature

December 20, 1979 — Date Application is Completed; 505-623-6601 — Phone Number

Agency Use Only
Date Received by Juris. Agency
Date Received by FERC

FT79008062 2

LOCO HILLS WELCH #2

FERC-121

Form Approved
OMB No. 038-R0381

U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
Washington, D.C. 20426

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)

(Sections 102, 103, 107 and 108)

PLEASE READ BEFORE COMPLETING THIS FORM:

General Instructions:

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualifies for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275 4539.

Specific Instructions for Item 2.0, Type of Determination:

Section of NGPA	Category Code	Description
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
103	–	New onshore production well
107	–	High cost natural gas
108	–	Stripper well

Other Purchasers/Contracts:

Contract Date (Mo. Day Yr.)	Purchaser	Buyer Code

Remarks:

FT7900806/1-2

APPLICATION PURSUANT TO
SECTION 103(c) OF
THE NATURAL GAS POLICY ACT OF 1978 (NGPA)

Well: LOCO HILLS WELCH #2
API No: 30-015-23001

AFFIDAVIT

STATE OF NEW MEXICO COUNTY OF EDDY

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared GEORGE M. YATES, who, being by me first duly sworn, deposed and said:

That he is the Vice President of HARVEY E. YATES COMPANY, the applicant for the well as described heretofore in this application, and, in that capacity, he is requesting the appropriate Jurisdictional Agency to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of said agency and the Federal Energy Regulatory Commission and pursuant to the NGPA.

That this application is made pursuant to 18 CFR 274.204 (a)-(f).

That to the best of his information and knowledge;

(a) The surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977.

(b) The well satisfies any applicable Federal or State well-spacing requirements.

(c) The well is not within a proration unit:

(1) Which was in existence at the time the surface drilling of the well began; and

(2) Which was applicable to the reservoir from which natural gas is produced; and

(3) Which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which began after February 18, 1977, and was thereafter capable of producing natural gas in commercial quantities.

That he has concluded to the best of his information and knowledge that there is substantial evidence to support a determination that the natural gas produced from said well is produced from a new onshore production well as defined in the NGPA; and that he has no knowledge of any other information not described in the application which is inconsistent with this conclusion.

That he has mailed, or caused to be mailed, postage prepaid, copies of the completed Form FERC 121, Application for Determination of the Maximum lawful Price Under the Natural Gas Policy Act, and any jurisdictional agency supplemental application form to the Purchaser(s) and to the co-lessee(s) and/or working interest owners, which are listed separately.

That to the best of his knowledge and belief, all information contained in this application for category determination, purusant to the NGPA, is true and correct including all documents, testimony, and evidence submitted with the application.

Signed _____
George M. Yates
Vice President

Subscribed in my presence and duly sworn to before me, this 21st day of December, 1979.

My Commission expires:
July 27, 1980

Rosemary Avery
Notary Public

INDEX OF EXHIBITS

1. Application to Drill
2. Completion Report
3. Well Location and Acreage Dedication Plat
4. Well Location Plat (Proration Unit)
5. List of Co-Lessees, Working Interest Owners and Gas Purchaser

EXHIBIT 1

APPLICATION TO DRILL

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	✓

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED

SEP 10 1979

O. C. C.
ARTESIA, OFFICE

30-015-23000

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work

DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well

OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [ ]

7. Unit Agreement Name

8. Farm or Lease Name: Loco Hills Welch

9. Well No.: 2

10. Field and Pool, or Wildcat: Und. S. Empire Morrow

2. Name of Operator: HARVEY E. YATES COMPANY

3. Address of Operator: P. O. Box 1933, Roswell, N. M. 88201

4. Location of Well: UNIT LETTER N LOCATED 1980 FEET FROM THE West LINE AND 660 FEET FROM THE South LINE OF SEC. 4 TWP. 18S RGE. 29E NMPM

12. County: Eddy

19. Proposed Depth: 11,400'

19A. Formation: Morrow

20. Rotary or C.T.: Rotary

21. Elevations (Show whether DF, RT, etc.): 3521.2' GL

21A. Kind & Status Plug. Bond: Blanket

21B. Drilling Contractor: Morranco

22. Approx. Date Work will start: Aug. 15, 1979

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48#	350'	475 Sx	Circulate
12 1/4"	8 5/8"	24#, 28#	3000'	1300 Sx	Circulate
7 7/8"	5 1/2"	17#, 20#	11,400'	1500 Sx	600' above productive zo

BOP: Schematic attached.

This acreage is [redacted] to a gas purchaser.

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES 12-12-79

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed: Jack C. Yates — Title: Vice President — Date: June 29, 1979

(This space for State Use)

APPROVED BY: W. A. Gressett — TITLE: SUPERVISOR, DISTRICT II — DATE: SEP 1 0 1979

CONDITIONS OF APPROVAL, IF ANY:
Notify this office if waterflow is encountered

EXHIBIT 2

COMPLETION REPORT

DISTRIBUTION

NEW MEXICO OIL CONSERVATION COMMISSION

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Form C-105

Revised 1-1-65

Loco Hills Welch

2

Und. S. Empire Morrow

Harvey E. Yates Company

P. O. Box 1933, Roswell, N. M. 88201

N 1980 West 660

South 4 18S 29E Eddy

Date Spudded	Date T.D. Reached	Date Compl. (Ready to Prod.)	Elevations (DF, RKB, RT, GR, etc.)	Elev. Casinghead
10-18-79	11-23-79	12-13-79	3521.2' GL	

Total Depth	P.B.T.D.	Single, Dual, Triple Compl.	Interval Drilled By	Rotary Tools	Cable Tools
11,430'	11,371'		→	0'-11,430'	

10,896' - 10,910' Morrow

Was Directional Survey Made: No

Densilog-Neutron; Dual-MicroLaterlog; GR-Depth Control

Was Well Cored: No

CASING RECORD (Report all strings set in well)

Casing Size	Weight LB./FT.	Depth Set	Hole Size	Cementing Record	Amount Pulled
13 3/8"	54#	360'	17 1/2"	350 Sx Cl C w/2% CaCl	None
8 5/8"	24#, 28#	2905'	11"	900 Sx	None
5 1/2"	17#	11,425'	7 7/8"	1000 Sx	None

LINER RECORD					TUBING RECORD		
Size	Top	Bottom	Sacks Cement	Screen	Size	Depth Set	Packer Set
					2 7/8"	10,913'	10,862'

Perforation Record (Interval, size and number)

10,896' - 10,910' - 56 1/2" dia holes

ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind Material Used
None	

PRODUCTION

Date First Production: 12-13-79

Production Method (Flowing, gas lift, pumping - Size and type pump): Flowing

Well Status (Prod. or Shut-in): SI

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
12-14-79	1	24/64"	→	Trace	131	0	

Flow. Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
915	0	→	est. 5	3155	0	55° - API

Test Witnessed By

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

Jack Hardee Engineer DATE 12-21-79

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radioactivity logs run on the well and a summary of all special tests conducted, including drill stem tests. All tests reported shall be run in accordance with the rules of the Commission. For multiply completed wells, see Rule 112-B. For Rule 112-A, see Rule 112-B.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon	9812'	T. Ojo Alamo		T. Penn. "B"	
T. Salt		T. Strawn	10022'	T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka	10324'	T. Pictured Cliffs		T. Penn. "D"	
T. Yates	1015'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	1325'	T. Devonian		T. Menefee		T. Madison	
T. Queen	2018'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	2380'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	2830'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs	1st 6016'	T. Wingate		T.	
T. Wolfcamp	7988'	T.	Bone Sps 2nd 6830'	T. Chinle		T.	
T. Penn	9550'	T.	Bone Sps 3rd 7778'	T. Permian		T.	
T. Cisco (Bough C)		T.	Mor Clastics 10724'	T. Penn "A"		T.	
T. Chester	11403'		Lo-Morrow 10954'				

OIL OR GAS SANDS OR ZONES

No. 1, from 10896' to 10910' No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ..... to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	360	360	Surface rock				
360	1550	1190	Anhy				
1550	2625	1075	Anhy & lime				
2625	5310	2685	Lime				
5310	10802	5492	Lime & shale				
10802	10930	128	Lime, shale and chert				
10930	11058	128	Lime and shale				
11058	11148	90	Shale				
11148	11335	187	Lime and shale				
11335	11430	95	Shale				

EXHIBIT 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the section

Operator		Lease	
HARVEY E. YATES CO.		LOCO HILLS WELCH	2

Unit Letter	Section	Township	Range	County
N	4	18 SOUTH	29 EAST	EDDY

Actual Footage Location of Well:

1980 feet from the WEST line and 660 feet from the SOUTH

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage
3521.2	Morrow	Und. S. Empire Morrow	320

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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc.?

[ ] Yes [ ] No If answer is "yes," type of consolidation _____

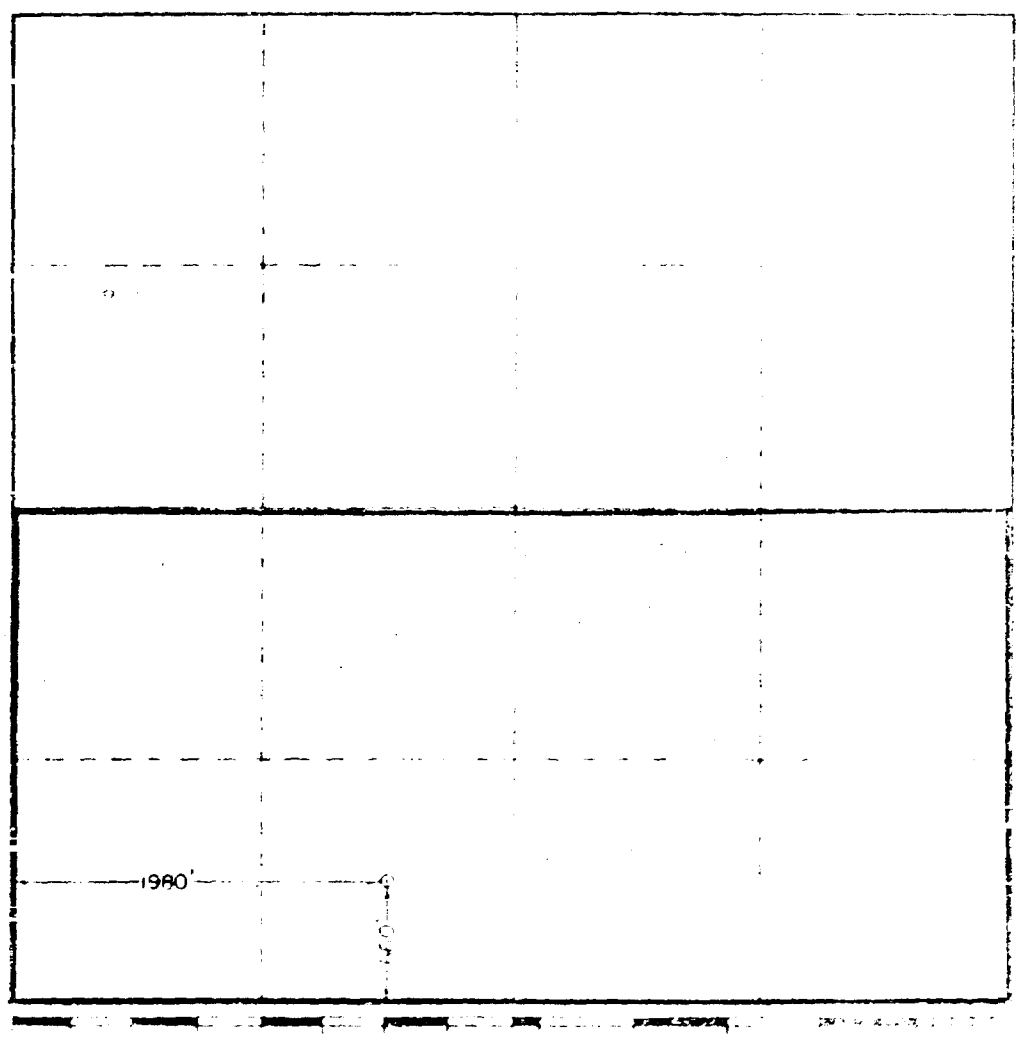
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

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 Commission.

RECEIVED

SEP 10 1979

O. C. C.
ARTESIA, OFFICE



Fred B. Yates

Vice President

Harvey E. Yates Company

June 29, 1979

I hereby certify that the information shown on this plat is true and complete to the best of my knowledge and belief.

JUNE 7, 1979

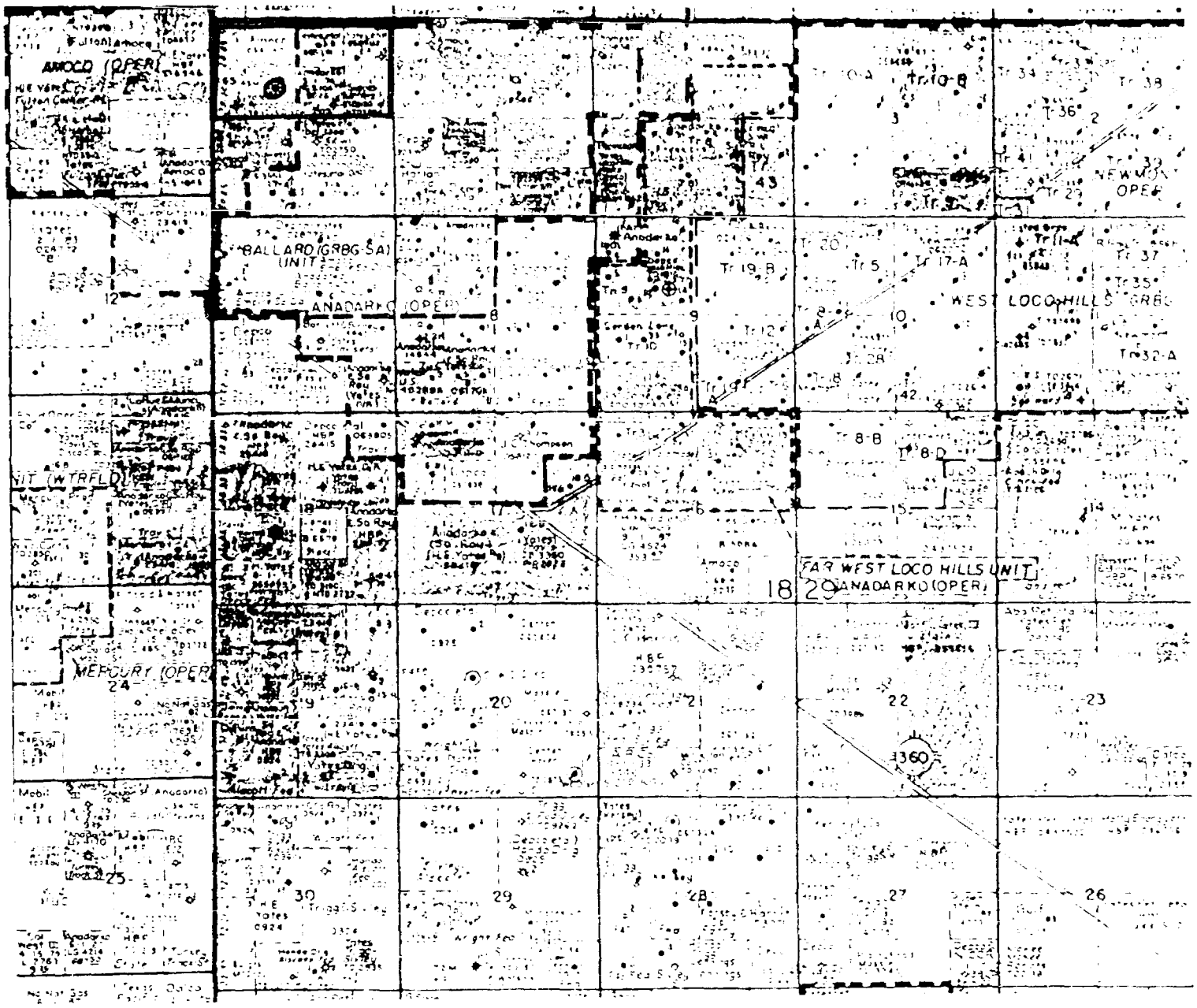
Registered Professional Engineer and/or Land Surveyor

Certificate No. 676

3239

EXHIBIT 4

WELL LOCATION PLAT (PRORATION UNIT)



O LOCO HILLS WELCH #2 WELL
1980 FWL and 660 FSL
Sec. 4, T-18S, R-29E

—— Proration Unit Assigned to the Loco Hills Welch #2 Well

EXHIBIT 5

LIST OF CO-LESSEES, WORKING INTEREST OWNERS AND
GAS PURCHASER

LOCO HILLS WELCH #2
Working Interest Owners
Mailing List

Richard L Ray
P. O. Box 689
Tyler, Texas 75701

J. Cleo Thompson
4500 Republic National Bank Building
Dallas, Texas 79701

Wendell W. Iverson
P. O. Box 1343
Midland, Texas 79701

Coronado Exploration Corp.
1007 Marquette, NW
Albuquerque, New Mexico 87102

DEPCO, INC.
1000 Petroleum Building
110 Sixteenth Street
Denver, Colorado 80202

GAS PURCHASER

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 78879

Form C-132

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088, Santa Fe, New Mexico 87501

Alternative APPLICATION FOR WELLHEAD
PRICE CEILING CATEGORY DETERMINATION

Third Copy

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION _____

DETERMINATION _____

CONTESTED _____

PARTICIPANTS _____

Kind of Lease: State, Federal or Fee — FEE

5. State Oil & Gas Lease No.

7. Unit Agreement Name

8. Farm or Lease Name: LOCO HILLS WELCH

9. Well No.: 2

10. Field and Pool, or Wildcat: Und. S. Empire Morrow

12. County: EDDY

Name of Operator: HARVEY E. YATES COMPANY

Address of Operator: P. O. Box 1933, Roswell, New Mexico 88201

Location of Well: Unit Letter N, 1980 Feet from the West Line and 660 Feet from the South Line, Section 4, Township 18S, Range 29E, NMPM

13. Name and Address of Transporter(s)

El Paso Natural Gas Company, P. O. Box 1492, El Paso, Texas 79978

WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

1. Category(ies) Sought (By NGPA Section No.) 103

2. All Applications must contain:

[X] a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

[X] b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

[ ] c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111

[X] d. AFFIDAVITS OF MAILING OR DELIVERY

3. NEW NATURAL GAS UNDER SEC. 102(c)(1)(B) (using 2.5 Mile or 1000 Feet Deeper Test)

[ ] a. Location Plat

4. NEW NATURAL GAS UNDER SEC. 102(c)(1)(C) (new onshore reservoir)

[ ] a. C-122 Multipoint and one point back pressure test

5. NEW ONSHORE PRODUCTION WELL

[X] a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT

[ ] b. No. of order authorizing infill program _____

6. STRIPPER GAS

[ ] a. C-116 GAS-OIL RATIO TEST

[ ] b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.

[ ] c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME: George M. Yates SIGNED: [signature]

TITLE: Vice President DATE: December 20, 1979

APPROVED: _____, EXAMINER

Exhibit B

FERC 121

1.0 API well number (If not available, leave blank. 14 digits.)	30-015-23001
2.0 Type of determination being sought (Use the codes found on the front of this form.)	103 (Section of NGPA) ____ (Category Code)
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	10,910' feet
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	HARVEY E. YATES COMPANY (Name) ____ (Seller Code) P. O. BOX 1933 (Street) Roswell, (City) NM (State) 88201 (Zip Code)
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	None (Field Name) EDDY (County) NM (State)
(b) For OCS wells	____ (Area Name) ____ (Block Number) Date of Lease: ____ (Mo. Day Yr.) ____ (OCS Lease Number)
(c) Name and identification number of this well: (35 letters and digits maximum.)	LOCO HILLS WELCH #2
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	None
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	EL PASO NATURAL GAS COMPANY (Name) ____ (Buyer Code)
(b) Date of the contract:	101610111719 (Mo. Day Yr.)
(c) Estimated annual production:	550 MMcf.

		(a) Base Price ($/MMBTU)	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)		2.143	.140	.	2.283
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)		2.143	.140	.	2.283

9.0 Person responsible for this application:

George M. Yates (Name) — Vice President (Title)

Signature

December 20, 1979 (Date Application is Completed) — 505-623-6601 (Phone Number)

Agency Use Only
Date Received by Juris. Agency
Date Received by FERC

FT7900806 2 2

LOCO HILLS WELCH #2

Form Approved
OMB No. 038-R0381

FERC-121

U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
Washington D.C. 20426

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)

(Sections 102, 103, 107 and 108)

PLEASE READ BEFORE COMPLETING THIS FORM:

General Instructions:

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualities for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275 4539.

Specific Instructions for Item 2.0, Type of Determination:

Section of NGPA	Category Code	Description
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
102	--	New onshore production well
103	--	High cost natural gas
107	--	Stripper well
108	--	

Other Purchasers/Contracts:

Contract Date (Mo. Day Yr.)	Purchaser	Buyer Code

Remarks:

FT7900806/1-2

APPLICATION PURSUANT TO
SECTION 103(c) OF
THE NATURAL GAS POLICY ACT OF 1978 (NGPA)

Well: LOCO HILLS WELCH #2
API No: 30-015-23001

AFFIDAVIT

STATE OF NEW MEXICO COUNTY OF EDDY

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared GEORGE M. YATES, who, being by me first duly sworn, deposed and said:

That he is the Vice President of HARVEY E. YATES COMPANY, the applicant for the well as described heretofore in this application, and, in that capacity, he is requesting the appropriate Jurisdictional Agency to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of said agency and the Federal Energy Regulatory Commission and pursuant to the NGPA.

That this application is made pursuant to 18 CFR 274.204 (a)-(f).

That to the best of his information and knowledge;

(a) The surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977.

(b) The well satisfies any applicable Federal or State well-spacing requirements.

(c) The well is not within a proration unit:

(1) Which was in existence at the time the surface drilling of the well began; and

(2) Which was applicable to the reservoir from which natural gas is produced; and

(3) Which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which began after February 18, 1977, and was thereafter capable of producing natural gas in commercial quantities.

That he has concluded to the best of his information and knowledge that there is substantial evidence to support a determination that the natural gas produced from said well is produced from a new onshore production well as defined in the NGPA; and that he has no knowledge of any other information not described in the application which is inconsistent with this conclusion.

That he has mailed, or caused to be mailed, postage prepaid, copies of the completed Form FERC 121, Application for Determination of the Maximum lawful Price Under the Natural Gas Policy Act, and any jurisdictional agency supplemental application form to the Purchaser(s) and to the co-lessee(s) and/or working interest owners, which are listed separately.

That to the best of his knowledge and belief, all information contained in this application for category determination, purusant to the NGPA, is true and correct including all documents, testimony, and evidence submitted with the application.

Signed _____
George M. Yates
Vice President

Subscribed in my presence and duly sworn to before me, this 21st day of December, 1979.

My Commission expires:
July 27, 1980

Rosemary Avery
Notary Public

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2. Completion Report
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EXHIBIT 1

APPLICATION TO DRILL

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	✓

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED

SEP 10 1979

O. C. C.
ARTESIA, OFFICE

30-015-23000

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well: OIL WELL [ ] GAS WELL [X] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE [ ]

STATE [ ] FEE [X]

5. Lease Name: Loco Hills Welch

6. Well No.: 2

7. Name of Operator: HARVEY E. YATES COMPANY

8. Address of Operator: P. O. Box 1933, Roswell, N. M. 88201

9. Pool, or Wildcat: Und. S. Empire Morrow

10. Location of Well: UNIT LETTER N LOCATED 1980 FEET FROM THE West LINE AND 660 FEET FROM THE South LINE OF SEC. 4 TWP. 18S RGE. 29E NMPM

12. County: Eddy

19. Proposed Depth: 11,400'

19A. Formation: Morrow

20. Rotary or C.T.: Rotary

21. Elevations (Show whether DF, RT, etc.): 3521.2' GL

21A. Kind & Status Plug. Bond: Blanket

21B. Drilling Contractor: Moranco

22. Approx. Date work will start: Aug. 15, 1979

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48#	350'	475 Sx	Circulate
12 1/4"	8 5/8"	24#, 28#	3000'	1300 Sx	Circulate
7 7/8"	5 1/2"	17#, 20#	11,400'	1500 Sx	600' above productive zo

BOP: Schematic attached.

This acreage is [redacted] to a gas purchaser.

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES 12-12-79

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PROD. ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed: [signature] Title: Vice President Date: June 29, 1979

(This space for State Use)

APPROVED BY: W. A. Gressett TITLE: SUPERVISOR, DISTRICT II DATE: SEP 1 0 1979

CONDITIONS OF APPROVAL, IF ANY:
Notify this office if waterflow is encountered.

EXHIBIT 2

COMPLETION REPORT

NEW MEXICO OIL CONSERVATION COMMISSION

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Harvey E. Yates Company

P. O. Box 1933, Roswell, N. M. 88201

Loco Hills Welch

2

Und. S. Empire Morrow

N 1980 West 660

South 4 18S 29E

Eddy

Date Spudded	Date T.D. Reached	Date Compl. (Ready to Prod.)	Elevations (DF, RKB, RT, GR, etc.)	Elev. Casinghead
10-18-79	11-23-79	12-13-79	3521.2' GL	

Total Depth	P.B.T.D.	Multiple Compl., How Many	Intervals Drilled By	Rotary Tools	Cable Tools
11,430'	11,371'		→	0'-11,430'	

Producing Interval(s), This Completion - Top, Bottom, Name	Was Directional Survey Made
10,896' - 10,910' Morrow	No

Type Electric and Other Logs Run	Was Well Cored
Densilog-Neutron; Dual-MicroLaterlog; GR-Depth Control	No

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	54#	360'	17 1/2"	350 Sx Cl C w/2% CaCl	None
8 5/8"	24#, 28#	2905'	11"	900 Sx	None
5 1/2"	17#	11,425'	7 7/8"	1000 Sx	None

LINER RECORD					TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 7/8"	10,913'	10,862'

Perforation Record (Interval, size and number)	ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
10,896' - 10,910' - 56 1/2" dia holes	None	

PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping - Size and type pump)	Well Status (Prod. or Shut-in)
12-13-79	Flowing	SI

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period →	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
12-14-79	1	24/64"	→	Trace	131	0	

Flow. Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
915	0	→	est. 5	3155	0	55° - API

Disposition of Gas (Sold, used for fuel, vented, etc.)

Test Witnessed By

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

NAME Nick Hardee TITLE Engineer DATE 12-21-79

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radioactivity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths in the hole. In deviated directionally drilled wells, true vertical depths shall also be reported. Report all formations penetrated through. Show all important zones. The top part of the form to be filled in completely for all wells. Where no data is available, leave blank. See Rule 112.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon	9812'	T. Ojo Alamo		T. Penn. "B"	
T. Salt		T. Strawn	10022'	T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka	10324'	T. Pictured Cliffs		T. Penn. "D"	
T. Yates	1015'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	1325'	T. Devonian		T. Menefee		T. Madison	
T. Queen	2018'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	2380'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	2830'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs	1st 6016'	T. Wingate		T.	
T. Wolfcamp	7988'	T.	Bone Sps 2nd 6830'	T. Chinle		T.	
T. Penn	9550'	T.	Bone Sps 3rd 7778'	T. Permian		T.	
T. Cisco (Bough C)		T.	Mor Clastics 10724'	T. Penn "A"		T.	
T. Chester	11403'		Lo-Morrow 10954'				

OIL OR GAS SANDS OR ZONES

No. 1, from 10896' to 10910' No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ..... to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	360	360	Surface rock				
360	1550	1190	Anhy				
1550	2625	1075	Anhy & lime				
2625	5310	2685	Lime				
5310	10802	5492	Lime & shale				
10802	10930	128	Lime, shale and chert				
10930	11058	128	Lime and shale				
11058	11148	90	Shale				
11148	11335	187	Lime and shale				
11335	11430	95	Shale				

EXHIBIT 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes C-128 Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator			Lease	
HARVEY E. YATES CO.			LOCO HILLS WELCH	2
Unit Letter N	Section 4	Township 18 SOUTH	Range 29 EAST	EDDY
Actual Footage Location of Well: 1980 feet from the WEST line and 660 feet from the SOUTH line				
Ground Level Elev. 3521.2	Producing Formation Morrow	Pool Und. S. Empire Morrow		Dedicated Acreage: 320 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).

RECEIVED

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?

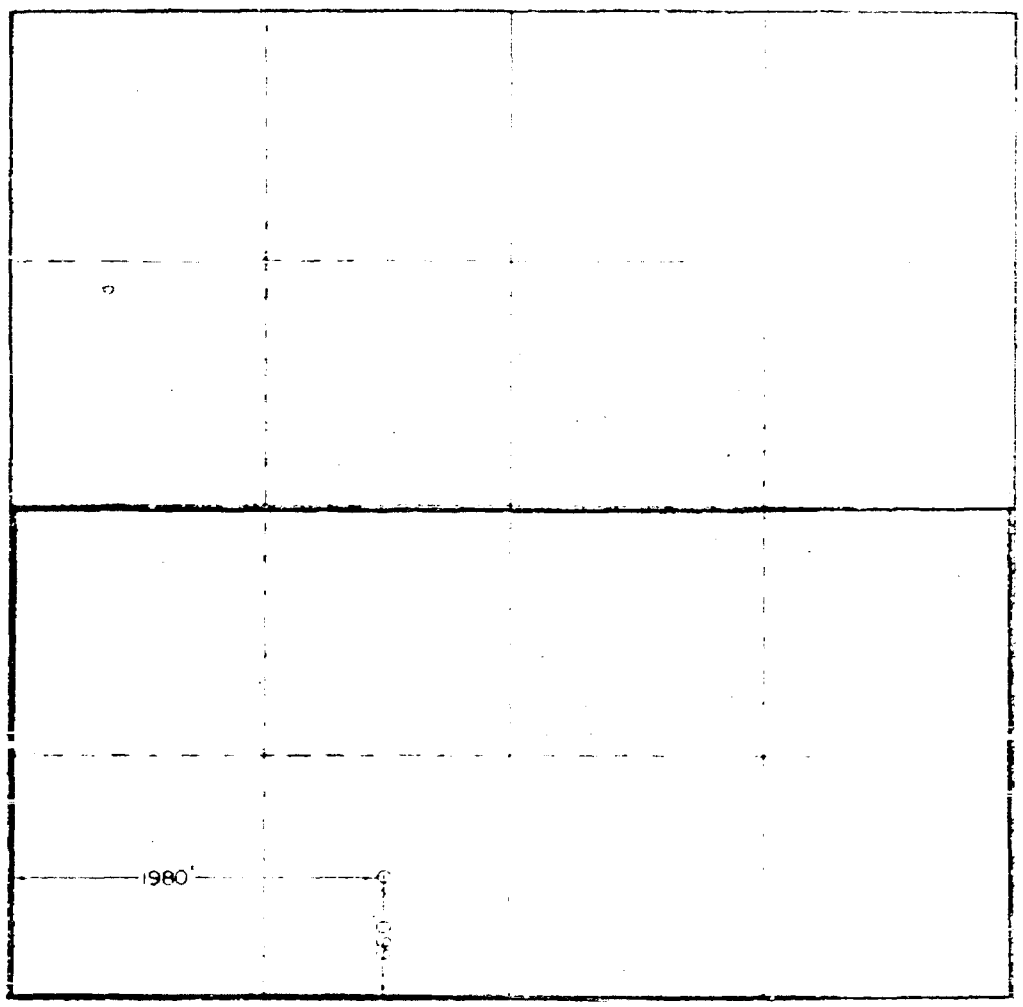
SEP 10 1979

O. C. C.
ARTESIA, OFFICE

[ ] 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 Commission.



Fred B. Yates

Vice President

Harvey E. Yates Company

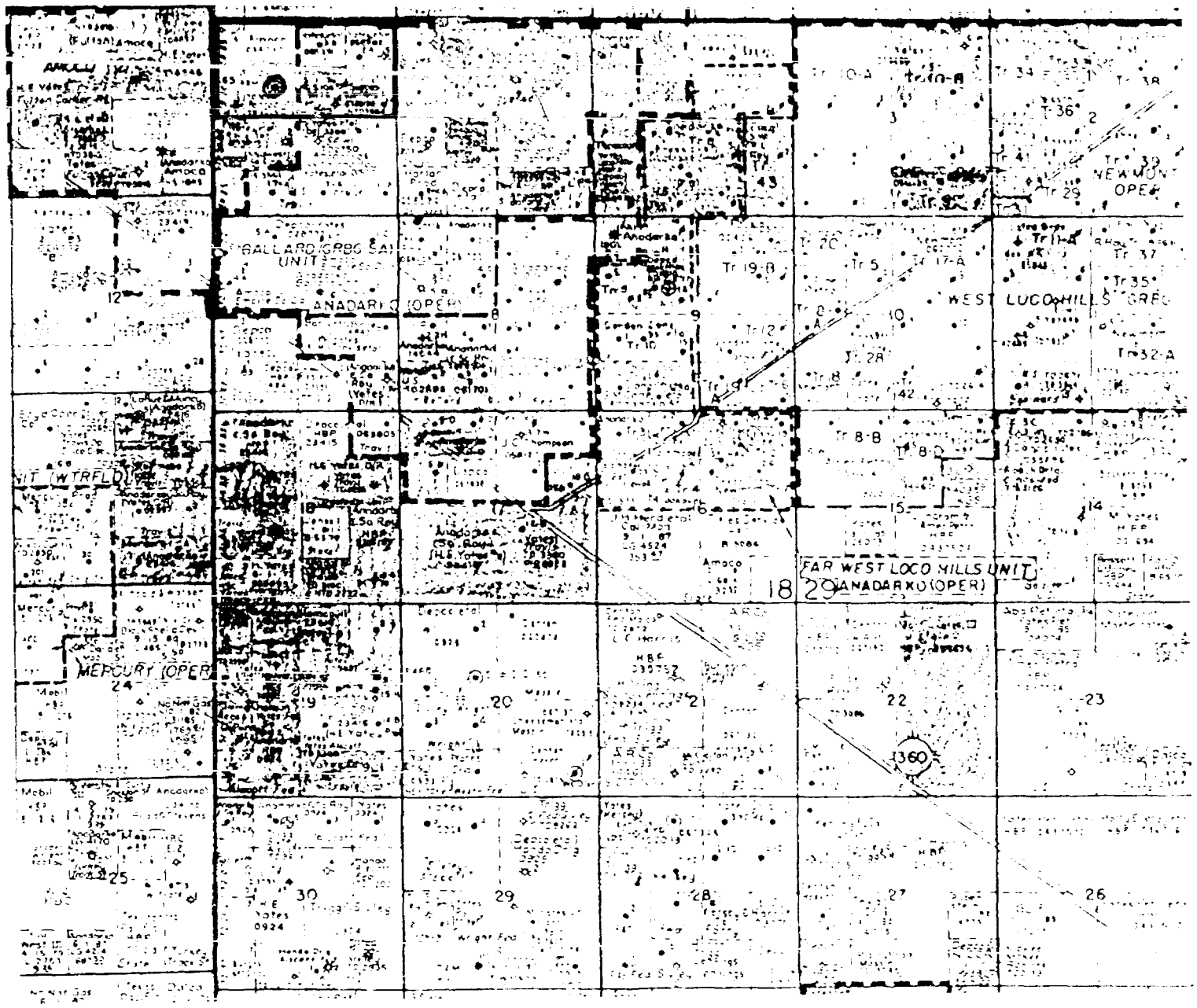
June 29, 1979

676

3239

EXHIBIT 4

WELL LOCATION PLAT (PRORATION UNIT)



O LOCO HILLS WELCH #2 WELL
1980 FWL and 660 FSL
Sec. 4, T-18S, R-29E

—— Proration Unit Assigned to the Loco Hills Welch #2 Well

EXHIBIT 5

LIST OF CO-LESSEES, WORKING INTEREST ONWERS AND
GAS PURCHASER

LOCO HILLS WELCH #2
Working Interest Owners
Mailing List

Richard L Ray
P. O. Box 689
Tyler, Texas 75701

J. Cleo Thompson
4500 Republic National Bank Building
Dallas, Texas 79701

Wendell W. Iverson
P. O. Box 1343
Midland, Texas 79701

Coronado Exploration Corp.
1007 Marquette, NW
Albuquerque, New Mexico 87102

DEPCO, INC.
1000 Petroleum Building
110 Sixteenth Street
Denver, Colorado 80202

GAS PURCHASER

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 78879

Docket No. 1-80

Dockets Nos. 2-80 and 3-80 are tentatively set for January 16 and 30, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 3, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6770: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit National Petroleum Company and all other interested parties to appear and show cause why its Well No. 1 located 905 feet from the North line and 1155 feet from the West line of Section 22, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6786: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of its administrative procedure for the approval of infill drilling on existing gas proration units as promulgated by Order No. R-6013 to permit the approval of infill wells as new onshore production wells pursuant to the Natural Gas Policy Act of 1978 without notice and hearing even though such wells have been spudded prior to receiving such approval.

CASE 6771: Application of Getty Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the E/2 SW/4 of Section 31, Township 24 South, Range 37 East, and the NW/4 NE/4 and NE/4 NW/4 of Section 6, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6772: Application of Reading & Bates Petroleum Co. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the SE/4 of Section 17, Township 24 North, Range 3 West, Chacon-Dakota Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6773: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 20, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6774: Application of Doyle Hartman for an unorthodox location, non-standard proration unit, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit comprising the NW/4 NW/4 of Section 6, Township 25 South, Range 37 East, and the W/2 SW/4 of Section 31, Township 24 South, Range 37 East, to be dedicated to his Federal Jalmat Com Well No. 1 at an unorthodox location 590 feet from the North line and 660 feet from the West line of said Section 6; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6768: (Continued and Readvertised)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, compulsory pooling, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard gas proration unit comprising the SW/4 SE/4 of Section 21, Township 24 South, Range 37 East, Jalmat Gas Pool, to be dedicated to the El Paso Natural Gas Company Shell Black Well No. 2. Applicant also seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the E/2 SW/4 and NW/4 SE/4 of said Section 21 to form a 120-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the West line of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.

CASE 6767: (Continued from December 12, 1979, Examiner Hearing)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6487: (Continued from October 17, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6732: (Continued from November 28, 1979, Examiner Hearing)

Application of Dorchester Exploration, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morton Solid State Unit Well No. 1 located 2156 feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East, Tres Papalotes-Pennsylvanian Pool.

CASE 6775: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Young Deep Unit Area, comprising 2242 acres, more or less, of Federal lands in Township 18 South, Range 32 East.

CASE 6776: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Young Deep Unit Well No. 1, a Morrow test to be drilled 660 feet from the North and West lines of Section 10, Township 18 South, Range 32 East, the W/2 of said Section 10 to be dedicated to the well.

CASE 6777: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Amoco 22 State Well No. 2 located in Unit G of Section 22, Township 23 South, Range 27 East.

CASE 6778: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Loco Hills Welch Well No. 2 located in Unit N of Section 4, Township 18 South, Range 29 East.

CASE 6745: (Continued from November 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the W/2 of Section 28, Township 23 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6779: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Pronghorn Unit Area, comprising 5,120 acres, more or less, of State and Federal lands in Townships 22 and 23 South, Range 33 East.

CASE 6780: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Serpentine Bends Unit Area, comprising 4,802 acres, more or less, of State and Federal lands in Township 24 South, Ranges 23 and 24 East.

CASE 6781: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South line and 1980 feet from the East line of Section 1, Township 20 South, Range 28 East, the E/2 of said Section 1 to be dedicated to the well.

CASE 6782: Application of Inexco Oil Company for an exception to Order No. R-3221, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit H of Section 7, Township 19 South, Range 33 East.

CASE 6783: Application of McClellan Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marlisue State Well No. 6 located 1355 feet from the North line and 2475 feet from the West line of Section 24, Township 14 South, Range 29 East, Double "L"-Queen Associated Pool, the NE/4 NW/4 of said Section 24 to be dedicated to the well.

CASE 6784: Application of Merrion & Bayless for a non-standard proration unit and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the W/2 of Section 18 and the W/2 of Section 19, Township 32 North, Range 14 West, Barker Creek-Paradox Pool, to be dedicated to its Ute Well No. 7 at an unorthodox location 1685 feet from the South line and 3335 feet from the East line of said Section 19.

In the alternative, applicant seeks an order force pooling all of said Section 19 to form a standard 640-acre unit.

CASE 6785: Application of The Harlow Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 18, Township 8 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To

Called in by Bob Strand
december 2, 1979

Harvey E. Yates Company
New Onshore Reservoir

Loco Hills Welch # 2-N

66015 & 1980/W

Section 4 - T18S-R29E

OIL CONSERVATION COMMISSION-SANTA FE

ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6778

Order No. R-6249

APPLICATION OF HARVEY E. YATES
COMPANY FOR AN NGPA DETERMINATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 3, 19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of January, 19 80, 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, Harvey E. Yates Company, seeks a determination by the Division, in accordance with Sections 2 (6) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission, that its Loco Hills Welch Well No. 2, located in Unit N of Section 4, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a new onshore reservoir from which natural gas was not produced in commercial quantities before April 20, 1977.

(3) That said well was completed in the Morrow formation with perforations from 10896 to 10910 feet, and a plugged-back depth of 11371 feet after having been drilled to a total depth of 11430 feet.

(4) That although there are several wells in the vicinity of the subject well which have penetrated and are completed in the Morrow formation, ~~pressures encountered~~

available well logs demonstrate that the subject well is completed in a stray sand encountered in a section ~~commonly~~ containing a non productive shale ~~facies~~ or ~~tight~~ tight sand facies ~~found~~ in such other wells.

(5) That the 3600 pound shut in pressure encountered by said well is indicative of an undrained reservoir.

Regulatory Commission.

IT IS THEREFORE ORDERED:

(1) That the Harvey E. Yates Company Loco Hills Welch Well No. 2, located in Unit N of Section 4, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is completed in a new onshore reservoir as defined by Sections 2 (6) and 102 (c) of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission.

(2) That jurisdiction of this cause is hereby 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.