

DATE IN 6-22-04	SUSPENSE	ENGINEER Stagner	LOGGED IN 6-23-04	TYPE NSL	APP NO PSEM 0417536082
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

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30-015-33448

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr
 Print or Type Name

Signature

Attorney
 Title

6/21/04
 Date

wcarr@hollandhart.com
 e-mail Address

June 21, 2004

HAND-DELIVERED

Mr. Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Yates Petroleum Corporation for amendment of administrative Order NSL-5030.

Dear Mr. Fesmire:

By Administrative Order NSL-5030 the Oil Conservation Division granted the application of Yates Petroleum Corporation pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, for an unorthodox well location for its Agnes "BEB" Com Well No. 1 to be drilled at an unorthodox gas well location 1200 feet from the North line and 1800 feet from the East line (Unit B) of Section 3, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Copies of Yates' application and Administrative Order No. NSL-5030 are attached to this application.

When Yates staked the well it was discovered that the location had to be moved 100 feet to the South and 75 feet to the West to avoid the arch of a pivot irrigation system located in the N/2 of said Section 3. The new location is therefore required by surface conditions as well as the geologic conditions set out in Yates original application. The new location is 1300 feet from the North line and 1875 feet from the East line instead of the previously approved location 1200 feet from the North line and 1800 feet from the East line. Attached to this application as Exhibit A is a plat that shows the location approved by Administrative Order No. NSL-5030 and the amended location required to get outside the arch of the pivot irrigation system.



Yates original application showed the proposed location for the Agnes "BEB" Com Well No. 1 intersects a Morrow sand channel running across the northeast quarter of this section and that to intersect this channel and access these reserves a non-standard location was required. The new location will still enable Yates to access these reserves while avoiding this irrigation system.

This unorthodox location is in the Atoka and Middle Morrow formations and is unorthodox because Rule 2(b) of the Special Rules and Regulations for the Atoka-Penn Gas Pool that provide for "Each well completed or re-completed in this pool to be located in the northwest quarter or southeast quarter of the section and no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line...."

Since this well encroaches only on interior quarter section lines and the mineral interests of all affected persons will be dedicated to the well, there are no affected persons to whom notice of this application is required by Division Rule 1207 (A)(2).

Yates has a contractual obligation to spud this well on or before July 1, 2004 and therefore requests that the Division's action on this application be expedited to the extent possible.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for Yates Petroleum Corporation

Enclosures

cc: Robert Bullock
John Humphrey
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

DISTRICT III
421 South First, Artesia, NM 88210

Instruction on Back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT IV
1130 Rio Santos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco, Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Morrow
Property Code	Property Name AGNES "BEB" COM.	Well Number 1
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3322

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	3	18S	26E		1300	NORTH	1875	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320.92	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan</p> <p>Printed Name Regulatory Agent</p> <p>Title June 6, 2004</p> <p>Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Refer to Original Plat 5/04/2004</p> <p>Date Surveyed 5/04/2004</p> <p>Signature of Surveyor Professional Surveyor RACHELL L. JONES REGISTERED SURVEYOR 3640</p> <p>Certified to Oil, Gas, Mineral and Land Surveying AGNES GENERAL SURVEYING COMPANY</p>	



EXHIBIT A