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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

2004 OCT 8 22



**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

[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

William F. Carr  
 Signature

ATTORNEY  
 Title

10-8-04  
 Date

wcarr@hollandhart.com  
 e-mail Address



October 8, 2004

**HAND-DELIVERED**

Mark E. Fesmire, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: *Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Kochia "AAM" State Well No. 1 (API No. 30-025-28905), 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico.*

Dear Mr. Fesmire:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on August 12, 1999, of an unorthodox well location for its Kochia "AAM" State Well No. 1 to be re-entered and re-completed in the Mississippian formation, Undesignated Big Dog-Mississippian Gas Pool at an unorthodox well location 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The Kochia AAM Well No. 1 was completed in 1984 at a standard oil well location in the Devonian formation. Yates now seeks approval of this location up hole in the Mississippian formation.

The well will be drilled to a depth sufficient to test the Mississippian formation. This location in the Mississippian formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the outer boundary of the dedicated spacing unit. The proposed unorthodox well location is on a stand up unit comprised of the E/2 of the Section and is only 330 feet from the outer boundary of the dedicated spacing unit which it is located.

Attached hereto as **Exhibit A** is a plat of the subject area as required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units. **Exhibit B** lists parties affected by this application. Pursuant to Rule 104.F(4) of the General Rules of the Division, a copy of this application, including a copy of the plat described above has been sent to these affected parties by certified mail-return receipt requested. The affected parties have been advised that if they have an objection to this application it must be filed in writing within twenty days from the date this notice was sent.

Also enclosed is a proposed order approving this application.

Your attention to this matter is appreciated.

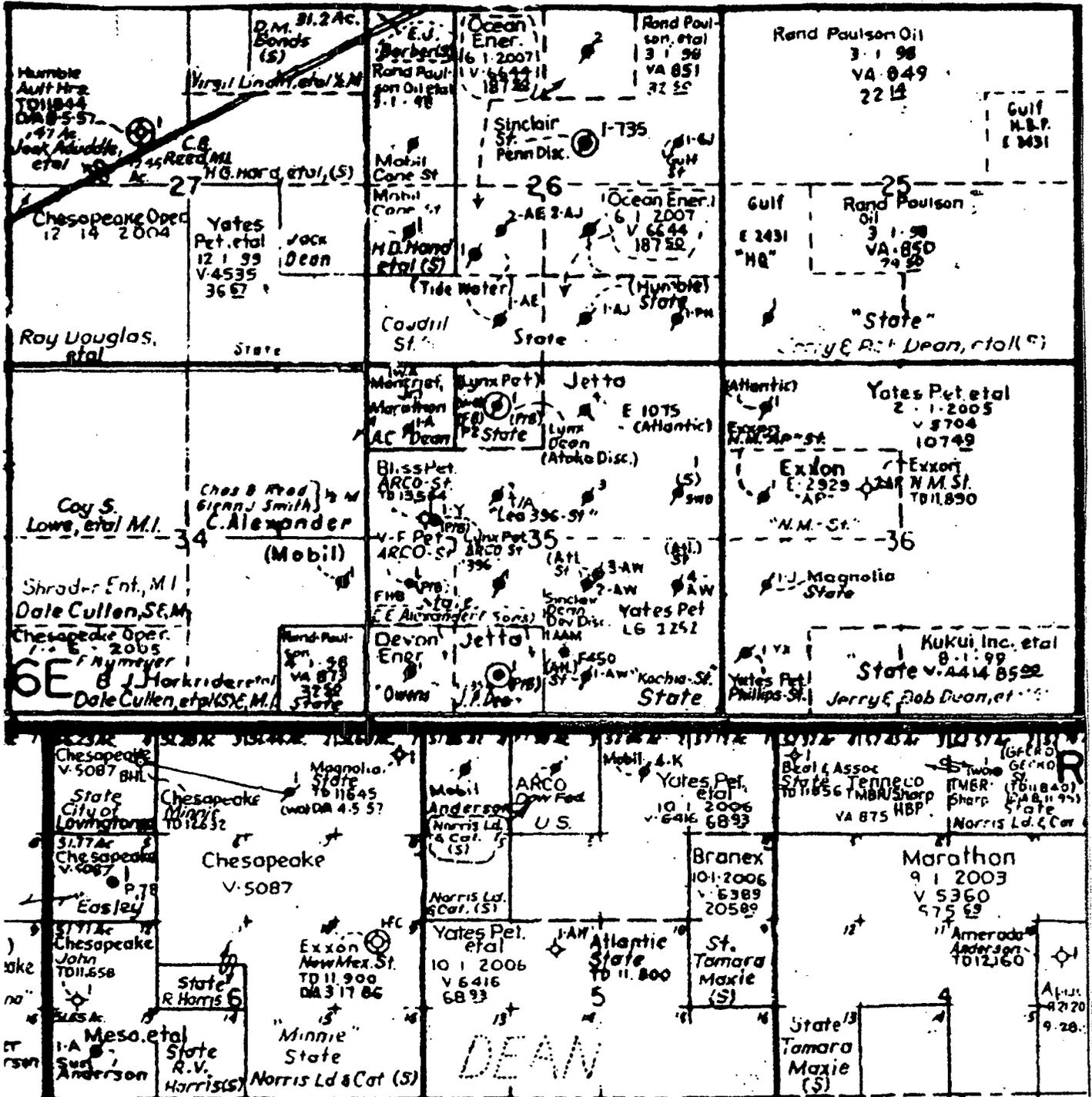
Very truly yours,



WILLIAM F. CARR  
Attorney for Yates Petroleum Corporation

cc: Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88201

Yates Petroleum Corporation  
 'Kochia AAM ST# 1'  
 990' FSL & 2310' FEL  
 Section 35-T15S-R36E  
 Lea County, New Mexico



**District I**  
1625 N. French Dr., Hobbs, NM 88240

**District II**  
1301 W. Grand Avenue, Artesia, NM 88210

**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-025-28905</b>	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name <b>Big Dog Mississippian</b>
<sup>4</sup> Property Code <b>12445</b>	<sup>5</sup> Property Name <b>Kochia AAM State</b>	
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>	
		<sup>6</sup> Well Number <b>1</b>
		<sup>9</sup> Elevation <b>3855.1' GR</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
<b>O</b>	<b>35</b>	<b>15S</b>	<b>36E</b>		<b>990</b>	<b>South</b>	<b>2310</b>	<b>East</b>	<b>Lea</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

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

<sup>12</sup> Dedicated Acres <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

16			<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="text-align: right;"><i>Stormi Davis</i></p> <p>Signature</p> <hr/> <p>Stormi Davis Printed Name</p> <p>Regulatory Compliance Supervisor Title and E-mail Address</p> <hr/> <p>Regulatory Compliance Technician</p> <hr/> <p>Date 6-18-04</p> <hr/> <p><sup>18</sup> 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> <hr/> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <hr/> <p>Certificate Number</p>
			2310'

**EXHIBIT B**

**AFFECTED PARTIES**

Application of Yates Petroleum Corporation for  
administrative approval of an unorthodox well location  
Kochia "AAM" State Well No.1  
990 feet from the South line and 2310 feet from the East line  
Section 35, Township 15 South, Range 36 East, NMPM  
Lea County, New Mexico

**Jetta – X2, LP  
Jetta Operating, Inc.  
P1-D Ft. Worth Club Tower  
Fort Worth, TX 76102-4919**

**V-F Petroleum Inc.  
P.O. Box 1889  
Midland, TX 79702**

**Lynx Petroleum  
P.O. Box 1708  
Hobbs, NM 88241**

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

Attention: William F. Carr

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Carr:

Reference is made to your application dated October 8, 2004 for an unorthodox well location in the Mississippian formation, for the Yates Kochia "AAM" State Well No. 1 (API No. 30-025-28905). Said well was originally drilled to the Devonian formation at a standard oil well location in 1984 and is located 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 35, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

A 320-acre spacing and proration unit in the Mississippian formation comprising the E/4 of said Section 35, is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Mark E. Fesmire  
Director

cc: New Mexico Oil Conservation Division -Artesia



October 8, 2004

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

To AFFECTED INTEREST OWNERS

Re: *Application of Yates Petroleum Corporation., for administrative approval of an unorthodox well location for its Kochia "AAM" State Well No. 1, 990 feet from the South line and 2310 feet from the East line of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico.*

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Yates Petroleum Corporation for administrative approval of an unorthodox well location for the re-entry and re-completion of its proposed Kochia "AAM" State Well No. 1, located 990 feet from the South line and 2310 feet from the East line of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico in the Mississippian formation, Undesignated Big Dog – Mississippian Gas Pool.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,

William F. Carr  
Attorney for Yates Petroleum Company

enc.

cc: Yates Petroleum Corporation