Re-submittal of pKRVO-3143368 9Z

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.

ABOVE THIS LINE FOR DIVISION USE ONLY

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

Yates

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 _____

RECEIVED
FEB 9 2004
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

[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	William F. Carr	ATTORNEY	2/8/04
Print or Type Name	Signature	Title	Date

wfcarr@hollandhart.com
e-mail Address

HOLLAND&HART LLP

William F. Carr
wcarr@hollandhart.com

February 8, 2004

HAND-DELIVERED

Lori Wrotenbery, 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 Administrative Approval of an Unorthodox Well Location for its Hinkle "ALD" Well No. 3 **(API No. 30-015-28415)** located in Section 28, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Pursuant to the provisions of Rule 4 of the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool adopted by Order No. R-4691 dated December 11, 1973, as amended, Yates Petroleum Corporation hereby seeks administrative approval of an unorthodox well location for its Hinkle "ALD" Well No. 3 in Section 28, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. This well was drilled to a depth to sufficient test all formations from the surface to through the Upper Pennsylvanian formation. The principal objective in the well is the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Gas Pool. A standard 160-acre spacing and proration unit comprised of the NE/4 of Section 28 is dedicated to the well in the Upper Pennsylvanian formation.

The well was drilled at a surface location 1980 feet from the North line and 660 feet from East line and Yates initially attempted an open hole lateral completion in the well. However, the lateral completion collapsed and the well is being produced as a vertical completion in the North Dagger Draw-Upper Pennsylvanian Gas Pool. The directional survey run on the well shows that the wellbore drifted during drilling and is currently being produced at a measured depth of 7592 feet from a point 1956 feet from the North line and 575 feet from the East line of said Section 28. The entire lateral collapsed and the well was completed at the base of the vertical hole, it cannot be determined if the drilling window has been effectively sealed. However, the directional survey, which is

attached hereto as Exhibit A, did go to the total depth of the well (end of the lateral drainhole) and it confirms that the end of the lateral drainhole was 1067 feet from the North line and 570 feet from the East line of Section 28 at a measured depth of 8612 feet. It also shows that the wellbore was closer to the East line of the dedicated spacing unit at a measured depth of 8232 feet at a point 1431 feet from the North line and 478 feet from the East line of the section. Exhibit B is a wellbore schematic showing the present state of the well.

This pool is governed by the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool which provide for gas wells to be located on standard spacing units containing 160-acres (Order No. R-4691-A, dated February 3, 1976) with wells to be located no closer than 660 feet to from the outer boundary of the spacing unit. This well location is unorthodox in the North Dagger Draw-Upper Pennsylvanian Gas Pool and, because it cannot be determined if the drilling window was sealed, Yates seeks approval of an unorthodox well location for the well 1431 feet from the North line and 478 feet from the East line of the dedicated spacing unit -- or 182 feet closer to the eastern spacing unit boundary than permitted by the applicable pool rules.

Attached hereto as Exhibit C is a plat showing the subject spacing unit, the unorthodox well location and adjoining spacing units and wells. Yates Petroleum Corporation is the offset operator to the North, Northwest and West and the ownership in these tracts is common with the ownership in the 160-acre spacing unit dedicated to the Hinkle "ALD" Well No. 3. Nearburg Exploration Company is the offset operator to the East, South and Southeast. Attached to this application as Exhibit D is a letter Nearburg Exploration Company, waiving objection to this unorthodox location for Nearburg Exploration Company.

Enclosed in hard copy and disc is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for Yates Petroleum Corporation

Enclosures

gyro/data

Gyrodata Incorporated
1682 W. Sam Houston Pkwy. N.
Houston, Texas 77043

713/461-3146
Fax: 713/461-0920

August 29, 2000

Drilling Department
Yates Petroleum
105 South 4th Street
Artesia, NM 88210

Re: **Hinkle ALD, Well #3-H**
Eddy County, New Mexico

Enclosed, please find one (1) original, four (4) copies, and one (1) disk of the completed survey of the above referenced well.

We would like to take this opportunity to thank you for using Gyrodata, and we look forward to serving you in the future.

Sincerely,

Ernest E. Surman, Jr.
Assistant Operations Manager

EES:lnr

EXHIBIT A

A Gyrodata Directional Survey

for

Yates Petroleum

Well: HINKLE ALD NO. 3-H, 3-1/2" DRILLPIPE

Location: UTI #165, EDDY COUNTY, NEW MEXICO

Job Number: MD0800GOO211

Run Date: 8/13/00

Surveyor: Fred Cabiad

Calculation Method: MINIMUM CURVATURE

Survey Latitude: 32.750000 deg. N

Azimuth Correction:
Gyro: Bearings are Relative to True North

Vertical Section Calculated from Well Head Location

Closure Calculated from Well Head Location

Horizontal Coordinates Calculated from Well Head Location

A Gyrodata Directional Survey

Yates Petroleum
Well: HINKLE ALD NO. 3-H, 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO
Job Number: MD0800GOO211

MEASURED DEPTH feet	I N C L deg.	AZIMUTH deg.	BORE HOLE BEARING deg. min.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	CLOSURE AZIMUTH deg.	HORIZONTAL COORDINATES feet	
0.0	0.00	0.00	N 0 0 E	0.00	0.0	0.0	0.0	0.00 N	0.00 E
0 - 7592 FT. RATE GYROSCOPIC MULTISHOT SURVEY RUN INSIDE 3-1/2" DRILLPIPE ALL MEASURED DEPTHS AND COORDINATES REFERENCED TO UTI #165 R.K.B. DEPTH SHIFT ADJUSTMENT DUE TO WIRELINE COUNTER CALCULATION DISCREPANCY									
104.0	0.77	216.29	S 36 18 W	0.74	104.0	0.7	216.3	0.56 S	0.41 W
208.0	0.45	202.55	S 22 33 W	0.33	208.0	1.8	213.2	1.51 S	0.98 W
312.0	1.15	187.07	S 7 4 W	0.70	312.0	3.2	203.5	2.92 S	1.27 W
416.0	1.12	179.12	S 0 53 E	0.15	416.0	5.2	195.5	4.98 S	1.38 W
520.0	1.03	169.80	S 10 12 E	0.19	519.9	7.0	189.9	6.92 S	1.20 W
624.0	1.11	147.30	S 32 42 E	0.41	623.9	8.7	183.3	8.68 S	0.49 W
728.0	1.25	156.10	S 23 54 E	0.23	727.9	10.6	177.2	10.57 S	0.51 E
832.0	1.55	129.96	S 50 2 E	0.67	831.9	12.7	170.7	12.51 S	2.05 E
936.0	1.68	153.90	S 26 6 E	0.66	935.8	15.3	165.6	14.78 S	3.80 E
1040.0	1.92	135.42	S 44 35 E	0.60	1039.8	18.3	161.9	17.39 S	5.69 E
1144.0	1.58	136.82	S 43 11 E	0.32	1143.7	21.2	158.2	19.68 S	7.89 E
1248.0	1.68	124.44	S 55 34 E	0.35	1247.7	23.8	154.9	21.59 S	10.13 E
1352.0	1.95	130.76	S 49 15 E	0.32	1351.6	26.8	151.7	23.61 S	12.73 E
1456.0	1.63	124.70	S 55 18 E	0.36	1455.6	29.8	149.2	25.61 S	15.29 E
1560.0	1.94	125.60	S 54 24 E	0.30	1559.5	32.8	146.9	27.47 S	17.94 E
1664.0	1.71	133.82	S 46 11 E	0.34	1663.5	36.0	145.3	29.58 S	20.50 E
1768.0	1.78	121.48	S 58 31 E	0.37	1767.4	39.0	143.9	31.50 S	22.99 E
1872.0	1.58	115.69	S 64 19 E	0.25	1871.4	41.8	142.1	32.96 S	25.66 E
1976.0	1.32	117.83	S 62 10 E	0.25	1975.4	44.2	140.6	34.14 S	28.02 E

1980
+ 5
1985' FSL
660
+ 1.5
661.5
658.5
2320.0

A Gyrodata Directional Survey

Yates Petroleum
Well: HINKLE ALD NO. 3-H, 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO
Job Number: MD0800GOO211

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	BORE HOLE BEARING deg. min.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	CLOSURE AZIMUTH deg.	HORIZONTAL COORDINATES feet	
2080.0	1.57	126.40	S 53 36 E	0.32	2079.3	46.7	139.6	35.55 S	30.23 E
2184.0	1.48	111.49	S 68 31 E	0.39	2183.3	49.2	138.5	36.89 S	32.63 E
2288.0	1.58	109.72	S 70 17 E	0.10	2287.3	51.7	137.1	37.87 S	35.23 E
2392.0	1.57	104.22	S 75 47 E	0.15	2391.2	54.2	135.6	38.70 S	37.95 E
2496.0	1.28	112.24	S 67 46 E	0.34	2495.2	56.5	134.3	39.48 S	40.40 E
2600.0	1.24	96.69	S 83 19 E	0.33	2599.2	58.5	133.2	40.05 S	42.59 E
2704.0	1.52	104.43	S 75 34 E	0.32	2703.1	60.6	132.0	40.53 S	45.05 E
2808.0	1.20	105.25	S 74 45 E	0.31	2807.1	62.8	130.9	41.16 S	47.43 E
2912.0	1.32	88.62	N 88 37 E	0.37	2911.1	64.7	129.8	41.42 S	49.68 E
3016.0	1.35	104.39	S 75 37 E	0.35	3015.0	66.7	128.7	41.69 S	52.07 E
3120.0	1.25	83.53	N 83 32 E	0.46	3119.0	68.6	127.6	41.87 S	54.39 E
3224.0	1.08	82.54	N 82 32 E	0.17	3223.0	70.2	126.4	41.61 S	56.48 E
3328.0	0.92	76.33	N 76 20 E	0.19	3327.0	71.4	125.3	41.29 S	58.26 E
3432.0	0.92	89.37	N 89 22 E	0.20	3431.0	72.6	124.4	41.08 S	59.91 E
3536.0	0.89	87.20	N 87 12 E	0.04	3535.0	74.0	123.7	41.03 S	61.55 E
3640.0	0.92	61.49	N 61 29 E	0.39	3638.9	75.0	122.8	40.60 S	63.09 E
3744.0	1.05	79.52	N 79 31 E	0.32	3742.9	76.1	121.7	40.03 S	64.75 E
3848.0	1.03	78.84	N 78 50 E	0.02	3846.9	77.5	120.8	39.67 S	66.61 E
3952.0	1.31	65.29	N 65 18 E	0.37	3950.9	78.9	119.6	39.00 S	68.60 E
4056.0	1.13	72.94	N 72 56 E	0.23	4054.9	80.3	118.4	38.20 S	70.66 E
4160.0	1.38	50.21	N 50 13 E	0.53	4158.8	81.5	117.1	37.10 S	72.61 E
4264.0	1.43	50.42	N 50 25 E	0.05	4262.8	82.6	115.4	35.47 S	74.57 E
4368.0	1.15	40.00	N 40 0 E	0.35	4366.8	83.4	113.9	33.84 S	76.24 E
4472.0	1.37	26.27	N 26 16 E	0.36	4470.8	83.8	112.4	31.93 S	77.46 E

Yates Petroleum
Well: HINKLE ALD NO. 3-H, 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO
Job Number: MD0800GOO211

MEASURED DEPTH feet	I N C L deg.	AZIMUTH deg.	BORE HOLE BEARING deg. min.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	CLOSURE AZIMUTH deg.	HORIZONTAL COORDINATES feet	
4576.0	1.43	36.05	N 36 3 E	0.24	4574.7	84.2	110.7	29.76 S	78.78 E
4680.0	1.94	24.07	N 24 4 E	0.59	4678.7	84.7	108.7	27.11 S	80.25 E
4784.0	2.05	25.95	N 25 57 E	0.12	4782.6	85.2	106.3	23.84 S	81.78 E
4888.0	2.19	9.94	N 9 57 E	0.58	4886.5	85.4	103.7	20.21 S	82.94 E
4992.0	2.07	12.82	N 12 49 E	0.15	4990.5	85.3	101.1	16.43 S	83.70 E
5096.0	2.37	14.35	N 14 21 E	0.29	5094.4	85.6	98.4	12.52 S	84.65 E
5200.0	2.09	10.37	N 10 22 E	0.30	5198.3	86.0	95.7	8.57 S	85.52 E
5304.0	2.16	11.86	N 11 52 E	0.08	5302.2	86.4	93.2	4.79 S	86.27 E
5408.0	2.35	1.05	N 1 3 E	0.45	5406.2	86.7	90.5	0.75 S	86.71 E
5512.0	2.13	5.35	N 5 21 E	0.26	5510.1	87.0	87.8	3.30 N	86.93 E
5616.0	2.27	357.83	N 2 10 W	0.31	5614.0	87.3	85.2	7.28 N	87.03 E
5720.0	1.68	358.13	N 1 52 W	0.57	5718.0	87.6	82.9	10.86 N	86.90 E
5824.0	1.74	357.59	N 2 24 W	0.07	5821.9	87.9	80.9	13.96 N	86.79 E
5928.0	1.72	358.88	N 1 7 W	0.04	5925.9	88.4	78.8	17.10 N	86.69 E
6032.0	1.72	352.85	N 7 9 W	0.17	6029.8	88.8	76.8	20.21 N	86.46 E
6136.0	1.28	333.99	N 26 1 W	0.63	6133.8	88.7	75.1	22.80 N	85.76 E
6240.0	0.93	333.74	N 26 16 W	0.33	6237.8	88.4	73.8	24.60 N	84.88 E
6344.0	0.98	340.65	N 19 21 W	0.12	6341.7	88.2	72.7	26.20 N	84.21 E
6448.0	0.88	303.01	N 57 0 W	0.59	6445.7	87.7	71.7	27.48 N	83.24 E
6552.0	0.46	328.46	N 31 33 W	0.49	6549.7	87.1	71.1	28.27 N	82.35 E
6656.0	0.32	55.60	N 55 36 E	0.53	6653.7	87.3	70.7	28.79 N	82.38 E
6760.0	0.29	15.39	N 15 23 E	0.20	6757.7	87.7	70.5	29.21 N	82.69 E
6864.0	0.22	135.89	S 44 7 E	0.43	6861.7	87.9	70.5	29.32 N	82.90 E
6968.0	0.41	117.92	S 62 5 E	0.20	6965.7	88.3	70.8	29.00 N	83.37 E

A Gyrodata Directional Survey

Yates Petroleum
Well: HINKLE ALD NO. 3-H, 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO
Job Number: MD0800GOO211

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	BORE HOLE BEARING deg. min.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	CLOSURE AZIMUTH deg.	HORIZONTAL COORDINATES feet	
7072.0	0.88	189.95	S 9 57 W	0.82	7069.7	88.1	71.5	28.03 N	83.57 E
7176.0	0.72	186.54	S 6 33 W	0.16	7173.7	87.5	72.3	26.60 N	83.36 E
7280.0	0.82	161.57	S 18 26 E	0.33	7277.7	87.2	73.2	25.25 N	83.51 E
7384.0	0.36	122.37	S 57 38 E	0.56	7381.7	87.5	73.8	24.37 N	84.03 E
7488.0	0.26	142.07	S 37 56 E	0.14	7485.7	87.8	74.1	24.01 N	84.45 E
7592.0	0.31	161.49	S 18 30 E	0.10	7589.7	87.9	74.5	23.56 N	84.68 E

Final Station Closure: Distance: 87.90 ft Az: 74.46 deg.

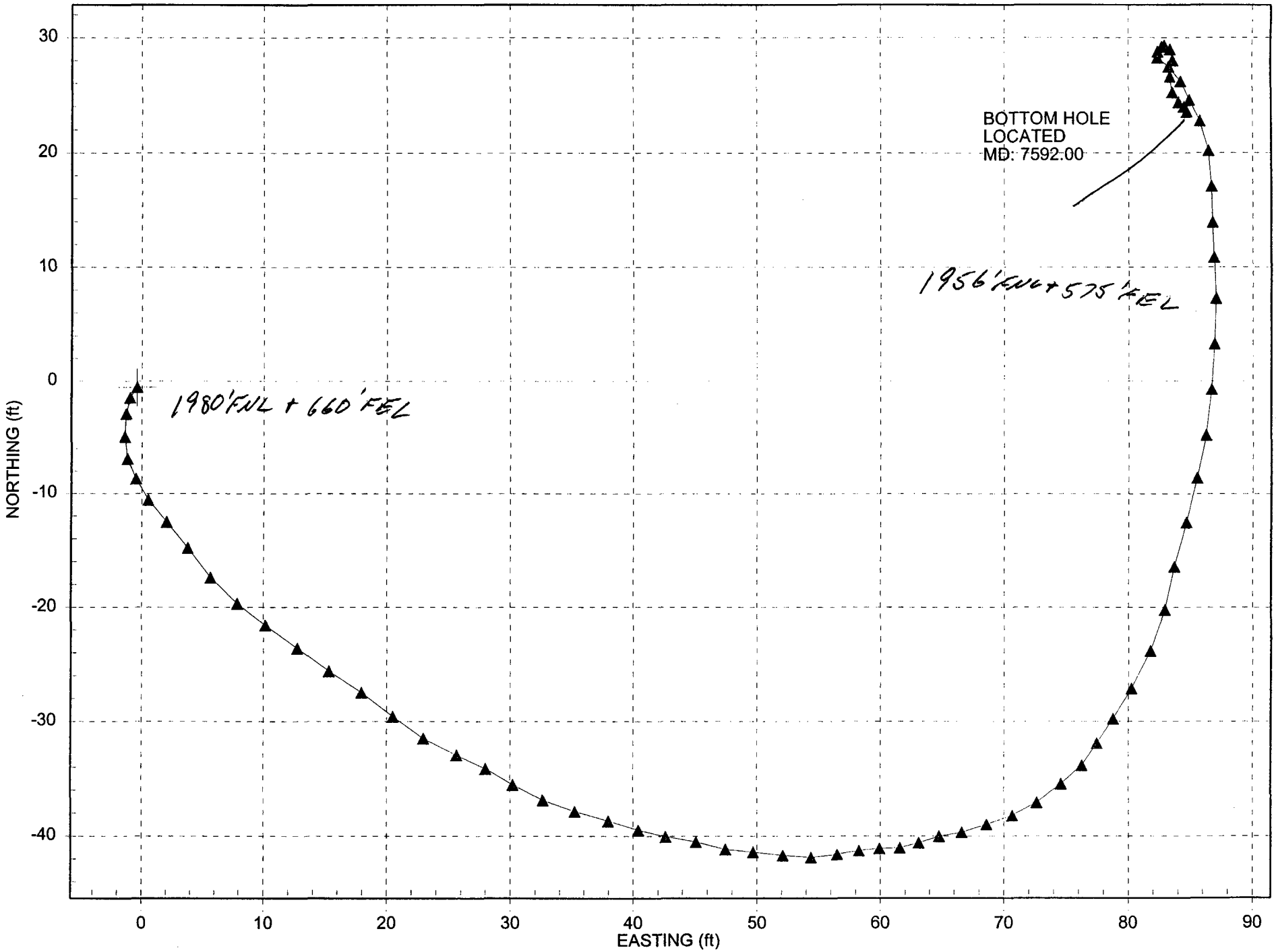
1980' FNL - 660' FEL

1980
- 24
1956

5 51
660
- 85
575

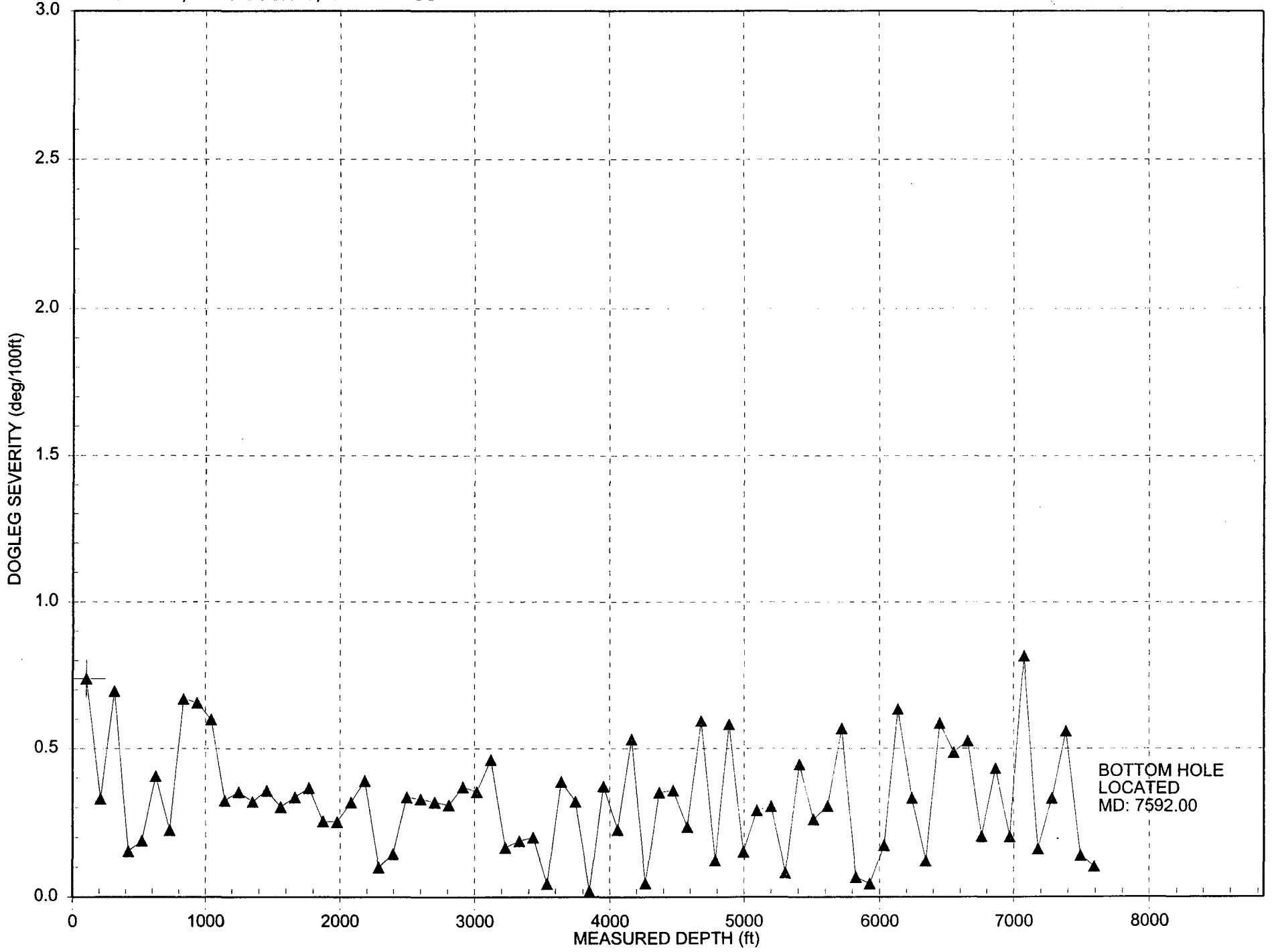
Yates Petroleum
Well: HINKLE ALD NO. 3-H 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO

Gyrodata, Inc.
MD0800GOO211 DEFINITIVE



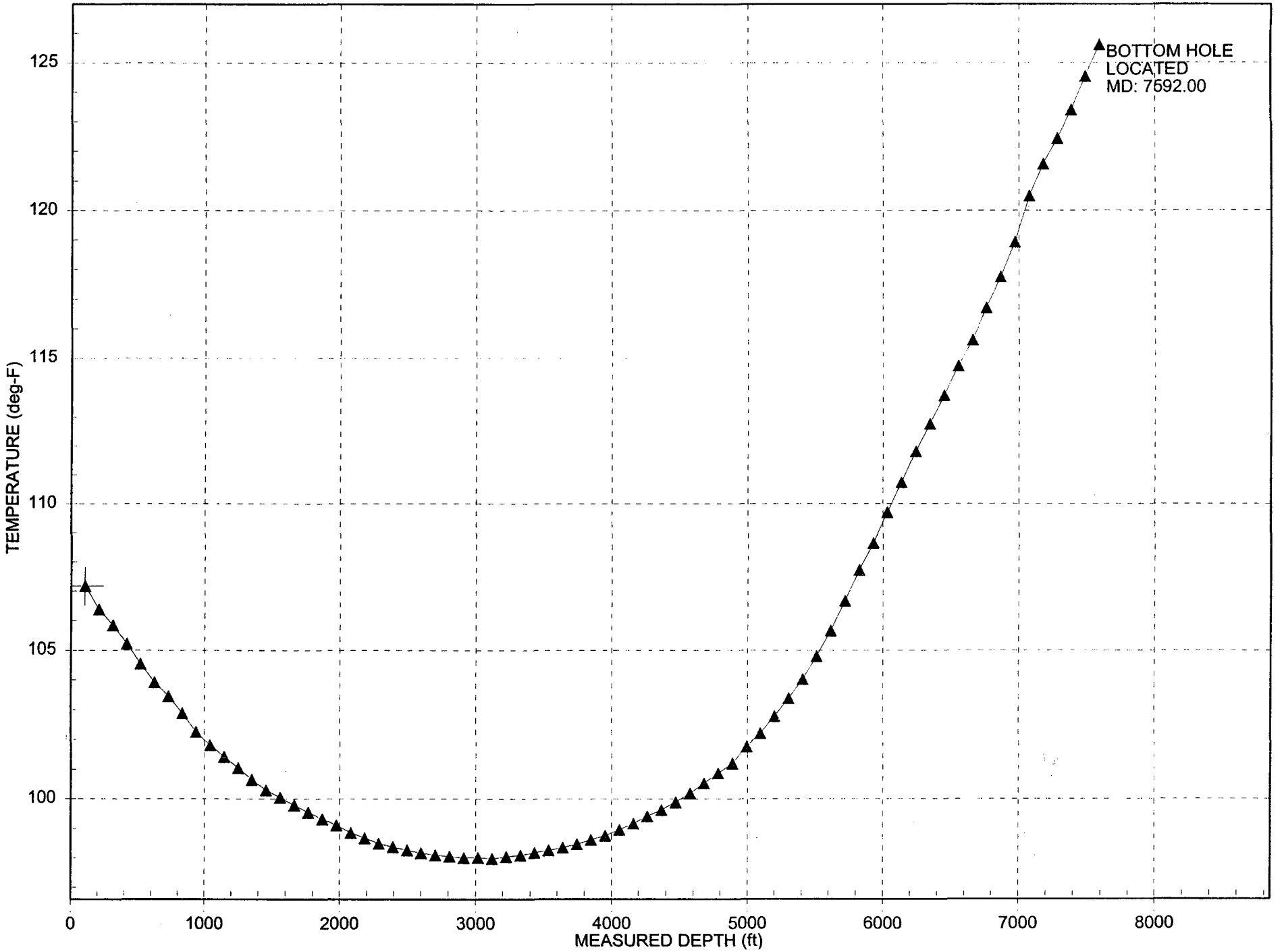
Yates Petroleum
Well: HINKLE ALD NO. 3-H 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO

Gyrodata, Inc.
MD0800GOO211 DEFINITIVE



Yates Petroleum
Well: HINKLE ALD NO. 3-H 3-1/2" DRILLPIPE
Location: UTI #165, EDDY COUNTY, NEW MEXICO

Gyrodata, Inc.
MD0800GOO211 DEFINITIVE



Weatherford®

PERFORMANCE CERTIFICATION

Re: Directional Survey Filing
Certification No. P 502 911 150

For: Yates Petroleum
Hinkle ALD #3-H
Eddy County, New Mexico

Dear Sirs,

I, Dewayne Fobes, Field Engineer, certify: that I am employed by Weatherford; that I did on the days of August 14 through August 31, 2000, conduct or supervise the taking of a steering tool survey from a depth of 7656.0 feet to a depth of 8581.0 feet; that the data is true, correct, complete and within the limitations of the tool as set forth by Weatherford; that I am authorized and qualified to make this report; that this survey was conducted at the request of Yates for the Hinkle ALD #3-H Well in Eddy County, New Mexico; and that I have reviewed this report and find that it conforms to the principles and procedures as set forth by Weatherford.

Sincerely,
Weatherford

Dewayne Fobes
Field Engineer

DF/mc
Job # 0074

ENTERED FEB 0 7 2002

Closure Information from Station 0 to the Last Station Pre' 'ed:

Closure Distance: 892.1

Closure Direction: 6.6

Guidance Serices

Survey Calculation

Weatherford

Customer: YATES PETROLEUM
Well Name: HINKLE ALD #3-H
Well No.:
County: EDDY
State: NM

Survey Type: Minimum Radius of Curvature
Survey Operator: MURPHY
Starting Date:
Proposed Direction: 355.7
Declination Used: 10.0

Station	MD	Inc	Dir	TVD	VS	N-S	E-W	Dogleg	TF Offset	Probe	Temp
1	7641.0	4.4	18.5	7638.6	20.0	26.5N	85.7E	3.1	0.00	0	0.0
2	7643.0	4.9	18.8	7640.6	20.1	26.7N	85.7E	22.5	0.00	0	0.0
3	7656.0	11.0	27.5	7653.5	21.7	28.3N	86.5E	48.1	204.38	2607	94.7
4	7661.0	13.2	25.2	7658.4	22.6	29.2N	86.9E	45.0	204.38	2607	94.7
5	7666.0	15.6	25.0	7663.2	23.7	30.4N	87.5E	48.0	204.38	2607	94.6
6	7671.0	18.0	24.6	7668.0	24.9	31.7N	88.1E	48.1	204.38	2607	94.5
7	7676.0	20.7	23.1	7672.7	26.4	33.2N	88.7E	54.9	204.38	2607	93.8
8	7681.0	23.8	21.9	7677.3	28.1	34.9N	89.5E	62.7	204.38	2607	94.2
9	7686.0	26.8	20.6	7681.8	30.0	36.9N	90.2E	61.0	204.38	2607	94.0
10	7691.0	29.7	19.2	7686.3	32.2	39.2N	91.0E	59.5	204.38	2607	93.6
11	7696.0	32.7	17.9	7690.5	34.6	41.6N	91.9E	61.5	204.38	2607	93.4
12	7701.0	35.0	17.2	7694.7	37.1	44.3N	92.7E	46.7	204.38	2607	93.4
13	7706.0	37.6	16.7	7698.7	39.9	47.1N	93.6E	52.3	204.38	2607	93.1
14	7711.0	40.4	17.0	7702.6	42.8	50.1N	94.5E	56.1	204.38	2607	93.0
15	7716.0	44.1	18.6	7706.3	46.0	53.3N	95.5E	77.1	138.94	2440	125.8
16	7721.0	48.4	18.9	7709.8	49.3	56.7N	96.7E	86.1	138.94	2440	118.7
17	7726.0	50.7	18.7	7713.0	52.8	60.3N	97.9E	46.1	138.94	2440	113.7
18	7731.0	54.1	18.1	7716.0	56.4	64.1N	99.1E	68.7	0.00	0	0.0
19	7736.0	57.5	16.8	7718.9	60.3	68.0N	100.4E	71.3	138.94	2440	108.6
20	7741.0	59.6	15.7	7721.5	64.3	72.1N	101.6E	46.0	138.94	2440	107.7
21	7746.0	63.5	14.9	7723.8	68.4	76.4N	102.7E	79.3	138.94	2440	108.1
22	7751.0	66.7	14.7	7726.0	72.7	80.8N	103.9E	64.1	138.94	2440	105.9
23	7756.0	69.8	13.9	7727.8	77.1	85.3N	105.0E	63.8	138.94	2440	105.5
24	7761.0	72.7	14.4	7729.4	81.6	89.8N	106.2E	58.8	138.94	2440	105.4
25	7766.0	76.3	13.4	7730.7	86.1	94.5N	107.3E	74.5	138.94	2440	104.2
26	7771.0	79.1	14.0	7731.8	90.8	99.3N	108.5E	57.2	138.94	2440	108.1
27	7775.0	100.3	11.7	7731.8	94.6	103.1N	109.4E	533.1	138.94	2440	94.1
28	7776.0	82.2	13.9	7732.6	95.5	104.1N	109.7E	62.0	138.94	2440	104.1
29	7781.0	85.0	13.6	7733.2	100.2	108.9N	110.9E	56.3	138.94	2440	102.0
30	7786.0	87.5	11.9	7733.5	105.0	113.7N	112.0E	60.4	138.94	2440	101.1
31	7820.0	92.9	11.9	7733.4	137.6	147.0N	119.0E	15.9	138.94	2440	95.7
32	7851.0	94.1	12.6	7731.5	167.3	177.2N	125.5E	4.5	138.94	2440	96.7
33	7883.0	97.7	12.6	7728.2	197.7	208.3N	132.5E	11.3	138.94	2440	94.1
34	7913.0	98.7	11.5	7723.9	226.2	237.3N	138.7E	4.9	138.94	2440	93.1
35	7947.0	99.4	12.4	7718.6	258.4	270.2N	145.6E	3.3	138.94	2440	96.7
36	7978.0	100.3	11.7	7713.3	287.7	300.1N	152.0E	3.7	138.94	2440	94.4
37	8010.0	100.3	11.1	7707.6	318.0	330.9N	158.2E	1.8	138.94	2440	96.2
38	8042.0	99.6	9.8	7702.0	348.5	361.9N	164.0E	4.6	138.94	2440	101.5
39	8074.0	98.6	6.5	7697.0	379.3	393.2N	168.4E	10.7	138.94	2440	97.5
40	8106.0	98.1	7.4	7692.3	410.4	424.6N	172.3E	3.2	138.94	2440	98.0
41	8138.0	97.6	6.5	7687.9	441.5	456.1N	176.1E	3.2	138.94	2440	97.6
42	8169.0	96.8	5.6	7684.1	471.7	486.7N	179.3E	3.9	138.94	2440	103.6
43	8200.0	95.8	2.0	7680.7	502.2	517.4N	181.4E	12.0	138.94	2440	95.7
44	8232.0	95.0	0.2	7677.6	533.9	549.3N	182.0E	6.1	138.94	2440	95.3
45	8264.0	94.4	357.4	7675.0	565.8	581.1N	181.3E	8.9	138.94	2440	100.1
46	8295.0	93.4	355.4	7672.9	596.7	612.0N	179.4E	7.2	138.94	2440	97.4
47	8326.0	92.9	352.3	7671.2	627.6	642.8N	176.1E	10.1	138.94	2440	99.8
48	8358.0	90.9	349.0	7670.2	659.5	674.3N	170.9E	12.1	138.94	2440	98.9
49	8390.0	88.6	346.2	7670.3	691.2	705.6N	164.0E	11.3	138.94	2440	99.4
50	8422.0	88.7	345.1	7671.0	722.7	736.6N	156.1E	3.5	138.94	2440	101.4

ENTERED FEB 0 7 2002

Closure Information from Station 0 to the Last Station Presented:

Guidance Serices

Survey Calculation

Weatherford

Customer: YATES PETROLEUM
Well Name: HINKLE ALD #3-H
Well No.:
County: EDDY
State: NM

Survey Type: Minimum Radius of Curvature
Survey Operator: MURPHY
Starting Date:
Proposed Direction: 355.7
Declination Used: 10.0

Station	MD	Inc	Dir	TVD	VS	N-S	E-W	Dogleg	TF Offset	Probe	Temp
51	8454.0	88.7	342.2	7671.8	754.0	767.3N	147.1E	9.1	138.94	2440	98.8
52	8486.0	89.1	339.6	7672.4	784.9	797.5N	136.6E	8.2	138.94	2440	96.5
53	8517.0	89.2	339.3	7672.8	814.7	826.5N	125.7E	1.0	138.94	2440	99.8
54	8549.0	88.7	339.1	7673.4	845.3	856.4N	114.4E	1.7	138.94	2440	100.7
55	8581.0	89.0	337.7	7674.1	875.9	886.2N	102.6E	4.5	138.94	2440	101.9

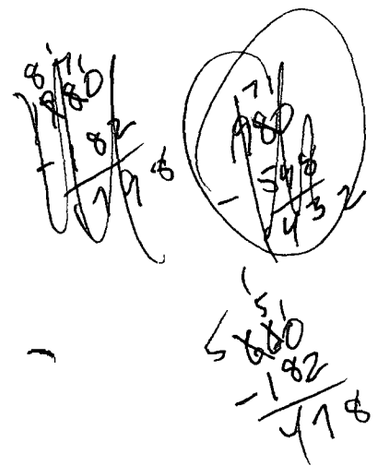
Job Number: WTX0800248
Company: Yates Petroleum
Lease/Well: Hinkle ALD #3-H
Location: Eddey County
Rig Name: UTI #166
RKB:
G.L. or M.S.L.:

State/Country: New Mexico
Declination: 10
Grid:
File name: C:\WINSERVE\HINKLE#3.SVY
Date/Time: 31-Aug-00 / 18:03
Curve Name: New Sidetrack #2

FINAL CALCULATIONS

WINSERVE SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 355.67
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100	BUILD RATE Deg/100
Gyro Tie In										
7592.00	.31	161.49	7589.70	23.56	84.68	17.10	87.90	74.45	.00	.00
7641.00	4.40	18.50	7638.65	25.22	85.32	18.70	88.97	73.53	9.49	8.35
7643.00	4.90	18.80	7640.65	25.37	85.37	18.85	89.06	73.45	25.03	25.00
7647.00	6.90	18.40	7644.63	25.76	85.50	19.23	89.30	73.23	50.01	50.00
7657.00	10.10	14.92	7654.52	27.18	85.92	20.61	90.11	72.45	32.40	32.00
Last shot of old hole										
7662.00	11.50	11.84	7659.43	28.09	86.13	21.51	90.60	71.94	30.28	28.00
7676.00	20.70	23.10	7672.87	31.74	87.39	25.05	92.98	70.04	69.10	65.71
7681.00	23.80	21.90	7677.49	33.49	88.12	26.74	94.27	69.19	62.66	62.00
7686.00	26.80	20.60	7682.01	35.48	88.89	28.67	95.71	68.24	61.02	60.00
7691.00	29.70	19.20	7686.42	37.71	89.69	30.83	97.30	67.20	59.49	58.00
7696.00	32.70	17.90	7690.69	40.16	90.52	33.21	99.03	66.07	61.49	60.00
7701.00	35.00	17.20	7694.85	42.82	91.35	35.80	100.89	64.89	46.66	46.00
7706.00	37.60	16.70	7698.86	45.65	92.22	38.56	102.90	63.66	52.34	52.00
7711.00	40.40	17.00	7702.76	48.66	93.13	41.49	105.08	62.41	56.13	56.00
7716.00	44.10	18.60	7706.46	51.86	94.16	44.60	107.50	61.16	77.06	74.00
7721.00	46.40	18.90	7709.92	55.26	95.32	47.92	110.19	59.89	46.11	46.00
7726.00	50.70	18.70	7713.16	58.86	96.55	51.42	113.08	58.62	46.10	46.00
7731.00	54.10	18.10	7716.21	62.64	97.80	55.08	116.14	57.36	68.66	68.00



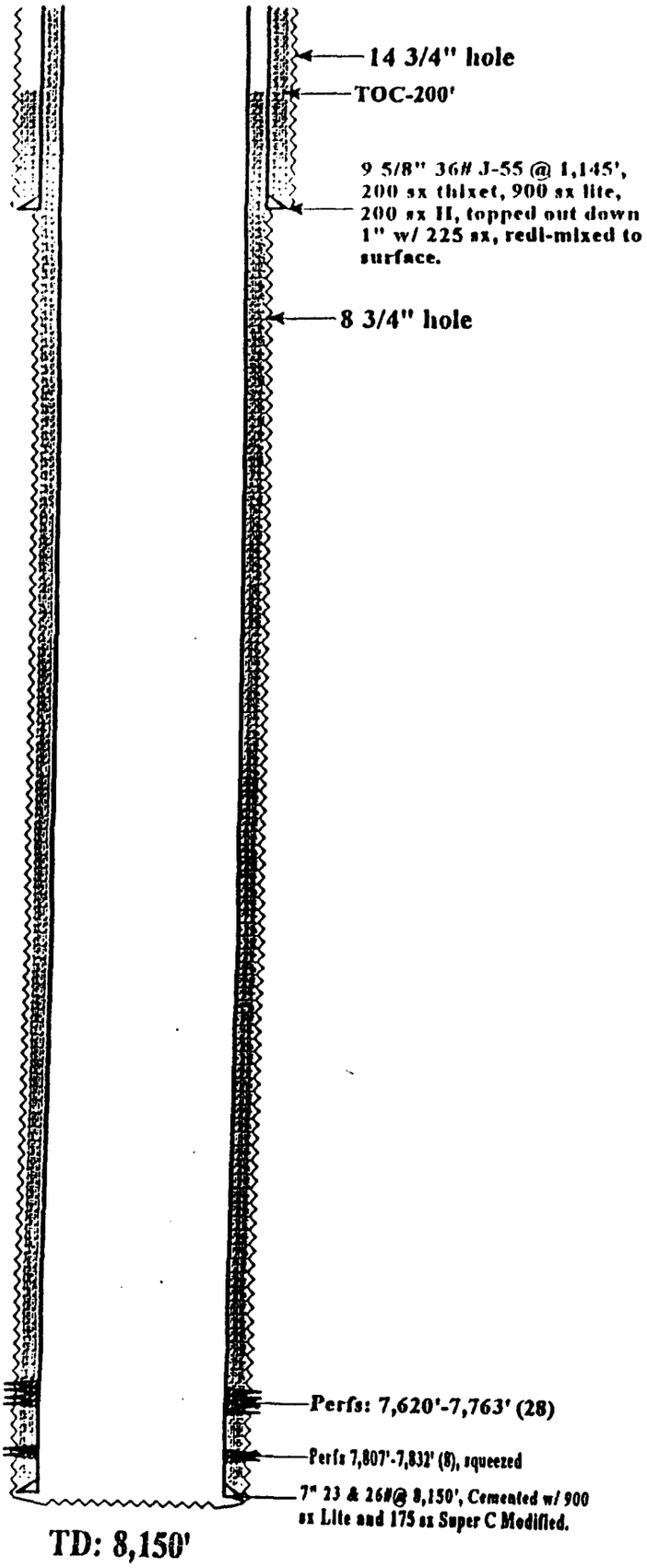
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100	BUILD RATE Deg/100
7736.00	57.50	16.80	7719.02	66.58	99.03	58.92	119.34	56.09	71.32	68.00
7741.00	59.60	15.70	7721.63	70.68	100.23	62.91	122.64	54.81	46.00	42.00
7746.00	63.50	14.90	7724.01	74.92	101.39	67.05	126.06	53.54	79.26	78.00
7751.00	66.70	14.70	7726.12	79.30	102.54	71.33	129.63	52.28	64.10	64.00
7756.00	69.80	13.90	7727.97	83.80	103.69	75.73	133.32	51.06	63.76	62.00
7761.00	72.70	14.40	7729.58	88.39	104.85	80.22	137.14	49.87	58.77	58.00
7766.00	76.30	13.40	7730.91	93.07	106.01	84.80	141.06	48.72	74.53	72.00
7771.00	79.10	14.00	7731.98	97.81	107.16	89.44	145.09	47.61	57.21	56.00
7776.00	82.20	13.90	7732.79	102.60	108.35	94.13	149.22	46.56	62.03	62.00
7781.00	85.00	13.60	7733.35	107.43	109.53	98.85	153.42	45.56	56.32	56.00
7786.00	87.50	11.90	7733.67	112.29	110.63	103.62	157.64	44.57	60.42	50.00
7820.00	92.90	11.90	7733.56	145.55	117.64	136.25	187.15	38.95	15.88	15.88
7851.00	94.10	12.60	7731.66	175.79	124.21	165.91	215.24	35.24	4.48	3.87
7883.00	97.70	12.60	7728.37	206.85	131.15	196.35	244.92	32.38	11.25	11.25
7913.00	98.70	11.50	7724.10	235.88	137.35	224.84	272.96	30.21	4.93	3.33
7947.00	99.40	12.40	7718.75	268.73	144.30	257.07	305.03	28.23	3.33	2.06
7978.00	100.30	11.70	7713.44	298.80	150.68	286.37	334.47	26.78	3.66	2.90
8010.00	100.30	11.10	7707.72	329.47	156.90	316.68	364.92	25.46	1.84	.00
8042.00	99.60	9.80	7702.19	360.46	162.62	347.15	395.44	24.28	4.56	-2.19
8074.00	98.60	8.60	7697.13	391.65	167.67	377.87	426.03	23.18	4.85	-3.13
8106.00	98.10	7.40	7692.48	423.00	172.07	408.80	456.66	22.14	4.03	-1.56
8138.00	97.60	6.50	7688.11	454.47	175.91	439.89	487.33	21.16	3.19	-1.56
Last1.5° motor										
8169.00	96.80	5.60	7684.23	485.05	179.15	470.14	517.08	20.27	3.87	-2.58
8200.00	95.80	2.00	7680.83	515.79	181.19	500.64	546.69	19.36	11.98	-3.23
8232.00	94.90	359.50	7677.84	547.65	181.61	532.37	576.97	18.35	8.27	-2.81
8264.00	94.40	357.40	7675.25	579.53	180.74	564.23	607.06	17.32	6.72	-1.56
8295.00	93.40	355.40	7673.14	610.39	178.80	595.15	636.04	16.33	7.20	-3.23
8326.00	92.90	353.60	7671.43	641.20	175.84	626.10	664.88	15.34	6.02	-1.61
8358.00	90.90	349.00	7670.37	672.81	171.00	657.98	694.20	14.26	15.67	-6.25
Highest TVD @ 8390										
8390.00	88.60	346.20	7670.51	704.06	164.13	689.65	722.93	13.12	11.32	-7.19
8422.00	88.60	344.60	7671.29	735.01	156.07	721.13	751.40	11.99	5.00	.00
8454.00	88.70	342.20	7672.05	765.67	146.93	752.39	779.64	10.86	7.50	.31
8486.00	89.10	339.60	7672.66	795.90	136.46	783.32	807.51	9.73	8.22	1.25
8517.00	89.20	339.30	7673.12	824.92	125.58	813.09	834.43	8.66	1.02	.32
8549.00	88.70	339.10	7673.71	854.83	114.22	843.77	862.43	7.61	1.68	-1.56
8581										
8581.00	89.00	337.70	7674.35	884.58	102.44	874.32	890.49	6.61	4.47	.94

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100	BUILD RATE Deg/100
--Projection to Bit--										
8609.00	89.26	336.48	7674.78	910.36	91.54	900.85	914.96	5.74	4.47	.94

1980
- 910
1070

A PETROLEUM CORPORATION
Hinkle ALD #3
Section 28 T19S-R25E, 1,980' N & 660' E

"BEFORE"



Comments

1/98
Perfed 7,807', 09', 11', 13', 26', 28', 30', 32' (8 holes). Swab tested. Squeezed perfs with 55 sx H and drillout out cement and retainer. Perfed 7,741', 43', 45', 47', 49', 51', 57', 59', 61', 63' (10 holes). Swab tested, set RBP @ 7,720'.Perfed 7,620', 22', 24', 26', 28', 30', 54', 56', 58', 60', 62', 64', 72', 74', 76', 78', 80', 82', (18 holes). Pumped 1300 gals IC 20% HCL, and 12,000 gals IC 20% gelled HCL. TOH with RBP and packer, ran sub pump and began producing well.

TOPS:	
San Andres	714'
Glorieta	2,276'
Yeso	2,338'
Wolfcamp	6,134'
Canyon	7,620'
CASING	
7" 26# J-55	452'
7" 23# J-55	5,364'
7" 23# J-55	4,723'
7" 26# J-55	7,354'
7" 26# N-80	8,150'

Prepared by Cory Frederick 6/2/00
Sketch not to scale.

Hinkle ALD # 3-H

Surface Location 1980' FNL & 660' FEL
Sec. 28, T. 19 S., R. 25 E.
Eddy County, NM

COMPLETION

Production Casing:	7" 23&26#/ft N-80 and J-55
Production Tubing	2.875" J-55 6.5#/ft.
MD of casing shoe:	8,150'
MD Window In Casing:	7,625'
MD CIBP	7,642'

Maximum Pressure will be 8500 psi

1. MIRU PU, ND tree and NUBOP. Rig up safety trailer if necessary. POOH with production equipment.

2. TIH with tubing, packer and seating nipple. Attempt to circulate the hole with 2% KCl water. Set the packer at 7,575'. Load the annulus with 2% KCL water.

3. RU WSC to perform a high rate acid frac via 2.875" tubing. Batch mix 32,000 of 20% gelled IC HCl acid in two lined acid tanks. Roll the chemicals into the acid with a blender just before going down hole. Pressure up on the annulus and monitor it while pumping the acid treatment. Pump 30,000 gallons of gelled HCL at 35 BPM via 2.875" tubing at approximately 6500 psi. Over flush the well with 10,000 gallons of 2% KCl water and a friction reducer at 35 BPM or 8500 psi.

Treatment Requirements provided by YPC:
2 lined frac tanks for the acid.
1 regular frac tank with 12,000 gallons of 2% KCl water for flush and to test lines.

Acid Specifications:
Bid 32,000 gallons of acid to allow for tank bottoms.
Inhibitor for 135° F.
Cationic surfactant package
5 gal/M gelling agent.

4. Shut well in for 4 hours to allow the acid to spend. Open the well up and allow it to flow if it will. If the well will not flow swab the well in.

5. Flow test and evaluate the well for production equipment.

6. Turn the well over to the production department.

Operations Engineering Supervisor _____ **Date** 9/21/00

Operations Manager _____ **Date** 22Sep00

Miek Hill
September 21, 2000
Mikeh\mydocuments\word\proposal\acid\Hinkle3H.doc

xc:	Brian	Darrell	Stormi
	Pinson	Ron	Rusty
	Dyke(2)		Engfile
			Geofile

1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, 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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-104
Revised July 28, 2000
Submit to Appropriate District Office
5 Copies

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

[1] Operator name and Address	[2] OGRID Number
Yates Petroleum Corporation **105 South Fourth Street** **Artesia NM 88210**	**025575**
	[3] Reason for Filing Code/ Effective Date **Added lateral open hole completion to existing well**

[4]		6 Pool Code
30-015-28415	**N. Dagger Draw Upper Penn**	**15472**
[7] Property Code	[8] Property Name	[9] Well Number
15487	**Hinkle ALD**	**#3-H**

II. [10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
H	**28**	**19S**	**25E**		**1980**	**North**	**660**	**East**	**Chaves**

[11] Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	**28**	**19S**	**25E**		**1067**	**North**	**570**	**East**	**Chaves**

[12] Lse Code	[13] Producing Method Code	[14] Gas Connection Date	[15] C-129 Permit Number	[16] C-129 Effective Date	[17] C-129 Expiration Date
P	**P**	**9/29/00**			

III. Oil and Gas Transporters

[18] Transporter OGRID	[19] Transporter Name & Address	[20] POD	[21] O/G	[22] POD ULSTR Location and Description
138648	**Amoco P/L Int. Trucking** **502 N. West Avenue** **Levelland, TX 79336**	**2813564**	**O**	**Unit G – Section 28 T19S-R25E**
000734	**Amoco Pipeline Company** **502 N. West Avenue** **Levelland, TX 79336**	**2813564**	**O**	**Unit G – Section 28 T19S-R25E**
025561	**Yates Petroleum Corporation** **105 South Fourth Street** **Artesia, NM 88210**	**2820609**	**G**	**Unit H – Section 28 T19S-R25E**

IV. Produced Water

[23] POD	[24] POD ULSTR Location and Description
2813566	**Unit G – Section 28 T19S-R25E**

RECEIVED
OCD - ARTESIA

V. Well Completion Data

[25] Spud Date	[26] Ready Date	[27] TD	[28] PBTD	[29] Perforations	[30] DHC, MC
8/14/00	**10/18/00**	**8612' MD** **7675' TVD at bottom hole** **7734' TVD at deepest point**	**7763' MD** **7730' TVD**	**Open Hole** **7620-7763' MD** **7618-7731' TVD**	

[31] Hole Size	[32] Casing & Tubing Size	[33] Depth Set	[34] Sacks Cement
No casing set in open hole lateral completion			

VI. Well Test Data

[35] Date New Oil	[36] Gas Delivery Date	[37] Test Date	[38] Test Length	[39] Tbg. Pressure	[40] Csg. Pressure
9/29/00	**9/29/00**	**10/19/00**	**24 hrs.**		
[41] Choke Size	[42] Oil	[43] Water	[44] Gas	[45] AOF	[46] Test Method
	21	**1536**	**92**		**Pumping**

[47] I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Susan Herpin

Printed name: **Susan Herpin**

Title: **Engineering Technician**

Date: **January 28, 2002**

Phone: **505-748-1471**

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title:

Approval Date: FEB 19 2002

ENTERED MAR 2 2 2002

WELL NAME: Hinkle ALD #3-H **FIELD:** N. Dagger Draw U Penn

LOCATION: Unit H, Sec 28, 19S-25E 1980N/660E Eddy County

GL: 3471 **ZERO:** **KB:**

SPUD DATE: 12/9/97-RE 8/14/00 **COMP DATE:** 1/24/98-RE-10/18/00

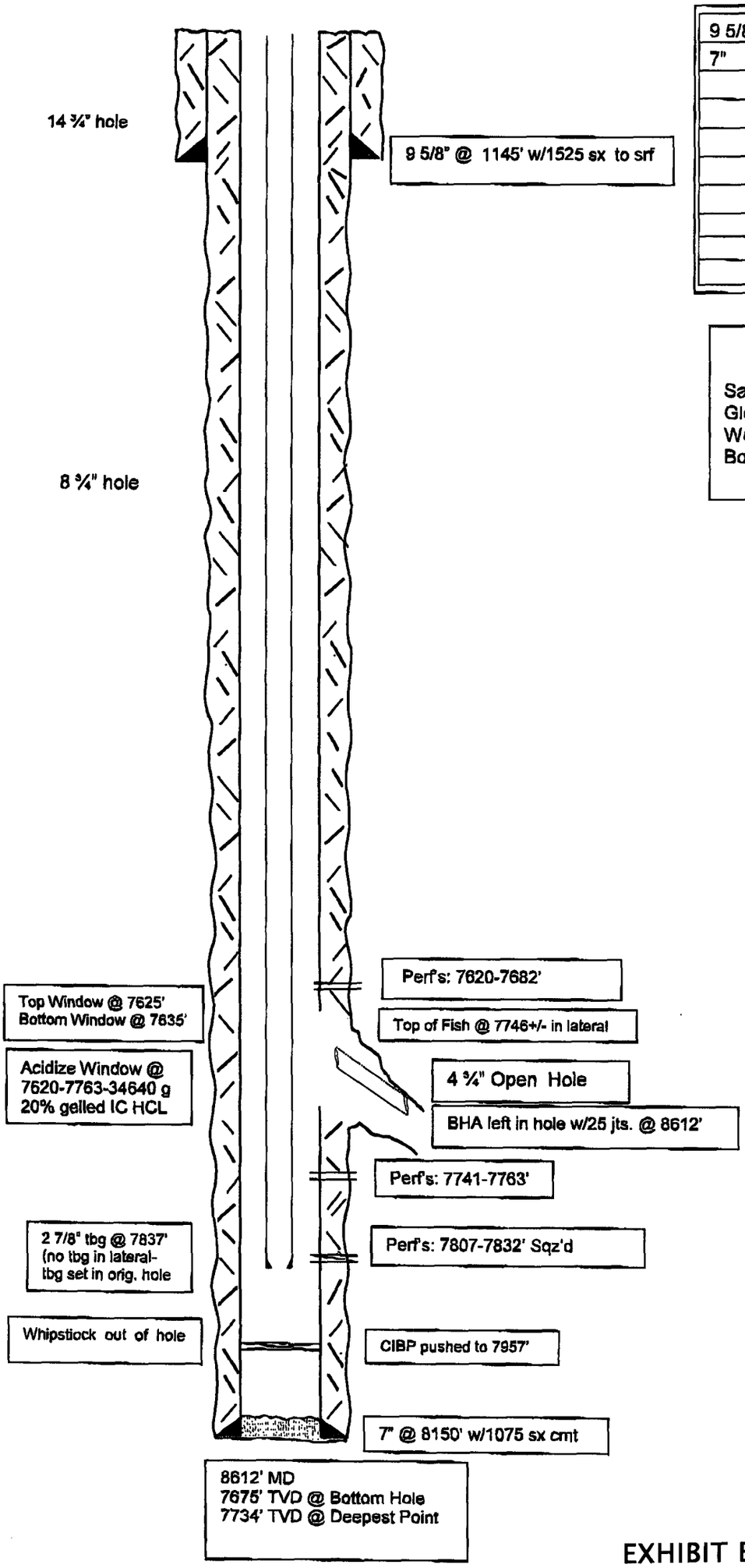
COMMENTS: 30-015-28415

CASING PROGRAM

9 5/8" 36# J-55 ST&C	1145'
7"	
17 jts. 26# N-80 SB	679.28'
3 jts 26# N-80 Var	122.87'
49 jts. 26# J-55 Var	1989.99'
120 jts.23# J-55 Var	4912.86'
11 jts 26# J-55 Var	451.93'
	8150'

TOPS

San Andres	712'
Glorieta	2292'
Wolfcamp	7595'
Bones Springs	3843'



Not to Scale
10/16/03
Cam

EXHIBIT B

Yates Petroleum Corporation
Hinkle "ALD" #3-H
Surface 1,980' FNL & 660' FEL
Bottom Hole 1,956' FNL & 575' FEL
Section 28-T19S-R25E
Eddy County, New Mexico

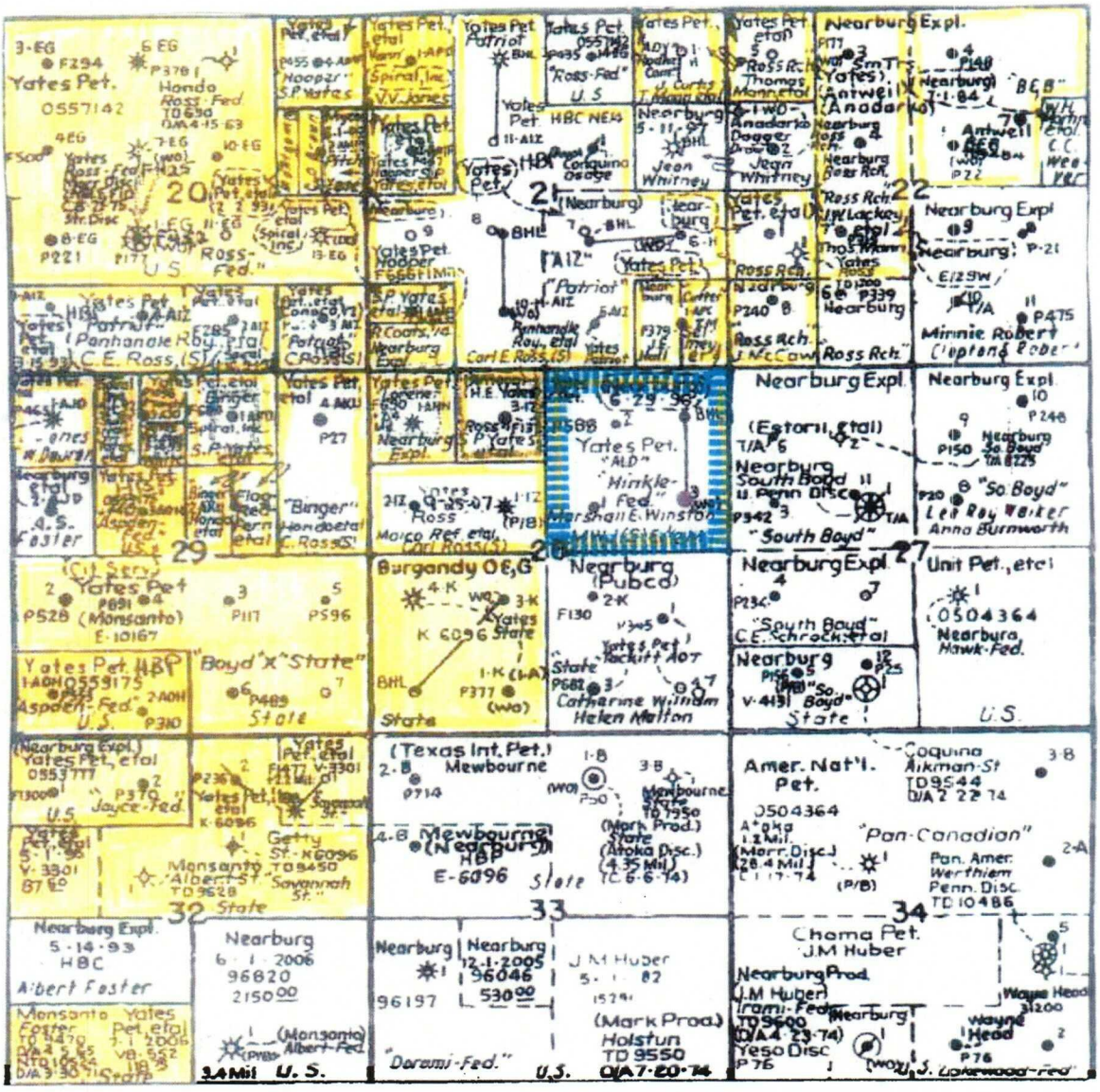


EXHIBIT C

HOLLAND&HART

William F. Carr
wcarr@hollandhart.com

January 30, 2004

Mr. Robert Shelton
Land Manager
Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Re: Application of Yates Petroleum Corporation for administrative approval of an unorthodox bottom hole location for its Hinkle "ALD" Well No. 3 (API No. 30-015-28415) located 886 feet from the North line and 103 feet from the East line of Section 28, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Dear Mr. Shelton;

Yates Petroleum Corporation drilled its Hinkle "ALD" Well No. 3 from a surface location 1980 feet from the North line and 660 feet from the East line of Section 28, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico in the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Gas Pool. A standard spacing unit comprised of the NE/4 of said Section 28 is dedicated to the well. Yates attempted an open hole lateral completion in the well, however, the lateral portion of the wellbore collapsed and the well was completed at a bottomhole location at a depth of 7592 feet (MD) at a point 1956 feet from the North line and 575 feet from the East line of the section. It cannot be determined if the drilling window is sealed and the lateral survey conducted on the lateral portion of the wellbore prior to its collapse confirms that the end of the lateral drainhole was 1067 feet from the North line and 570 feet from the East line of Section 28 at a measured depth of 8612 feet. It also shows that the wellbore was closer to the east line of the dedicated spacing unit at a measured depth of 8232 feet at a point 1431 feet from the North line and 478 feet from the East line of the section.

Nearburg Exploration Company, LLC ("Nearburg") is the operator the W/2 of Section 27 and the SE/4 of Section 28, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Nearburg therefore is the offset operator to the east, southeast and south of the 160-acre gas spacing unit on which is located the Yates Hinkle "ALD" Well No. 3 located and is an affected party pursuant to the Rules of the Oil Conservation Division.

EXHIBIT D

Yates Petroleum Corporation requests Nearburg Exploration Company, L.L.C. to waive objection to the unorthodox bottom hole location of the Hinkle "ALD" Well No. 3 with the point where the wellbore may encroach on the Nearburg operated offsetting properties at a point 1431 feet from the North line and 478 feet from the East line of said Section 28 by signing this letter on the line provided be low and returning it to me in the enclosed envelope.

Your assistance with this matter is appreciated.

Very truly yours,

William F. Carr
Attorney for Yates Petroleum Corporation

WAIVER OF OBJECTION:

Nearburg Exploration Company, L.L.C. hereby waives objection to the unorthodox bottomhole location of the Yates Petroleum Corporation Hinkle "ALD" Well No. 3 in the Upper Pennsylvanian formation in the Northeast quarter of Section 28, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Robert Shelton
Land Manager
Nearburg Exploration Company, L.L.C.

2/4/04
Date

February __, 2004

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 the following: **(i)** your application dated January __ , 2004 on behalf of the operator, Yates Petroleum Corporation ("Yates"); **(ii)** the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates' request for approval of a non-standard gas well location to be applicable to the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Gas Pool which is governed by the Special Pool Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool initially adopted by Division Order No. R-4691, as amended, issued by the New Mexico Oil Conservation Commission in Case No. 5117 on December 11, 1973.

The NE/4 of Section 28, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico is dedicated to this well to form a standard 160-acre spacing and proration unit.

This application has been duly filed under the provisions of Rule 4 of the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, as revised.

The data submitted with this application indicates that the well was drilled at a standard surface location with an open hole lateral completion. The lateral completion collapsed and the well was completed as a vertical well in the North Dagger Draw-Upper Pennsylvanian Pool. The directional survey on the wellbore shows that it drifted during drilling to an unorthodox location in the Upper Pennsylvanian formation 1431 feet from the North line and 478 feet from the East line of said Section 28.

By the authority granted me under the provisions of Rule 4 of the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, as revised, the following described unorthodox gas well location within this 160-acre unit is hereby approved:

Hinkle ALD Well No. 3
1431' FNL & 478' FEL (Unit H)

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad