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|-------------------|---------------------|---------------------|---------------------|-------------|--------------------------|
| DATE IN<br>2-3-05 | SUSPENSE<br>2-23-05 | ENGINEER<br>STOGNER | LOGGED IN<br>2-7-05 | TYPE<br>NSL | APPNO.<br>PSEM0503829195 |
|-------------------|---------------------|---------------------|---------------------|-------------|--------------------------|

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
- [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 E. Carr                      William E. Carr                      ATTORNEY                      2/5/05  
 Print or Type Name                      Signature                      Title                      Date

wecarr@hollandhart.com  
 e-mail Address

2005 FEB 3 PM 3 07



February 3, 2005

**HAND-DELIVERED**

Mr. Mark 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 Corp. for administrative approval of an unorthodox oil well location for its Boffin State Unit Well No. 1 in the Siluro-Devonian formation at a location 1500 feet from the South and East line of Section 16, Township 9 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation, pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1999, hereby seeks administrative approval of an unorthodox well location in the Siluro-Devonian formation, for its Boffin State Unit Well No. 1 at a location 1500 feet from the South and East lines of Section 16, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico. A standard 40-acre oil spacing and proration unit comprised of the NW/4 SE/4 of Section 16 will be dedicated to the well.

This location in the Siluro-Devonian formation is unorthodox because Rule 104.B(1) of the General Rules of the Oil Conservation Division provide for wells on 40-spacing and proration units to be located no closer than 330 feet to any governmental quarter section line. This location is unorthodox because it is 180 feet from the governmental quarter section line or 150 feet too close to boundary of the dedicated 40-acre unit comprised of the NW/4 SE/4 of said Section 16.

This well was originally projected to be a gas well and was drilled at a standard gas well location to the Devonian formation on a 320-acre spacing unit comprised of the S/2 of Section 16. The well tested as an oil well and when the dedicated acreage was reduced to the standard 40-acre oil unit on which this well is located, this location became unorthodox. Exhibit A to this application is a plat that shows the boundary of the Boffin Exploratory Unit, the 40-acre spacing unit comprised of the NW/4 SE/4 of



Section 16, and the subject unorthodox location. The acreage shaded in yellow on the plat is owned by Yates entities. Since this location is only unorthodox toward acreage where the working interest is owned by Yates entities, and the tracts are covered by a single State of New Mexico Oil and Gas Lease, there are no affected parties to whom this application needs to be provided.

Enclosed for your consideration in hard copy and on disc is a draft order approving this application.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr  
Attorney for Yates Petroleum Corp.

Enclosures

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

February \_\_, 2005

Yates Petroleum Corporation  
c/o Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
Attention: William F. Carr

Telefax No. (505) 983-6043

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

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates") dated February 3, 2005 (*application reference No. \_\_\_\_\_ - \_\_\_\_\_*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates request for a unorthodox oil well location in the Siluro-Devonian formation, for its Boffin State Unit Well No. 1 at an unorthodox oil well location 1500 feet from the South and East lines (Unit J) of Section 16, Township 9 South, Range 27 East, NMPM. Chaves County, New Mexico.

The NW/4 SE/4 of Section 16, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico being a standard gas spacing and proration unit in the Siluro-Devonian formation is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No.R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Yates is seeking approval of this location as the result of the drilling of this well as a gas well and , after the well was tested, determining that by Definition, the well must be classified as an oil well.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location in the Siluro-Devonian formation within this 320-acre unit comprising the NW/4 SE/4 of Section 16 is hereby approved.

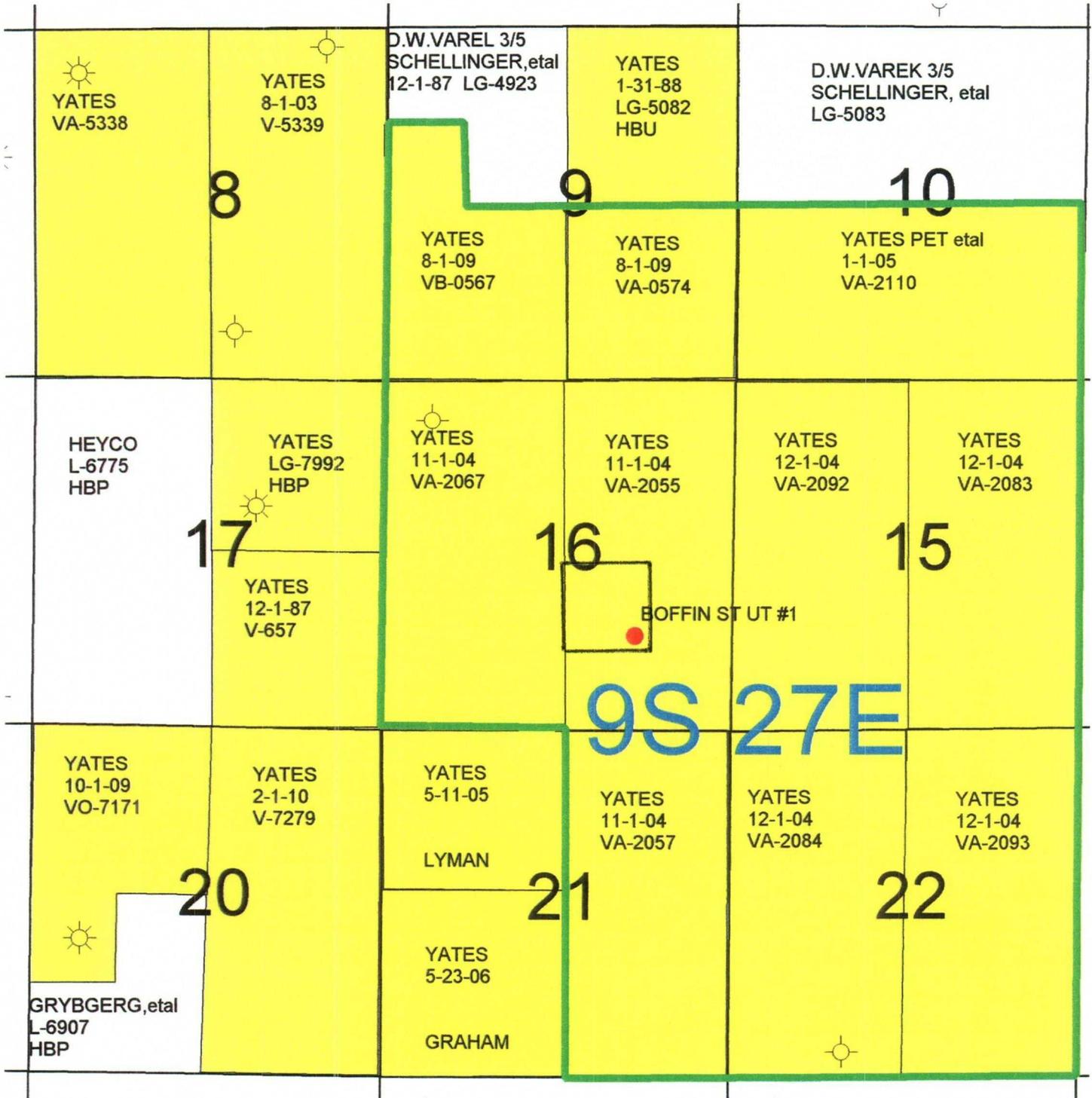
Sincerely,

Mark E. Fesmire, P. E.  
Director

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

# BOFFIN STATE UNIT #1

Township 9S Range 27E, NMPM  
 Section 16: 1500' FSL & 1500' FEL,  
 Chaves County, New Mexico



## LEGEND

- BOFFIN EXPLORATORY UNIT
- YATES PET CORP. etal LEASES
- WELL LOCATION