

6-24-05 DATE IN	SUSPENSE	STOENNER ENGINEER	6-27-05 LOGGED IN	TYPE NSP	PSEM0517831938 APP NO.
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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]

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[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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 6-24-05
 Print or Type Name Signature Title Date
 e-mail Address: omundsdry@hollandhart.com



June 24, 2005

HAND-DELIVERED

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

389.64 / 320 = 1.22

initial Miss.

Re: Application of Yates Petroleum Corporation for administrative approval of a 389.64-acre non-standard gas spacing unit for its Chesney State Unit Well No. 2 Irregular Section 2, Township 11 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation, pursuant to the provisions of Division Rule 104 D (2)(b) and (c) adopted on January 18, 1996, hereby seeks administrative approval of a 389.64-acre non-standard gas spacing and proration unit for the Chesney State Unit Well No. 2 to be drilled to test the Mississippian formation from a surface location 750 feet from the South line and 1650 feet from the East line in the SE/4 of Irregular Section 2, Township 11 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Yates well will be drilled as a wildcat well to test the Mississippian formation which is developed on 320-acre spacing pursuant to the general rules of the Division.

This non-standard gas spacing and proration unit is necessary because of a variation in the legal subdivision of the United States Public Land Surveys. This unit is comprised of contiguous lots which lie wholly within a single governmental section and are joined by a common side. Attached is a plat which shows the subject spacing unit and all adjoining spacing units or leases.

Since this non-standard spacing and proration unit comprises all of Section 2, there are no owners in the mineral estate who are excluded from this non-standard unit and no notice is required pursuant to Division Rule 1207A(3).

HOLLAND & HART^{LLP} 

Your attention to this application is appreciated.

Very truly yours,

Ocean Munds-Dry

Ocean Munds-Dry
Attorney for Yates Production Company

cc: Mr. Robert Bullock
Yates Production Company

