



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

August 9, 1999

Yates Drilling Company  
c/o Vandiver & Bowman, P.C.  
611 West Mahone - Suite "E"  
Artesia, New Mexico 88210-2075

Attention: David R. Vandiver

*RE: Administrative application filed with the Division on behalf of Yates Drilling Company on August 5, 1999 for an unorthodox gas well location within the N/2 of Section 16, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico for its proposed Mule Train "16" State Com. Well No. 1 to be drilled 1500 feet from the North line and 1650 feet from the East line (Unit G) of Section 16.*

Dear Mr. Vandiver:

In preparing an order I found a discrepancy in the Division's records that needs to be addressed before issuing an order in this matter.

Attached is a copy of an APD for Yates Drilling Company's Spruck "16" State Com. Well No. 2 (API No. 30-015-30562) to be drilled in the N/2 of Section 16 at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 16. The "ONGARD" files shows an entry for a well with this same API number to be the Mule Train "16" State Com. Well No. 2 to be drilled at an unorthodox gas well location 1500 feet from the North line and 1650 feet from the East line (Unit G) of Section 16. The information in your application identifies the well to be drilled at this unorthodox gas well location to be the Mule Train "16" State Com. Well No. 1.

Please up-date me as to the status of the proposed Sprunk "16" State Com. Well No. 2 and provide me with copies of the applicable forms that were submitted to the Artesia District Office of the Division that helps explain this well identity confusion.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/kv

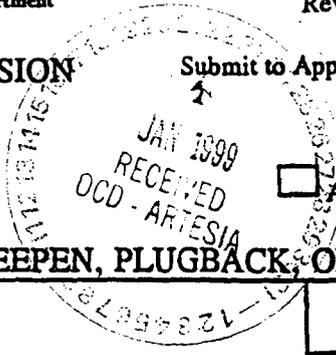
cc: New Mexico Oil Conservation Division - Artesia

District I  
 P.O. Box 1980, Hobbs, NM 88241-1980  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department

Form C-101  
 Revised October 18, 1994  
 Instructions on back  
 State Lease - 6 Copies  
 Fee Lease - 5 Copies

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505



AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address. YATES DRILLING COMPANY 105 South Fourth Street Artesia, New Mexico 88210		<sup>2</sup> OGRID Number 025513
		<sup>3</sup> API Number 30-015-30562
<sup>4</sup> Property Code 24127	<sup>5</sup> Property Name Spurck 16 State Com.	<sup>6</sup> Well No. 2

<sup>7</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
C	16	17S	28E		660'	North	1980'	West	Eddy

<sup>8</sup> Proposed 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>9</sup> Proposed Pool 1					<sup>10</sup> Proposed Pool 2				
Red Lake Morrow Northeast									

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3559'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 10,200'	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor Not Determined	<sup>20</sup> Spud Date ASAP

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48.0#	400'	300 sx	Circulated
12 1/4"	8 5/8"	24.0#	2000'	575 sx	Circulated
7 7/8"	4 1/2"	11.6#	10200'	700 sx	±6000'

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Drilling Company proposes to drill and test the Morrow and intermediate formations. Approximately 400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-2000' FW; 2000'-4700' FW Gel; 4700'-8100' Cut Brine; 8100'-TD Gel/Starch/Drispac.

BOPE PROGRAM: 3000# PSI system will be installed on the 8 5/8' casing and tested daily.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Ken Beardemphl*  
 Printed name: KEN BEARDEMPHL  
 Title: LANDMAN  
 Date: January 21, 1999  
 Phone: 505-748-4348

OIL CONSERVATION DIVISION

Approved by: *John W. Lewis B6A*  
 Title: *District Supervisor*  
 Approval Date: 1-22-99  
 Expiration Date: 1-22-00  
 Conditions of Approval:  
 Attached

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

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

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Red Lake Morrow Northeast
Property Code	Property Name	Well Number
	SPURCK 16 STATE COM.	2
OGRID No.	Operator Name	Elevation
025513	YATES DRILLING COMPANY	3559

Surface Location

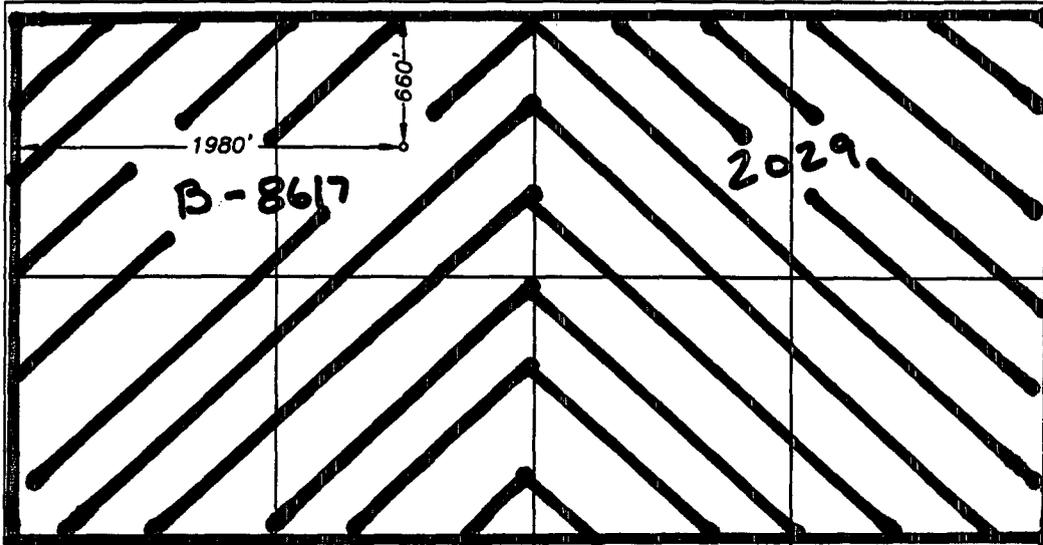
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	17S	28E		660	NORTH	1980	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

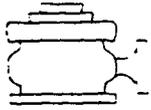
I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Ken Beardemphl*  
 Printed Name: Ken Beardemphl  
 Title: Landman  
 Date: January 21, 1999

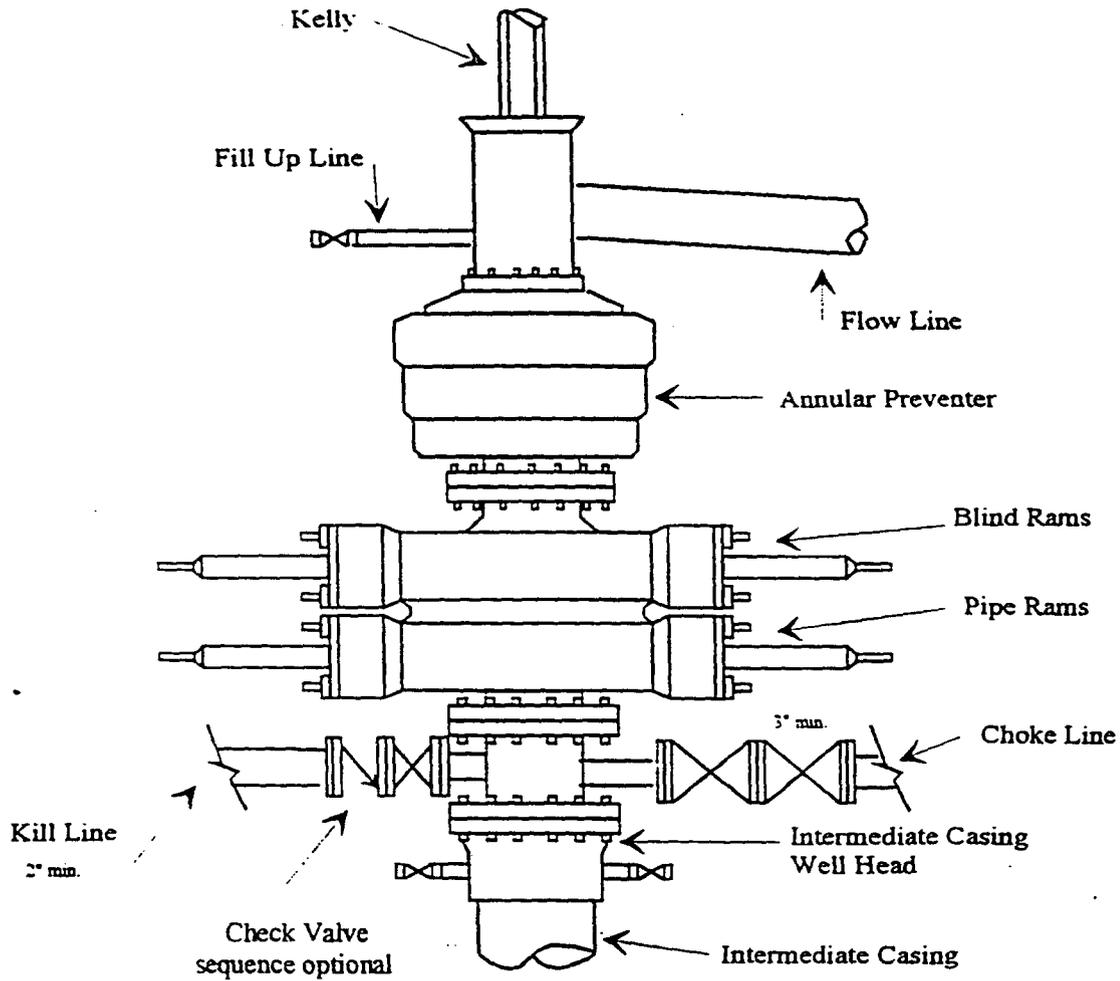
SURVEYOR CERTIFICATION

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.

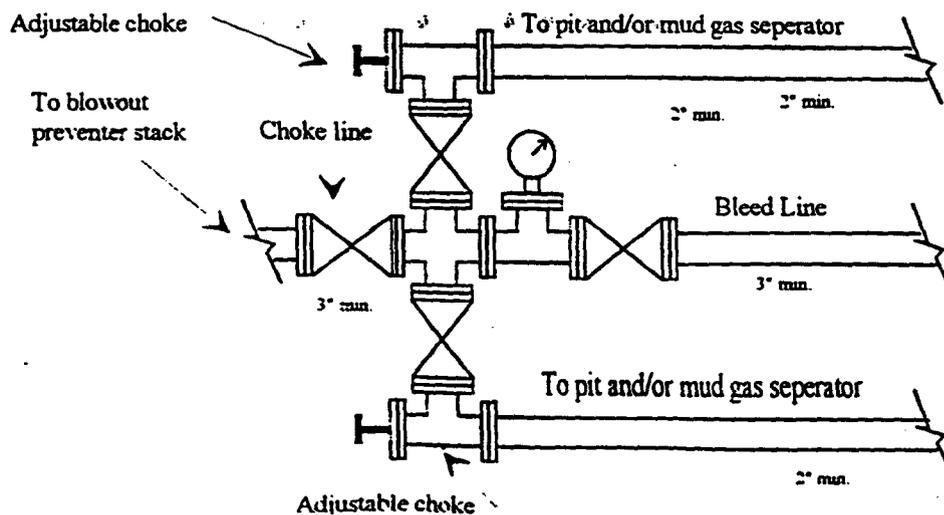
Date Surveyed: 1/20/99  
 Signature & Seal of Professional Surveyor: *[Signature]*  
 Certificate No. HERSHELL JONES RLS 3640  
 SP10512 DISK 10  
 GENERAL SURVEYING COMPANY



Typical 3,000 psi Pressure System  
Schematic  
Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



CMD : ONGARD 08/05/99 16:40:26  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPGI

OGRID Idn : 25513 API Well No: 30 15 30562 APD Status(A/C/P): A  
Opr Name, Addr: YATES DRILLING CO Aprvl/Cncl Date : 08-01-1999  
105 S 4TH ST  
ARTESIA,NM 88210

Prop Idn: 24780 MULE TRAIN 16 STATE COM Well No: 2

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----
Surface Locn :	G	16	17S	28E		FTG 1500 F N	FTG 1650 F E
OCD U/L :	G		API County :	15			

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F  
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 3540

State Lease No: Multiple Comp (Y/N) : N  
Prpsd Depth : 10200 Prpsd Frmtn : MORROW

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

08/09/99 09:12:17  
OGOMES -TPJ6  
PAGE NO: 1

Sec : 16 Twp : 17S Rng : 28E Section Type : NORMAL

<p>D 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ</p>	<p>C 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ</p>	<p>B 40.00 CS X02029 0062 12/34 OXY USA INC</p>	<p>A 40.00 CS X02029 0062 12/34 OXY USA INC</p>
<p>E 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ</p>	<p>F 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ</p>	<p>G 40.00 CS X02029 0067 12/34 MACK C. CHASE, TR  A</p>	<p>H 40.00 CS X02029 0067 12/34 MACK C. CHASE, TR  P</p>

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

08/05/99 16:40:46  
OGOMES -TPGI  
PAGE NO: 2

Sec : 16 Twp : 17S Rng : 28E Section Type : NORMAL

L 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ  A	K 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ  A	J 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ  A A	I 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ  A
M 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ  A	N 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ  A	O 40.00 CS E09359 0000 09/65 ATLANTIC RICHFIEL  A A A	P 40.00 CS E09359 0000 09/65 ATLANTIC RICHFIEL  A

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12