



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 6, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: **Chuck Moran**
cmoran@ypcnm.com

Telefax No. (505) 748-4572

Administrative Order NSL-4663

Dear Mr. Moran:

Reference is made to the following: (i) your application dated September 5, 2001 (*application reference No. pKRV0-125449296*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard gas well location to be applicable to any and all formations and/or pools from the surface to the base of the Strawn formation that are developed on 320-acre spacing and governed under the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999. The N/2 of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit.

This unit is to be dedicated to the plugged and abandoned Maxus Exploration Company Newkumet Federal Well No. 1 (API No. 30-005-62532), to be redesignated the Applesauce "AZR" Federal Well No. 1, located 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

From the Division's records, this well originally drilled to a total depth of 6,865 feet to test the Devonian formation at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 25 in August, 1987. Also, in August, 1987 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well to a new plug-back depth sufficient to test down to the Strawn formation for gas.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within this standard 320-acre gas spacing unit comprising the N/2 of Section 25 for gas production spaced on 320 acres from the surface to the base of the Strawn formation is hereby approved.

Administrative Order NSL-4663
Yates Petroleum Corporation
November 6, 2001
Page 2

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenberg / LW/MES".

Lori Wrotenberg
Director

LW/MES/kv

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

DATE <u>9/10/01</u>	ENGINEER <u>MS</u>	LOGGED IN <u>MW</u>	TYPE <u>NSL</u>	APP NO. <u>125449296</u>
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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]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

SEP 10 2001

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.

<u>Chuck Moran</u> Print or Type Name	<u>Chuck Moran</u> Signature	<u>Landman</u> Title	<u>9/5/01</u> Date
<u>cmoran@ypcnm.com</u> e-mail Address			

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

*No Pools 320 ac spacing
within several miles*

Attention: Mr. Michael E Stogner

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Oil Well Location
Chaves County New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 19 NMAC 15.C.104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for any and all gas production from surface to the base of the Strawn formation for its proposed Applesauce AZR Federal #1 to be re-entered at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25, and in support states:

- 1) The subject wellbore was formerly the Newkumet Federal #1 drilled by Maxus Exploration Co. to the Devonian formation.
- 2) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the N/2 of Section 25. (See Exhibit # 1 enclosed)
- 3) Yates proposes to re-enter and drill-out its Applesauce "AZR" Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2 enclosed)
- 4) The subject well is to be re-entered at an unorthodox location in an attempt to economically determine the potential to produce gas from the formations that require a 320 acre spacing unit. (See Exhibit # 3, enclosed)
- 5) In the event the Strawn is not capable of commercial production in this well, then Yates intends to test all possible gas formations above the Strawn formation.

- 6) The lease on which the well will be drilled is the whole spacing unit dedicated to this well.
- 7) The leases that are encroached on to the North are identified on Exhibit 1 and the owners are identified on Exhibit 4. Waivers have been requested from affected persons as defined by 19 NMAC 15.N.1207.A.2 and will be forwarded to the Division if obtained. (See Exhibit # 1 and #4, enclosed)
- 8) Fi-Ro Corporation is the operator of the two wells encroached on to the North located in Units C and K, and Yates Petroleum Corporation is designated operator under an operating agreement for the balance of the lands in this section. (See Exhibit #1 and #4)

Wherefore, Yates Petroleum Corporation requests that the Division approve this matter administratively as soon as possible because we have additional leasehold that may be affected by the results of this well due to expire November 1, 2001.

Respectfully submitted,

YATES PETROLEUM CORPORATION



Chuck Moran
Landman

**# MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-
Effective 1-1-

All distances must be from the outer boundaries of the Section.

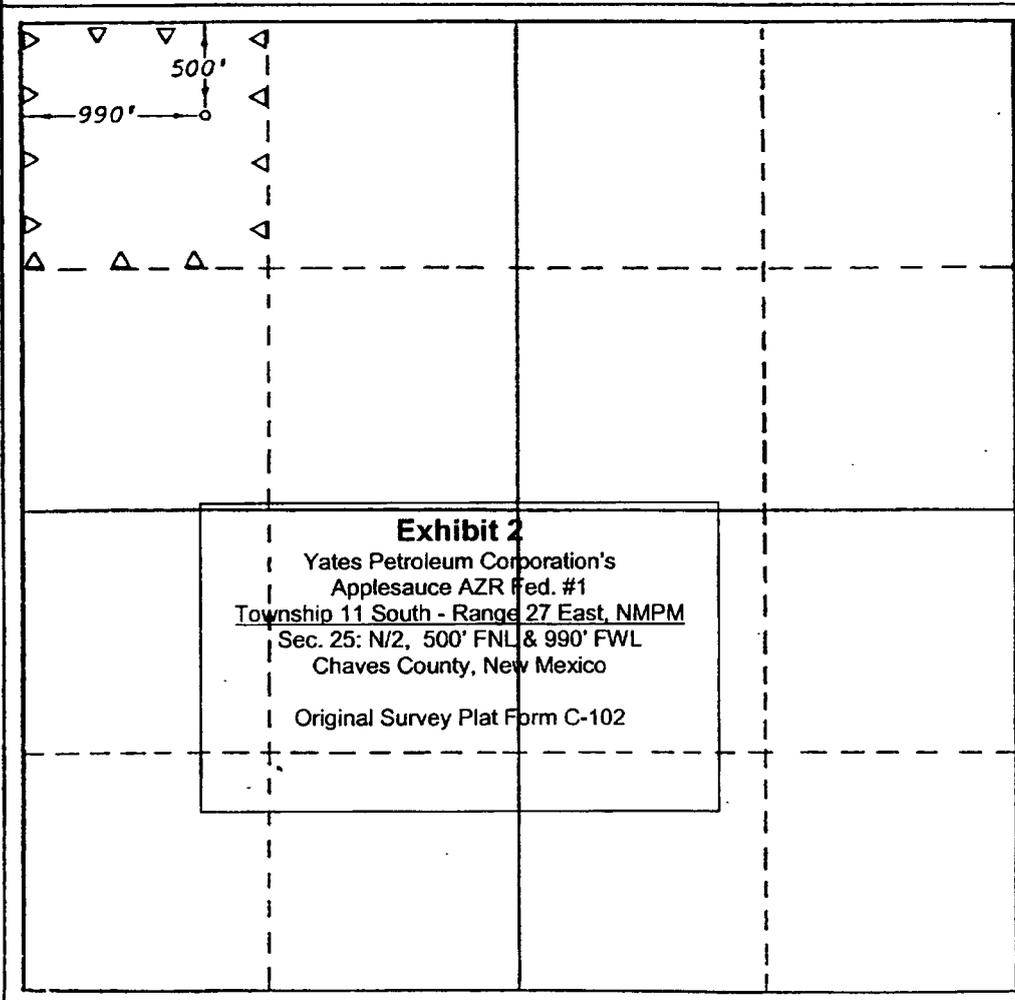
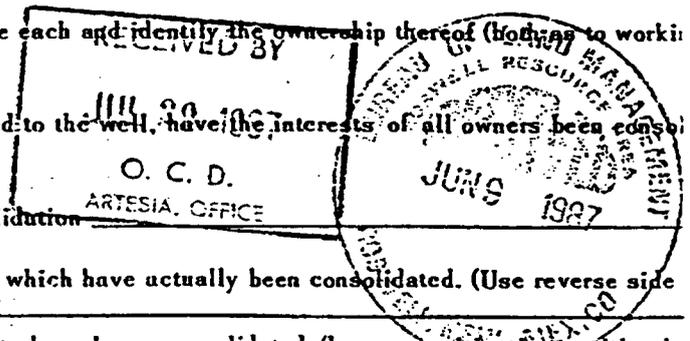
Operator MAXUS EXPLORATION CO.			Lease Federal-New Kumet Fed.		Well No. 1-68860
Unit Letter D	Section 25	Township 11-S	Range 27-E	County Chaves	
Actual Footage Location of Well: 500 feet from the North line and 990 feet from the West line					
Ground Level Elev. 3754'	Producing Formation Devonian		Pool Wildcat Devonian		Dedicated Acreage: 40 Acr

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

James M. Pachulski
Name

James M. Pachulski

Position **Sr. Environmental & Regulation Engineer**

Company
Maxus Exploration Company

Date
June 5, 1987

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
June 1, 1987

Registered Professional Engineer and/or Land Surveyor

Gary D. Basore
Certificate No.

6689



Exhibit 3
Yates Petroleum Corporation
Applesauce "AZR" Federal #1
Formerly
Maxus Energy
Maxus Federal Newkumet #1
500 FNL & 990 FWL
25-11S-27E
Chaves County, New Mexico

The re-entry of the Maxus Energy well in section 25-11S-27E is proposed to evaluate several potential horizons. The prospective geological horizons that Yates Petroleum Corporation will be testing are the Strawn sandstones, Cisco carbonates, and the Wolfcamp carbonates. These horizons have the potential for natural gas production.

H. Tim Miller

H. Tim Miller

Exhibit 4

Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

TRACT 1:

Lease: NM-106906

Legal: Township 11 South-Range 27 East, NMPM
Section 24: E/2, W/2W/2, SENW, SESW
Section 25: N/2, SE
Chaves County, New Mexico

Operator: Yates Petroleum Corporation named Operator under
Operating Agreement Dated July 20, 2001, covering all
depths and signed by all working interest owners.

Tract 2:

Lease: NM-10593

Legal: Township 11 South-Range 27 East, NMPM
Section 24: NESW, NENW
Chaves County, New Mexico

Wells: Chisum Federal 1 located in Unit C
Chisum Federal 2 located in Unit K

Operator: Fi-Ro Corporation
6228 Devonian Street
Roswell, New Mexico 88201

Working Interest Owners:

Secan Oil Co., Inc.
257 Highway 61 S.
Natchez, Mississippi 39120

Bonanza Salvage & Production Co., Inc.
P. O. Box 577
Natchez, Mississippi 39120

Richard McDonald
Rt. 3, Box 192 A
Natchez, Mississippi 39120

Exhibit 4

Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Nick Griffin
P. O. Box 2218
Ruidoso, New Mexico 88345

Curtis Johnson
P. O. Box 9042
Houma, Louisiana 7361

D. C. Devening
129 South commerce Street
Natchez, Mississippi 39120

Armstrong Oil & Land Corporation
129 South commerce Street
Natchez, Mississippi 39120

John H. James
P. O. Box 6749
Fort Worth, Texas 76115

W. J. Armour
3725 Wren
Forth Worth, Texas 76133

J. J. Hargett
4813 S. Ridge Terrace
Fort Worth, Texas 76133

Affidavit of Mailing

On this date, I certify that a complete copy of the administrative application for unorthodox location of Yates Petroleum Corporation's Applesauce AZR Fed. #1, located 500' FNL & 990' FWL in Sec. 25: N/2, Township 11 South - Range 27 East, NMPM Chaves County, New Mexico, was mailed by Certified Mail, Return Receipt Requested to the affected persons identified in the Application.



Chuck Moran
Landman

Date: 9-5-01

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5470
7000 0520 0024 2040 5463

Mr. Tommy McDonald
Fi-Ro-Corporation
6228 Devonian Street
Roswell, New Mexico 88201

or

Mr. Tommy McDonald
Fi-Ro-Corporation
950 Tiffany Place
Longmont, Colorado 80501

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

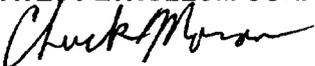
Dear Mr. McDonald:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you are the operator of the offset well in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

Fi-Ro-Corporation represents that it is the operator and owner of the wells located in Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

FI-RO- Corporation

By: _____

Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



S. P. YATES
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DENNIS G. KINSEY
TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5562

Secan Oil Company, Inc.
P.O. Box 1246
Natchez, Mississippi 39120

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Gentlemen:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

Secan Oil Company, Inc. represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Secan Oil Company, Inc.

By: _____
Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
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PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 6149

Bonanza Salvage & Production Co., Inc.
P.O. Box 577
Natchez, Mississippi 39120

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Gentlemen:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

Bonanza Salvage & Production Co., Inc. represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Bonanza Salvage & Production Co., Inc.

By: _____

Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
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TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5555

Richard McDonald
Rt. 3, Box 192A
Natchez, Mississippi 39120

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. McDonald:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

Richard McDonald represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Richard McDonald

By: _____
Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5548

Nick Griffin
P.O. Box 2218
Ruidoso, New Mexico 88345

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. Griffin:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

Nick Griffin represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Nick Griffin

By: _____
Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5531

Curtis Johnson
P.O. Box 9042
Houma, Louisiana 70361

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. Johnson:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

Curtis Johnson represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Curtis Johnson

By: _____

Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5524

D.C. Devening
129 South Commerce Street
Natchez, Mississippi 39120

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. Devening:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

D.C. Devening represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

D.C. Devening

By: _____

Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5517

Armstrong Oil & Land Corporation
129 South Commerce Street
Natchez, Mississippi 39120

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Gentlemen:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

Armstrong Oil & Land Corporation represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Armstrong Oil & Land Corporation

By: _____
Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5500

John H. James
P.O. Box 6749
Fort Worth, Texas 76115

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. James:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

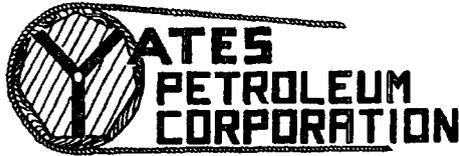
Chuck Moran
Landman

John H. James represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

John H. James

By: _____
Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5494

W.J. Armour
3725 Wren
Fort Worth, Texas 76133

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. Armour:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

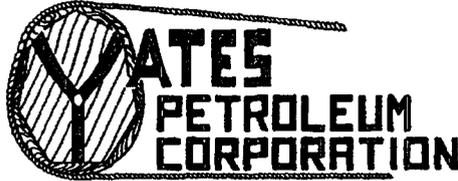
W.J. Armour represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

W.J. Armour

By: _____

Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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JOHN A. YATES
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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5487

J.J. Hargett
4813 S. Ridge Terrace
Fort Worth, Texas 76133

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. Hargett:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

J.J. Hargett represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

J.J. Hargett

By: _____
Its: _____

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

OCT 17 2001

October 15, 2001

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
Attention: Mr. Michael Stogner

CERTIFIED/RETURN RECEIPT

RE: Administrative Application of Yates Petroleum Corporation
For Approval of an Unorthodox Gas Well Location in Chaves
County, New Mexico

Dear Mr. Stogner:

I enclose supplemental information to our application for the Applesauce AZR Federal #1 to be re-entered in an unorthodox well location of 500' FNL and 990' FWL of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico. The enclosed waiver for the unorthodox location was received from Secan Oil Company, a lessee in Section 24 of Township 11 South, Range 27 East, NMPM. I request that you include this information with the application already filed with your office.

If you have any questions please give me a call at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

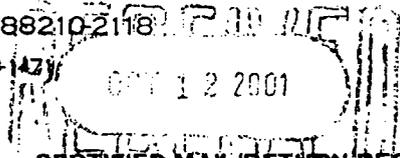
CEM:dr
Enclosure(s)

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471



CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5562

September 5, 2001

Secan Oil Company, Inc.
P.O. Box 1246
Natchez, Mississippi 39120

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Gentlemen:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you may be an affected owner in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

Secan Oil Company, Inc. represents that he/it is an owner in Federal Lease NM 10593 Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

Secan Oil Company, Inc.

By:
Its: President

E. Eugene Dauphin, Jr.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
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PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

OCT - 9 2001

October 5, 2001

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
Attention: Mr. Michael Stogner

CERTIFIED/RETURN RECEIPT

RE: Administrative Application of Yates Petroleum Corporation
For Approval of an Unorthodox Gas Well Location in Chaves
County, New Mexico

Dear Mr. Stogner:

I enclose supplemental information to our application for the Applesauce AZR Federal #1 to be re-entered in an unorthodox well location of 500' FNL and 990' FWL of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico. The enclosed waiver for the unorthodox location was received from Fi-Ro Corporation, the operator of the two wells in Section 24 of Township 11 South, Range 24 East, NMPM. I request that you include this information with the application already filed with your office.

If you have any questions please give me a call at (505) 748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

CEM:dr
Enclosure(s)

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 5, 2001

CERTIFIED MAIL/RETURN RECEIPT
7000 0520 0024 2040 5470
7000 0520 0024 2040 5463

Mr. Tommy McDonald
Fi-Ro-Corporation
6228 Devonian Street
Roswell, New Mexico 88201

or

Mr. Tommy McDonald
Fi-Ro-Corporation
950 Tiffany Place
Longmont, Colorado 80501

Re: Yates Petroleum Corporation's
Applesauce AZR Fed. #1
Township 11 South - Range 27 East, NMPM
Sec. 25: N/2, 500' FNL & 990' FWL
Chaves County, New Mexico

Dear Mr. McDonald:

Yates Petroleum Corporation proposes to re-enter its proposed Applesauce AZR Federal #1 at an unorthodox gas well location of 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 25. Because the proposed location is unorthodox for gas wells on a 320 acre spacing unit and you are the operator of the offset well in Section 24-T11S-R27E, we request that you waive any and all objections to this re-entry at this location. We have enclosed a copy of our application to the New Mexico Oil Conservation Division for approval of the unorthodox location.

Your assistance in this matter is appreciated and we request that you return this waiver as soon as possible. If you have any questions, please give me a call at 505-748-4349.

Very truly yours,

YATES PETROLEUM CORPORATION

Chuck Moran
Landman

Fi-Ro-Corporation represents that it is the operator and owner of the wells located in Sec. 24-T11S-R27E and waives all objections to the proposed re-entry of the well at this location:

FI-RO- Corporation

By:
Its: President

Affidavit of Mailing

On this date, I certify that a complete copy of the administrative application for unorthodox location of Yates Petroleum Corporation's Applesauce AZR Fed. #1, located 500' FNL & 990' FWL in Sec. 25: N/2, Township 11 South - Range 27 East, NMPM Chaves County, New Mexico, was mailed by Certified Mail, Return Receipt Requested to the affected persons identified in the Application.



Chuck Moran
Landman

Date: 9-5-01

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

11/06/01 09:38:
OGOMES -TQ
PAGE NO:

Sec : 25 Twp : 11S Rng : 27E Section Type : NORMAL

D 40.00 Federal owned A	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

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

11/06/01 09:38:
OGOMES -TQ
PAGE NO:

Sec : 25 Twp : 11S Rng : 27E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

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

CMD : ONGARD 11/06/01 09:38:
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQ

OGRID Idn : 25575 API Well No: 30 5 62532 APD Status(A/C/P): A
Opr Name, Addr: YATES PETROLEUM CORPORATION Aprvl/Cncl Date : 10-23-20
105 S 4TH ST
ARTESIA,NM 88210

Prop Idn: 28987 APPLESAUCE AZR FEDERAL Well No: 1

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
Surface Locn	: D	25	11S	27E		FTG 500 F N	FTG 990 F W
OCD U/L	: D	API County		: 5			

Work typ(N/E/D/P/A) : E Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) :
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3754

State Lease No: NM 106906 Multiple Comp (S/M/C) : S
Prpsd Depth : 6865 Prpsd Frmtn : UND PENN

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