



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 15, 1996

Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Administrative Order DD-155-A

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated September 6, 1996 for authorization to directional drill its proposed Diamond "AKI" Federal Well No. 2, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of **Rules 111.D** and **E** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The operator proposes to locate said well at a previously approved unorthodox surface location 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, kickoff in a southwesterly direction and directionally drill to an estimated true vertical depth of 9,200 feet in order to test both the Undesignated Cemetery-Morrow Gas Pool and the South Dagger Draw-Upper Pennsylvanian Associated Pool at a subsurface location considered to be standard for both intervals within the NE/4 SW/4 (Unit K) of said Section 34;
- (3) The Undesignated Cemetery-Morrow Gas Pool is subject to the statewide rules and regulations for gas wells to all horizons of Wolfcamp age or older, as promulgated by **Rule 104.C(2)(b)**, which provides for 320-acre gas spacing and proration units, or drilling units, and requires that wells be located no closer than 660 feet to the nearest side boundary of the designated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary thereon
- (4) The South Dagger Draw-Upper Pennsylvanian Associated Pool is to the "*Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool*", as promulgated by Division Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1", which includes provisions for 320-acre spacing and proration units for

both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;

- (5) Both intervals are to be dedicated to the 320 acres, being a standard spacing and proration unit for both aforementioned pools, comprising the W/2 of said Section 34;
- (6) By Division Administrative Order NSL-3709, dated September 10, 1996, the operator received approval to drill the subject Diamond "AKI" Federal Well No. 3 at the aforementioned unorthodox location for both the Undesignated Cemetery-Morrow Gas and South Dagger Draw-Upper Pennsylvanian Associated Pools
- (7) It is necessary for the operator to directionally drill the Diamond "AKI" Federal Well No. 3 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (8) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 SW/4 (Unit K) of said Section 34 that is no further than 1980 feet from the West line of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line; and,
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Diamond "AKI" Federal Well No. 3 at a previously approved unorthodox surface location (approved by Division Administrative Order NSL-3709, dated September 10, 1996) 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a southwesterly direction in such a manner as to bottom said well within both the Undesignated Cemetery-Morrow Gas Pool and South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface well location (for both intervals) within the NE/4 SW/4 (Unit K) of said Section 34 that is no further than 1980 feet from the West line of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The 320 acres, being a standard spacing and proration unit for both aforementioned pools, comprising the W/2 of said Section 34 shall be dedicated to said well.

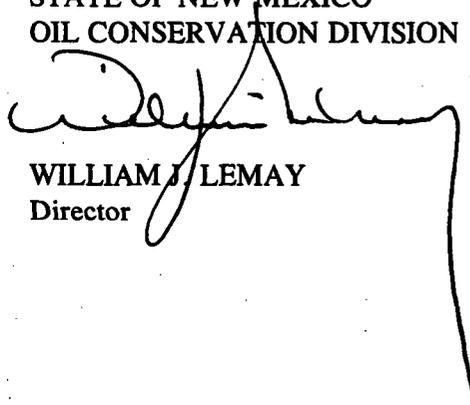
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3709
DD-155

Rec: 9-6-96

Susp: 9-26-96

Released: 10-15-96

DD-155-A

October 15, 1996

Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Administrative Order DD-155-A

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated September 6, 1996 for authorization to directional drill its proposed Diamond "AKI" Federal Well No. 2, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of **Rules 111.D and E** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The operator proposes to locate said well at a previously approved unorthodox surface location 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, kickoff in a southwesterly direction and directionally drill to an estimated true vertical depth of 9,200 feet in order to test both the Undesignated Cemetery-Morrow Gas Pool and the South Dagger Draw-Upper Pennsylvanian Associated Pool at a subsurface location considered to be standard for both intervals within the NE/4 SW/4 (Unit K) of said Section 34;
- (3) The Undesignated Cemetery-Morrow Gas Pool is subject to the statewide rules and regulations for gas wells to all horizons of Wolfcamp age or older, as promulgated by **Rule 104.C(2)(b)**, which provides for 320-acre gas spacing and proration units, or drilling units, and requires that wells be located no closer than 660 feet to the nearest side boundary of the designated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter

section or subdivision inner boundary thereon

- (4) The South Dagger Draw-Upper Pennsylvanian Associated Pool is to the "*Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool*", as promulgated by Division Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1", which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;
- (5) Both intervals are to be dedicated to the 320 acres, being a standard spacing and proration unit for both aforementioned pools, comprising the W/2 of said Section 34;
- (6) By Division Administrative Order NSL-3709, dated September 10, 1996, the operator received approval to drill the subject Diamond "AKI" Federal Well No. 3 at the aforementioned unorthodox location for both the Undesignated Cemetery-Morrow Gas and South Dagger Draw-Upper Pennsylvanian Associated Pools
- (7) It is necessary for the operator to directionally drill the Diamond "AKI" Federal Well No. 3 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (8) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 SW/4 (Unit K) of said Section 34 that is no further than 1980 feet from the West line of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line; and,
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Diamond "AKI" Federal Well No. 3 at a previously approved unorthodox surface location (approved by Division Administrative Order NSL-3709, dated September 10, 1996) 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20

South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a southwesterly direction in such a manner as to bottom said well within both the Undesignated Cemetery-Morrow Gas Pool and South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface well location (for both intervals) within the NE/4 SW/4 (Unit K) of said Section 34 that is no further than 1980 feet from the West line of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The 320 acres, being a standard spacing and proration unit for both aforementioned pools, comprising the W/2 of said Section 34 shall be dedicated to said well.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

Administrative Order DD-155-A
Yates Petroleum Corporation
October 15, 1996
Page No. 4

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3709
DD-155

DD

9/26/96

**CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS**

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 6, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

SEP 6 1996

Oil Conservation Division

Re: *Application of Yates Petroleum Corporation for administrative approval of Directional Drilling, Eddy County, New Mexico*

Dear Mr. LeMay:

Yates Petroleum Corporation ("Yates") hereby seeks administrative approval pursuant to the provisions of Division Rule 111 (C) for the directional drilling of the Diamond AKI Federal No. 3 Well from a surface location 2217 feet from the South line and 2310 feet from the West line of Section 34, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico to a bottom hole location 1650 feet from the South line and 1980 feet from the West line of said Section 34. The W/2 of Section 34 will be the dedicated project area for this well. The proposed bottom hole location is a standard location in the South Dagger Draw-Upper Pennsylvanian Associated Pool pursuant to the Special Pool Rules and Regulations adopted therefore by Division Order No. R-5353-L-2. Attached hereto as Exhibit A is a copy of OCD Form C-102 which shows the surface and bottom hole locations for this well.

The original surface location for the well was not a satisfactory drill site due to a pipeline and other topographic conditions as show on the topographic map attached hereto as Exhibit B.

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

September 6, 1996

Page 2

All offsetting spacing units are operated by Yates Petroleum Corporation Except for the spacing units to the south and east of the subject unit which are operated by Conoco, Inc., 10 Desta Drive, Suite 100 West, Midland, Texas 79705. On this date, a copy of this application has been mailed to Conoco, Inc. at the above address by Certified Mail Return Receipt Requested advising them that if they have an objection, it must be filed in writing within twenty (20) days of the date that this notice was sent to them.

Your attention to this application is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enclosures

cc: Mr. Tim Gum, District Supervisor (w/enclosures)
Oil Conservation Division
District II
Post Office Drawer DD
Artesia, New Mexico 88210

Ms. Kathy H. Porter, CPL (w/enclosures)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

10

THE UNIVERSITY OF CHICAGO

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 202	Pool Code 202	Pool Name Morrow
Property Code 202	Property Name DIAMOND AKI FEDERAL	Well Number 3
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3712.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	34	20-S	24-E		2217	SOUTH	2013	WEST	EDDY

11 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

Dedicated Acre 320	Joint or Juffil	Consolidation Code	Order No.
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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

	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Ken Beardemphl</i></p> <p>Printed Name: Ken Beardemphl</p> <p>Title: Landman</p> <p>Date: 7-30-96</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed 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.</p> <p>JULY 27 1996</p> <p>Date of Survey: 7-27-96</p> <p>Signature: <i>[Signature]</i></p> <p>Professional Engineer</p>

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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JACK M. CAMPBELL
OF COUNSEL

September 6, 1996

JEFFERSON PLACE
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

SEP 6 1996

Oil Conservation Division

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Dear Mr. LeMay:

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The original surface location for the well was not a satisfactory drill site due to a pipeline and other topographic conditions as show on the topographic map attached hereto as Exhibit B.

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

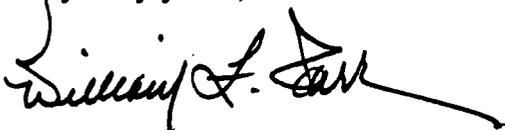
September 6, 1996

Page 2

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Your attention to this application is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enclosures

cc: Mr. Tim Gum, District Supervisor (w/enclosures)
Oil Conservation Division
District II
Post Office Drawer DD
Artesia, New Mexico 88210

Ms. Kathy H. Porter, CPL (w/enclosures)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

District I
 PO Box 1980, Hobbs, NM 88241-1980
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 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number: 025575		Pool Code		Well Name: Morrow	
Property Code		Property Name: DIAMOND AKI FEDERAL		Well Number: 3	
OGRID No.: 025575		Operator Name: YATES PETROLEUM CORPORATION		Elevation: 3712.	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	34	20-S	24-E		2217	SOUTH	2013	WEST	EDDY

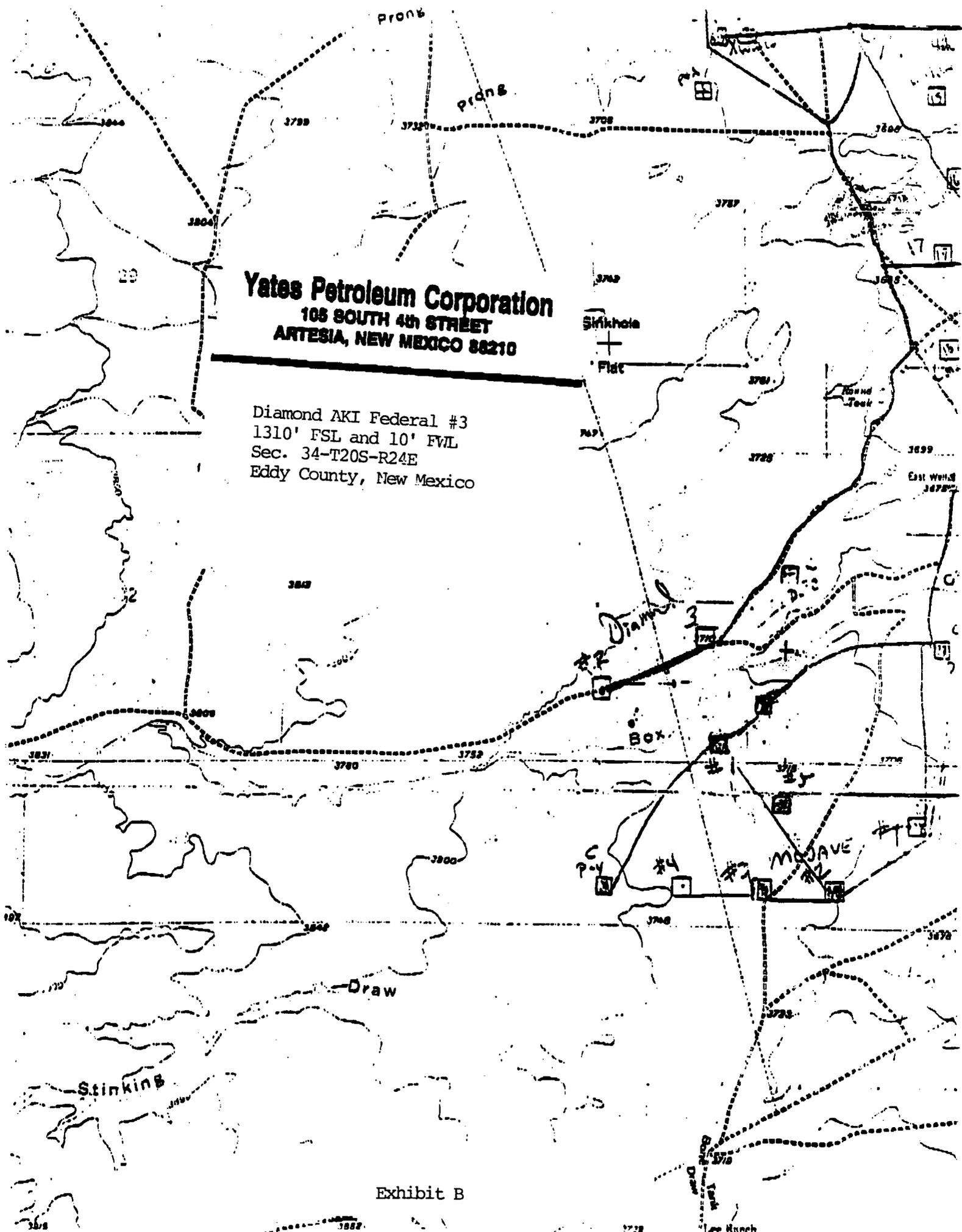
11 Bottom-Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres: 320	Lot or Infill	Consolidation Code	Order No.
----------------------	---------------	--------------------	-----------

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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Ken Beardemph</i></p> <p>Printed Name: Ken Beardemph</p> <p>Title: Landman</p> <p>Date: 7-30-96</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed 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.</p> <p>JULY 27 1996</p> <p>Surveyor: <i>[Signature]</i></p> <p>Professional Engineer</p>



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Diamond AKI Federal #3
1310' FSL and 10' FVL
Sec. 34-T20S-R24E
Eddy County, New Mexico

Exhibit B



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

September 10, 1996

Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Administrative Order NSL-3709

Dear Mr. Carr:

Reference is made to your application dated August 21, 1996 on behalf of the operator, Yates Petroleum Corporation, for an unorthodox location for both the Morrow formation and the South Dagger Draw Upper Pennsylvanian Associated Pool for the proposed Diamond "AKI" Federal Well No. 3. Said well to be drilled 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

The W/2 of said Section 34 is to be dedicated to said well thereby forming a standard 320-acre spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool and the Undesignated Cemetery-Morrow Gas Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of RULE 2(c) of the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, and Division General Rule 104.F(2), the above-described unorthodox location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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

SF

N.M. Oil Cons. Division

811 S. 1st Street

Artesia, NM 88210-2854

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

Form 3160-5 (June 1990)
RECEIVED
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

88 SEP 23 PM 8 52

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
NM-045276

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

YATES PETROLEUM CORPORATION

3. Address and Telephone No.

105 South Fourth Street, Artesia, NM, 88210 (505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2217' FSL and 2013' FWL Surface location
1650' FSL and 1980' FWL Bottom hole location
Sec. 34-T.20S-R.24E

8. Well Name and No.
Diamond AKI Fed. #3

9. API Well No.
30-015-29099

10. Field and Pool, or Exploratory Area
Morrow

11. County or Parish, State
Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Directional Drill
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Yates Petroleum Corporation wishes to amend the APD to have the surface location of 2217' FSL and 2013' FWL and a bottom hole location of 1650' FSL and 1980' FWL. We wish to drill to the Morrow formation also, approximately 9200'. Please find a new plat attached with both locations.

RECEIVED
SEP 9 11 58 AM '96
CARL... AREA...

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title Landman Date 9-9-96

(This space for Federal or State office use)

Approved by [Signature] Title Geologist Date _____

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Morrow
Property Code	Property Name DIAMOND "AKI" FEDERAL		Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3712.

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
K	34	20-S	24-E		2217	SOUTH	2013	WEST	EDDY

¹¹ 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
K	34	20-S	24-E		1650	SOUTH	1980	WEST	EDDY

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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

NM-013276

SURFACE LOCATION

BOTTOM HOLE LOCATION

¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Ken Beardemph1*

Printed Name: Ken Beardemph1

Title: Landman

Date: 7-30-96

¹⁸ 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.

JULY 25, 1996

Date of Survey

Signature and Seal of Professional Surveyor:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL CONSERVATION DIVISION

RECEIVED

5. LEASE DESIGNATION AND SERIAL NO.

NM-045276

6. IF INDIAN, ALLOTTED OR TRIBE NAME

8 52

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Diamond AKI Fed. #3

9. AN WELL NO.

30-015-29099

10. FIELD AND POOL, OR WILDCAT

Jagger Draw, Upper Penn 300

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA

Sec. 34-T20S-R24E

12. COUNTY OR PARISH

Eddy

18. STATE

NM

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

DRILL

DEEPEN

B. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

RECEIVED

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

YATES PETROLEUM CORPORATION

25575

AUG 16 1995

3. ADDRESS AND TELEPHONE NO.

105 South Fourth Street, Artesia, New Mexico (505) 748-14717

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

2217' FSL and 2013' FWL

At proposed prod. zone

Same

Unders. Cemetery, McNew 74640N

UNIT 1K

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approx. 30 miles SW of Artesia, NM

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

880

17. NO. OF ACRES ASSIGNED TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

9000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, ET, GR, etc.)

3712'

22. APPROX. DATE WORK WILL START*

ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	9 5/8"	36# J-55	1100	900 sacks circulate
8 3/4"	7"	23 + 26# J55	TD	1600 sacks

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formations. Approx. 1100' 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: FW/Ge1/LCM to 1100'; FW to 5200'; Cut Brine/KCL to 7200'; Cut Brine/KCL/Starch to TD.

BOPE PROGRAM: BOP's and hydril will be installed on 9 5/8" casing and tested daily.

*Moved the location from 1650' FSL and 1980' FWL per BLM on site. It is now on an existing pad, should not need any archaeological report.

Approval Subject to
General Requirements and
Special Specifications
Attached

RECEIVED
CARLSBAD AREA HEADQUARTERS
JUL 30 3 28 PM '95
DATE 7-30-95

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Ken Beatty

TITLE

Landman

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.) RICHARD L. MANIUS

AREA MANAGER

AUG 9 1995

*See Instructions On Reverse Side

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29099	Pool Code 74640	Pool Name Morrow Under Cemetery Morrow
Property Code DIAMOND AKI. FEDERAL	Property Name	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3712.

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
K	34	20-S	24-E		2217	SOUTH	2013	WEST	EDDY

11 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

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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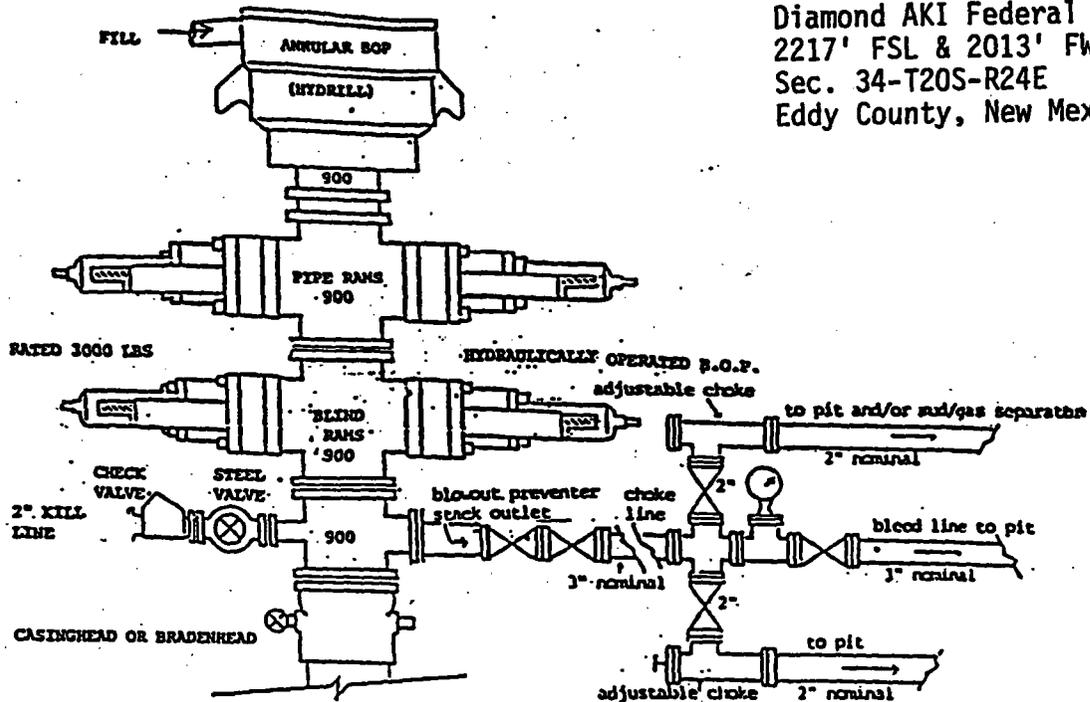
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 NM-045276 2013' 2217'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature: Ken Beardemph1 Printed Name: Ken Beardemph1 Title: Landman Date: 7-30-96		
	18 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 of Survey: JULY 25, 1996 Signature: R. R. E. D. O. Y. Registered Professional Surveyor State of New Mexico License No. 5412 Registered Professional Engineer		
	19 Certificate Number: NM 1995 PERG. 5412		

YATES PETROLEUM CORPORATION

Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Diamond AKI Federal #3
2217' FSL & 2013' FWL
Sec. 34-T20S-R24E
Eddy County, New Mexico



typical choke manifold assembly for N rated working pressure service-surface installation

EXHIBIT B

THE FOLLOWING CONSTITUTES THE MINIMUM BLOWOUT PREVENTER REQUIREMENTS FOR 3000 PSI WP SYSTEMS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 3" diameter.
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.

CMD :
OG6ACRE

ONGARD
C102-DEDICATE ACREAGE

10/15/96 08:59:42
OGOMES -EMD6
Page No : 1

API Well No : 30 15 27086 Eff Date : 08-08-1995
Pool Idn : 15475 DAGGER DRAW;UP PENN, SOUTH (ASSOC)
Prop Idn : 17349 DIAMOND AKI FEDERAL Well No : 001
Spacing Unit : 47485 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	C		34	20S	24E	40.00	N	FD		
	D		34	20S	24E	40.00	N	FD		
	E		34	20S	24E	40.00	N	FD		
	F		34	20S	24E	40.00	N	FD		
	K		34	20S	24E	40.00	N	FD		
	L		34	20S	24E	40.00	N	FD		
	M		34	20S	24E	40.00	N	FD		
	N		34	20S	24E	40.00	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

API Well No : 30 15 27086 Well No : 1 Eff Date : 03-14-1996
 Pool Idn : 15475 DAGGER DRAW;UP PENN, SOUTH (ASSOC)
 Prop Idn : 17349 DIAMOND AKI FEDERAL
 OGRID Idn : 25575 YATES PETROLEUM CORPORATION
 GL Elevation : 3724

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: N	34	20S	24E	FTG 360 F S	FTG 2080 F W	P
OCD U/L	: N						
Lot Identifier:			API County	: 15			

If more than 1 lease of different ownership is dedicated to the well, have the interest of all owners been consolidated? (Y/N) :
 Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 PF08 PF09 PRINT PF10 NEXT-WC PF11 HISTORY PF12 ACRE

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

10/15/96 09:00:35
OGOMES -EMD6

API Well No : 30 15 27086 Eff Date : 03-14-1996 WC Status : A
Pool Idn : 15475 DAGGER DRAW;UP PENN, SOUTH (ASSOC)
OGRID Idn : 25575 YATES PETROLEUM CORPORATION
Prop Idn : 17349 DIAMOND AKI FEDERAL

Well No : 001
GL Elevation: 3724

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: N	34	20S	24E	FTG 360 F S	FTG 2080 F W	P

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

Sec : 34 Twp : 20S Rng : 24E Section Type : NORMAL

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

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

Sec : 34 Twp : 20S Rng : 24E Section Type : NORMAL

D 40.00 Federal owned	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 A	H 40.00 Federal owned

M0002: This is the first page

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