

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location]** **[NSP-Non-Standard Proration Unit]** **[SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling]** **[CTB-Lease Commingling]** **[PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling]** **[OLS - Off-Lease Storage]** **[OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion]** **[PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal]** **[IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification]** **[PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or **Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

2006 OCT 27 PM 2 38

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry Ocean Munds-Dry attorney 10-27-06
 Print or Type Name Signature Title Date
 emundsdy@hollandhart.com
 e-mail Address



October 27, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Crow "ASM" State Com Well No. 1 located 660 feet from the South line and 2310 feet from the West line of Section 32, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, Yates Petroleum Corporation ("Yates") hereby seeks administrative approval of an unorthodox well location for its Crow "ASM" Well No. 1 located 660 feet from the South line and 2310 feet from the West line of Section 32, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The S/2 of Section 32 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's Statewide Rules and Regulations which provide for wells on 320-acre spacing to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located. The proposed location is unorthodox because it is only 330 feet from the SW/4 section boundary. A standard 320-acre spacing and proration unit comprised of the S/2 of Section 32 will be dedicated to the well.

The unorthodox location is required by geologic conditions. The Crow Well No. 1 was drilled in 1998 as a Morrow test. After low production from the Morrow, Yates explored secondary targets in the Atoka, Strawn and the Wolfcamp. In 2006, additional perforations were added at 9296-9302' and 9336-9344' were added and an Initial Potential test was taken at 357 MCFD on January 20, 2006. The Atoka formation produces from sands deposited in a Marine Environment. Wells southwest and northeast both produced from the Atkos. The Crow Well No. 2 also in Section 32 tested the interval and did not produce from the Atoka. Sand distribution is variable as shown on

HOLLAND & HART^{LLP}



Exhibit A, a Structure Map of the Atoka formation. **Exhibit B** is a cross-section of four wells in the immediate area that also depicts the variable distribution.

Attached hereto as **Exhibit C** is a plat as required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

There are no affected parties as defined by Rule 1210(A)(2) and therefore no notice is required.

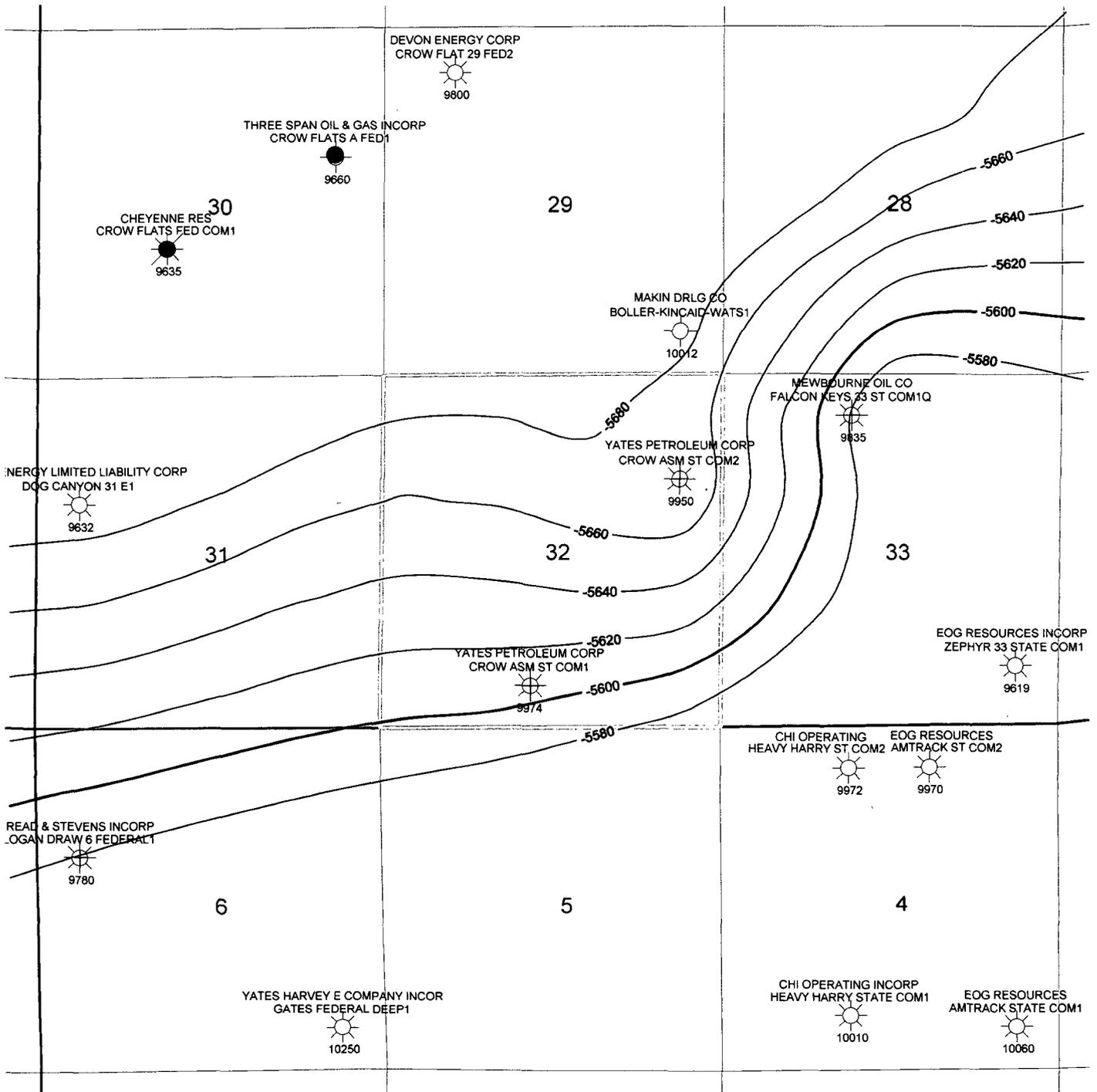
Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201





**YATES
PETROLEUM
CORPORATION**

**CROSS SECTION CROW #1
TOP ATOKA SS CONTOURS
EDDY COUNTY, NM**

Author: RAY PODANY	CI = 20'	Date: 19 October, 2006
ne		Crow XSec for RP.gmp

EXHIBIT

A

A

MEMORANDUM FOR THE RECORD
FALCON OPERATIONS
01808
01809
01810
C.S.M.V.W.



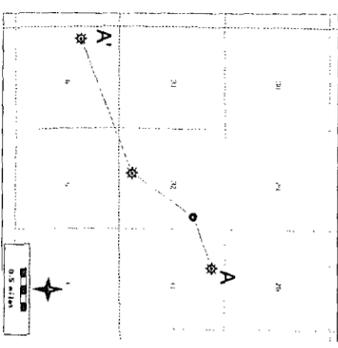
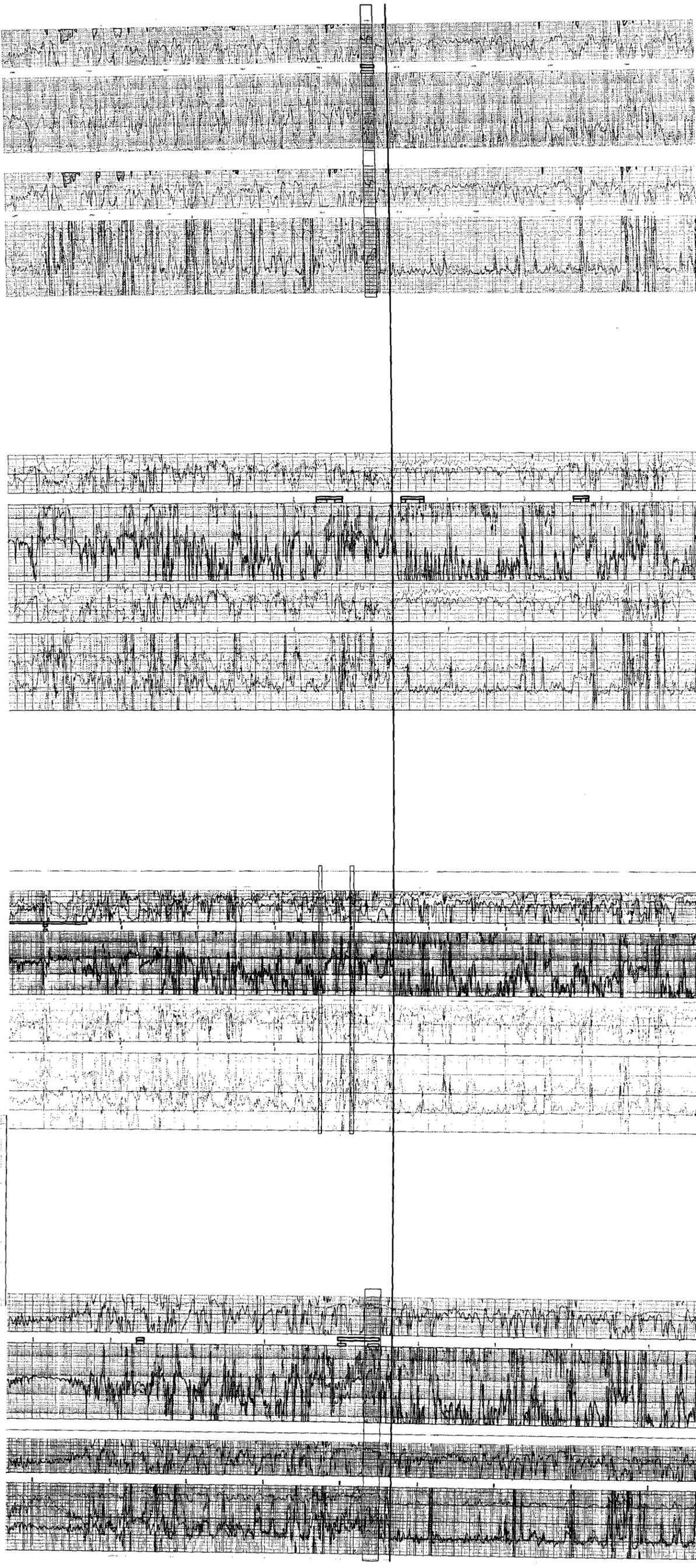
YATES PETROLEUM CORP.
CROW ASSET #1
01845
01846
01847
01848
N.S.M.V.



YATES PETROLEUM CORP.
CROW ASSET #1
01849
01850
01851
01852
S.E.S.W.



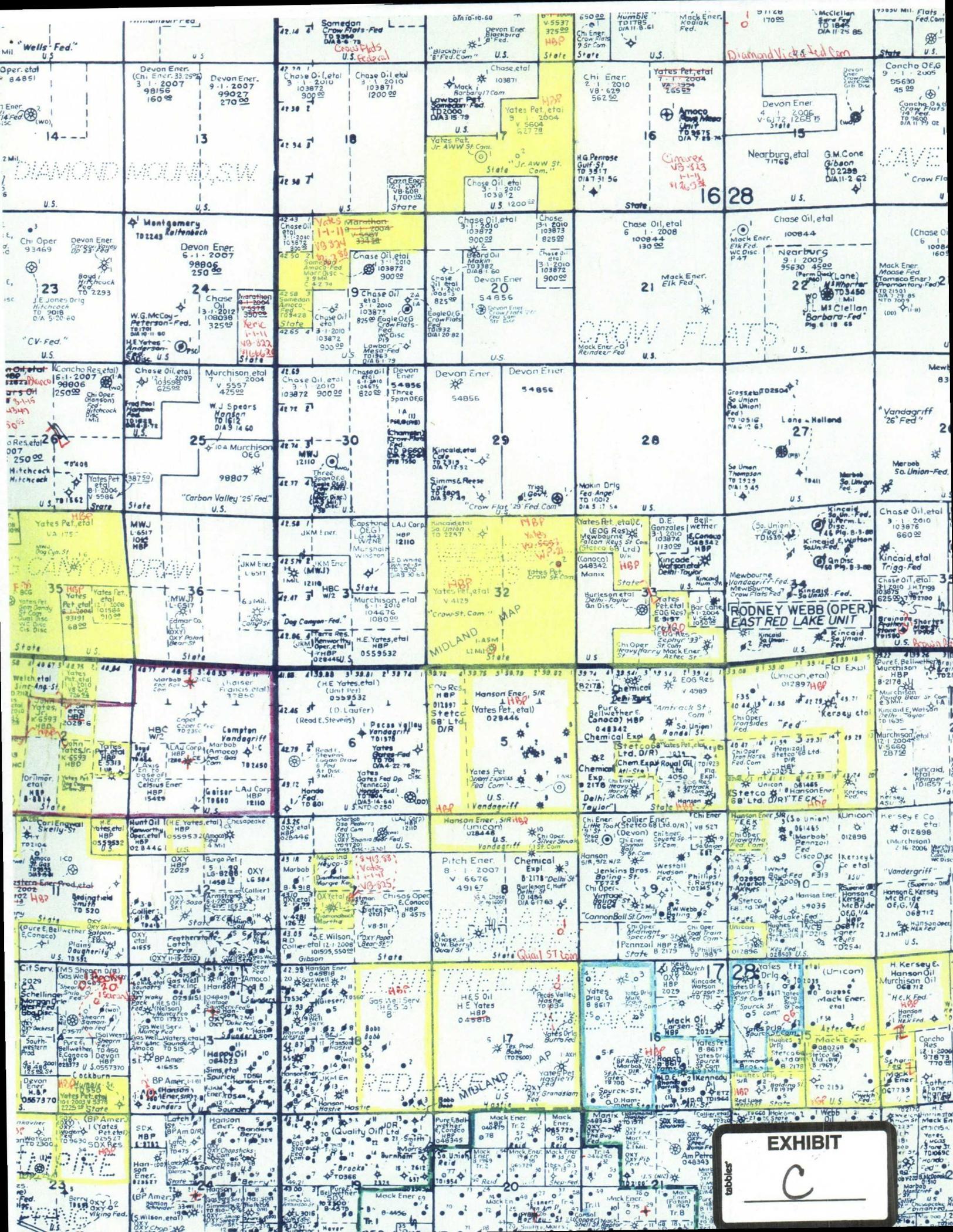
HEAD & BRANCHING
LOGAN DRILL #59280A.1
01795
01796
01797
C.S.M.V.W.



YATES PETROLEUM CORP.
CROW #1
Atoka Formation

tabbles
EXHIBIT
B

A



Wells-Fed.
U.S.

DIAMOND HOLLOW

CV-Fed.
U.S.

CROW

CROW

CROW

CROW

CROW

CROW

Somedon
Crow Flats-Fed
U.S. Federal

CROW FLATS

CROW FLATS

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Devon Ener.
Blackbird
U.S.

CROW FLATS

CROW FLATS

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Chase Oil et al
U.S.

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Yates Pet. et al
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Concho OEG
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EXHIBIT
C