

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

January 25, 1983

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Whitworth "RU" St. #3
Lease #L-6772
Sec. 12-T9S-R26E
990' FSL and 660' FWL
Chaves County, NM

Dear Sir,

Yates Petroleum Corporation would appreciate an administrative approval for a proposed unorthodox Pre-Cambrian oil well location as provided for under NMOC Rule 104F.

The referenced well requires the west half of section 12 be dedicated to it. We are requesting approval of this non-standard location for geologic reasons. This information has been sent to you in a separate letter.

Enclosed please find a copy of the lease map showing offsetting lease operators. Offsetting lease operators have been notified of our intentions by certified mail, via a xerox copy of this letter.

Formations we expect to drill through are: San Andres, Glorieta, Abo, Wolfcamp Limestone, Pennsylvanian, Mississippian, Montoya, Ellenburger, Pre-Cambrian.

Thank you for your help in this matter.

Sincerely,

Cy Cowan
Cy Cowan
Regulatory Agent
YATES PETROLEUM CORPORATION

CC/dw

enclosures

xc: Aikman Petroleum, Fred Pool

[illegible]

P 732 298 202

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Sent to	FEED Pao1
Street and No.	1508 1393
P.O., State and ZIP Code	Loswell, NM 88201
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1-25-83

P 732 298 201

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Sent to	Hikman Petroleum, Inc.
Street and No.	500 Texas Commerce Bldg.
P.O., State and ZIP Code	Amarillo, TX 79109
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1-25-86

P 732 298 200

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

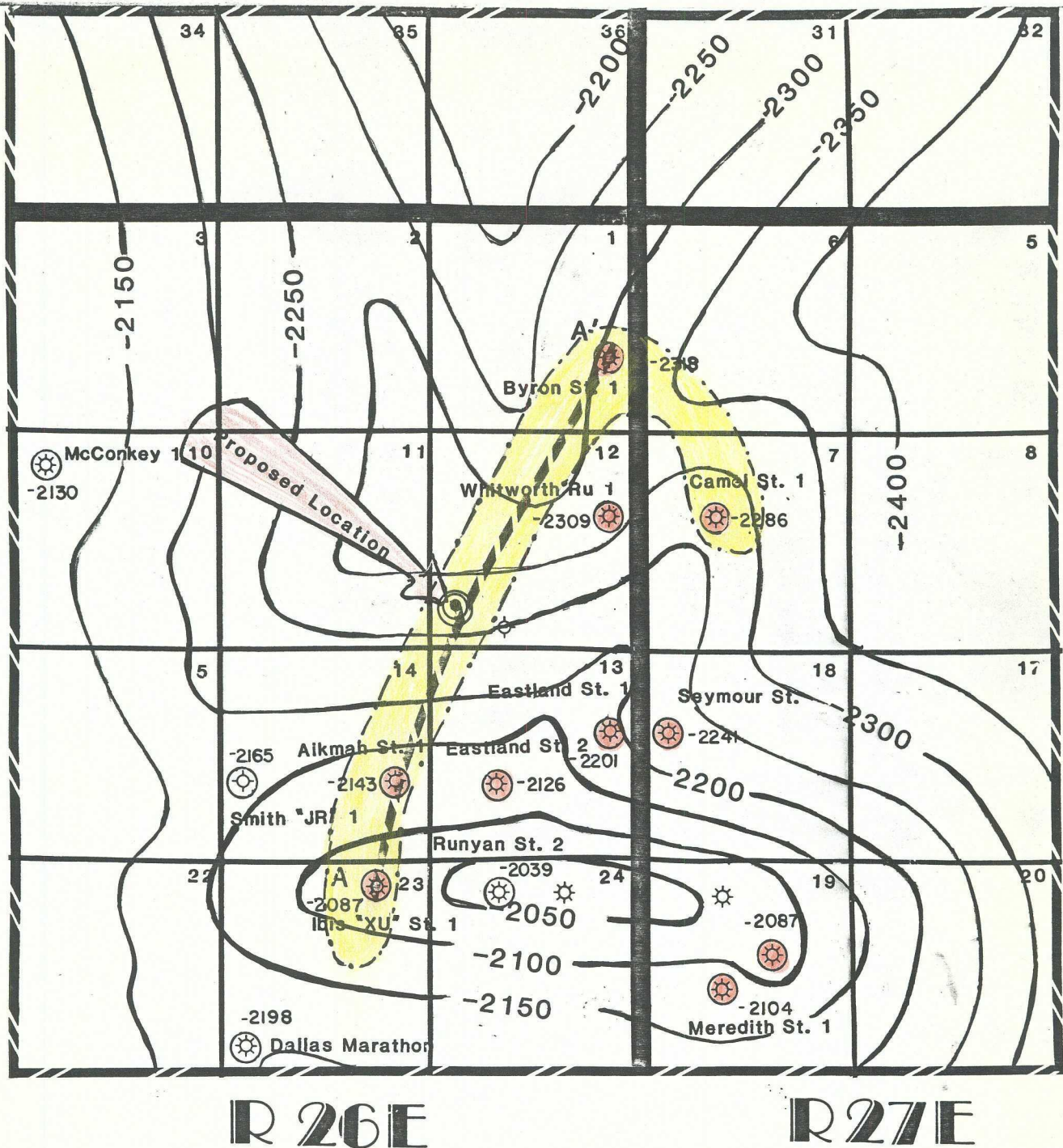
PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Sent to	MINNED
Street and No.	1515 Box 2058
P.O., State and ZIP Code	Sanita Fe, NM 87561
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1-25-86

TSS

TSS



LEGEND

⊙ Penetrates Unconformity

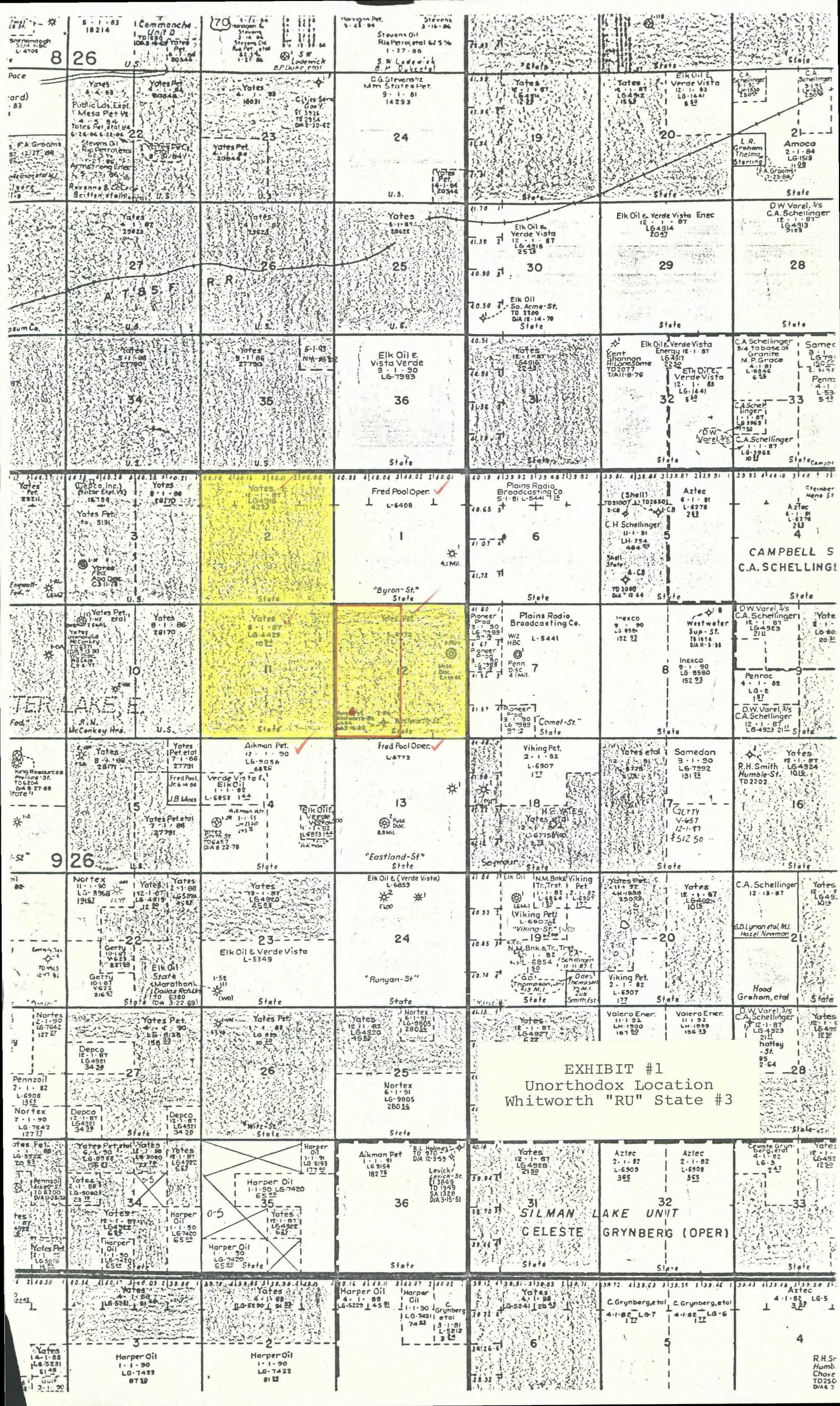
⊗ Pre-Permian Producers

⊙ ⊛ Producing from Younger Horizons

Structural Contours on top of the Unconformity
C.I. = 50'

Denotes Longshore Type Detrital Bar

EXHIBIT #2
Unorthodox Location
Whitworth "RU" State #3

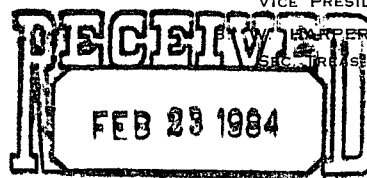


Immediate
that have been
notified earlier



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT



GEOLOGIC CONDITIONS
FOR
UNORTHODOX LOCATION
OF THE

YATES PETROLEUM CORPORATION WHITWORTH "RU" STATE #3
990' FSL & 660' FWL Section 12-T9S-R26E

NSL-1792
Rule 104 F II

Yates Petroleum Corporation respectfully requests administrative approval for the unorthodox location of its proposed Whitworth "RU" State #3 to be drilled 990 feet from the South line and 660 feet from the West line of Section 12, Township 9 South, Range 26 East, Chaves County, New Mexico. The West half of Section 12 would be dedicated to well.

The necessity of this unorthodox location is based upon geologic conditions.

Exhibit #1 is a land plat showing the proposed location and its relationship to the surrounding acreage situation. Yellow denotes acreage in which Yates has full or partial operating rights. The pro-ration unit is outlined in red.

The structure map shows that there is a small anticline with more than 100 feet closure below parts of Sections 13, 14, 23, and 24 of T9S, R26E and below Sections 18, 19 of T9S, R27E.

The Elk Oil Runyan #2 proves that the apex of this structure is devoid of Pre-Pennsylvanian sediments. The Mississippian and Ordovician formations have been found productive as they are truncated against this

granite knob. The better producers indicate that the wells must be above -2200 subsea datum on top of the unconformity to produce at a commercial rate. This is due to loss of permeability and porosity in the lower areas.

The exception to this is the Pool Byrom State #1 and the Pool Camel State #1. The wells are productive from below this datum from a relatively unconsolidated quartz rich sandstone marking the top of the unconformity. This zone is also present in the Elk Oil Aikman State #1 and the Yates Petroleum Ibis #1.

Subsurface mapping indicates that this is a linear sand body which was laid down in a shoreline environment; possibly a longshore type bar or a barrier island controlled locally by this positive granite knob. It is probably 3 or 4 miles long, but not more than 1/2 mile wide.

The Yates Whitworth "RU" State #1 (Cumulative Production through November, 1983 is 1,310 MCF) indicates if this sand body is not present the lower Paleozoics will be marginally productive.

Exhibit #3, cross-section A-A', shows the pertinent well tops and intervals picked by correlation. The detrital zone is indicated in red.

In summary, the proposed unorthodox location is the best allowable location in the West half of Section 12 which would enable the borehole to encounter this lenticular sandstone at its thickest interval and also penetrate it as structurally high as possible. It is anticipated that penetration of this sandstone is necessary to enhance earlier and greater recovery of gas reserves as the Mississippian and Ordovician formations will be only marginally productive. The well will be drilled

through to the Pre-Cambrian to ensure that the complete section is tested.

The above discussion of geologic conditions and Exhibits #2 and #3 were prepared by Leslie Bentz and Exhibit #1 was prepared under her direction. Leslie Bentz is employed by Yates Petroleum Corporation as a geologist in Artesia, New Mexico.

A handwritten signature in cursive script that reads "Leslie Bentz". The signature is written in dark ink and has a long, horizontal flourish extending to the right.

Leslie Bentz
Geologist
YATES PETROLEUM CORPORATION