

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

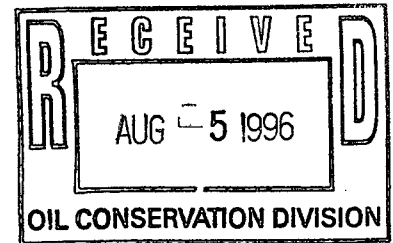
JACK M. CAMPBELL
OF COUNSEL

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

August 5, 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



Re: Application of Yates Petroleum Corporation for Amendment of Administrative Order NSL-3692, Eddy County, New Mexico

Dear Mr. LeMay:

Yates Petroleum Corporation hereby seeks amendment of Administrative Order NSL-3692 or, in the alternative, administrative approval of an unorthodox well location for its Mimosa AHS Federal No. 3-Y, 635 feet from the South Line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East, N. M. P. M., Eddy County, New Mexico.

By administrative Order No. NSL-3692 entered on July 11, 1996, the Division approved the application of Yates Petroleum Corporation for an unorthodox well location for its Mimosa AHS Federal No. 3 Well 660 feet from the South line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East, N. M. P. M., Eddy County, New Mexico.

Yates attempted to drill to the Undesignated Morrow formation at the approved unorthodox location but had problems with the hole and has had to plug and abandon this well. Yates obtained approval from the Bureau of Land Management to skid the rig 25 feet to the South and drill at a location 635 feet from the South line and 330 feet from the East line of said Section 4.

William J. LeMay, Director
August 5, 1996
Page 2

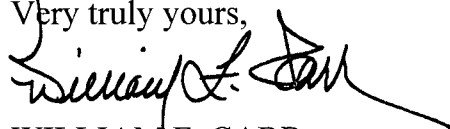
This unorthodox location in the Upper Pennsylvanian formation (South Dagger Draw Upper Pennsylvanian Pool) and Morrow formation, is necessary for topographical reasons. The standard surface location for the well is not a satisfactory drill site and the Bureau of Land Management refused to approve the standard location due to its being on a steep slope, as shown on Exhibit A, attached hereto.

There are no affected parties to whom notice of this application must be provided for Yates Petroleum Corporation is the operator of all adjoining and diagonal spacing units in these formations. See ownership plat attached hereto as Exhibit B.

Also attached hereto as Exhibits C, D and E are copies of Oil Conservation Division Form C-102 (Well Location and Acreage Dedication Plat) showing the new location for the well and copies of Federal Form 3160-5 (Sundry Notices and Reports on Wells) which reflect the Federal government's approval of the new well location.

Your attention to this administrative application is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

cc: Mr. Tim Gum, District Supervisor
Oil Conservation Division

Kathy H. Porter, CPL
Yates Petroleum Corporation

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
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number		Pool Code	Pool Name Undesignated Morrow
Property Code 012568	Property Name Mimosa AHS Federal		Well Number 34
OGRID No. 025575	Operator Name Yates Petroleum Corporation		Elevation 3795' GR

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
P	4	20S	24E		635	South	330	East	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 Acre	13 Joint or Infill	14 Consolidation Code	15 Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Rusty Klein</i> Signature Rusty Klein Printed Name Production Clerk Title August 2, 1996 Date
					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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION (505) 748-1471

3. Address and Telephone No.

105 South 4th St., Artesia, NM 88210

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

660' FSL & 330' FEL of Section 4-T20S-R24E (Unit P, SESE)

5. Lease Designation and Serial No.

NM-39635

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Mimosa AHS Federal #3

9. API Well No.

30-015-26694

10. Field and Pool, or Exploratory Area

Undesignated Morrow

11. County or Parish, State

Eddy Co., NM

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 Skid Rig
Junked & Abandoned
- ☐ 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.)

Al Springer, Drilling Engineer for Yates Petroleum Corporation received verbal permission from Adam Salameh w/BLM-Carlsbad to skid the rig 25' south due to severe hole problems.

The new location will be 635' FSL & 330' FEL of Section 4-T20S-R24E (Unit P, SESE) and the well name will be Mimosa AHS Federal #3-Y.

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

Signed

[Signature]

Title Operations Technician

Date Aug. 2, 1996

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

Exhibit D

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

5. Lease Designation and Serial No.

NM-39635

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

(505) 748-1471

3. Address and Telephone No.

105 South 4th St., Artesia, NM 88210

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

660' FSL & 330' FEL of Section 4-T208-R24E (Unit P, SESE)

8. Well Name and No.

Mimosa AHS Federal #3

9. API Well No.

30-015-26694

10. Field and Foot, or Exploratory Area

Undesignated Morrow

11. County or Parish, State

Eddy Co., NM

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 Plugging

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-Off

☐ Conversion to Injection

☐ Dispose Water

(Note: Report results of multiple completions 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.)

Plugging orders were obtained from Adam Salameh w/BLM-Carlsbad on August 2, 1996, to plug and abandon as follows:

TD 377'. Hole will be filled with ready-mixed cement all the way to surface and regulation abandonment marker will be installed.

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

Signed

[Signature]

Title Operations Technician

Date Aug. 2, 1996

(This space for Federal or field office use)

Approved by

Conditions of approval, if any:

Title

Date

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

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

MICHAEL H. FELDEWERT
TANNIS L. FOX
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

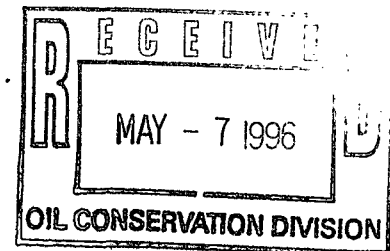
NSL-2PLS.16

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

May 7, 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



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

Dear Mr. LeMay:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F(2) adopted on January 18, 1996, and the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico, of an unorthodox well location for its Mimosa AHS Federal No. 3 Well to be drilled at a location 660 feet from the South line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.

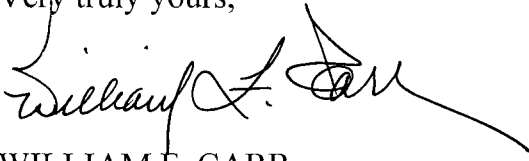
This unorthodox location in the Upper Pennsylvanian formation, (South Dagger Draw Upper Pennsylvanian Associated Pool and Morrow formation) is necessary for topographical reasons. The surface location for the well was not a satisfactory drill site and the Bureau of Land Management refused to approve a standard location due to it being on a steep slope, as shown on Exhibit A, attached hereto.

There are no affected parties to whom notice of this application must be provided for Yates Petroleum Corporation is the operator of all adjoining and diagonal spacing units in these formations. See ownership plat attached hereto as Exhibit B.

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
May 7, 1996
Page 2

Your attention to this request is appreciated.

Very truly yours,

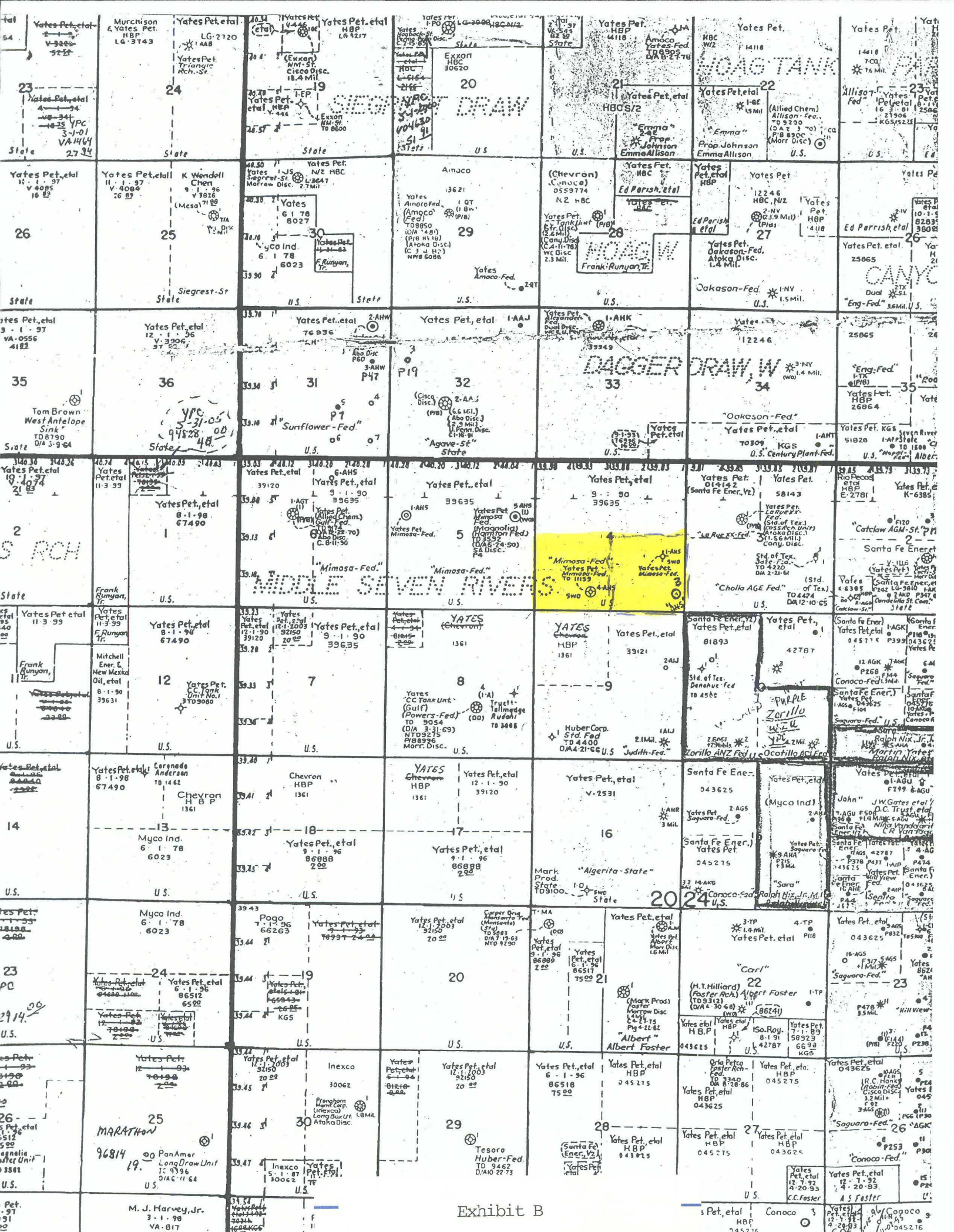
A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh
Enclosures

cc: Mr. Tim Gum, District Supervisor
Oil Conservation Division

Kathy H. Porter, CPL
Yates Petroleum Corporation



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

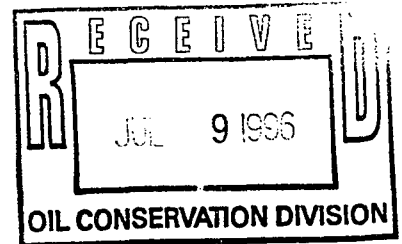
JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 8, 1996

HAND-DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy, Minerals
and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

ms.



Re: *Case 11539: Application of Yates Petroleum Corporation for an unorthodox well location, Lea County, New Mexico*

Dear Mr. Stogner:

Following our recent conversation concerning the above referenced application for hearing and companion application for administrative approval for the proposed unorthodox well location, I contacted Yates Petroleum Corporation concerning their plans for a completion in the Morrow formation.

As you noted, although Yates seeks an unorthodox location in both the Canyon and Morrow formations, the data supplied in support of its administrative application applies only to the Canyon or Upper Pennsylvanian. Yates advises that the primary objective is the Mimosa AHS Federal No. 3 Well in the Canyon or Upper Pennsylvanian formation. They anticipate encountering this formation at an approximate depth of 7600 feet. If Yates is able to make a well in this formation, they will not drill deeper. If, however, the Canyon is non-productive, Yates desires to drill to the Morrow at an anticipated approximate depth of 8900 feet and attempt to make a well in that formation. If the Morrow is also non-productive, Yates will return to the Division seeking authority to use this well as a disposal well in the Devonian formation.

Check
Cemetery-Morrow Gas

Check
Dagger Draw-Atoka Gas

Check
West Dagger Draw-Morrow Gas

North Dagger Draw-Upper Pennsylvanian

South Dagger Draw-Upper Pennsylvanian Associated

Dagger Draw-Wolfcamp Gas

Foster Ranch-Morrow Gas

Middle Seven Rivers-Upper Pennsylvanian Gas 320-acre

West Dagger Draw-San Andres 40

Cemetery-Strawn Gas 320

Cemetery-Wolfcamp Grs 320



ONGARD

07/08/96 14:15:55

C105-WELL COMPLETION OR RECOMP CASING LOG

OGOMES -EMD6

NEW MEXICO ENERGY, MINERALS

OIL CONSERVATION DIVISION

2040 South Pacheco Street

Santa Fe, New Mexico 87505

(505) 827-7131

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

Prop Identifier : 12568 MIMOSA AHS FEDERAL

API Well Identifier : 30 15 26694

Well No : 003

Surface Locn - UL : P Sec : 4 Twp : 20S Range : 24E Lot Idn :

Multiple comp (S/M/C): S TVD Depth (Feet) : 99999 MVD Depth (Feet):

Spud Date : P/A Date :

Casing/Linear Record:

S Size (inches)	Grade Weight (lb/ft)	Depth(ft) Top-Liner	Depth(ft) Bot-Liner	Hole Size (inches)	Cement (Sacks)	TOC (feet)	Code
--------------------	-------------------------	------------------------	------------------------	-----------------------	-------------------	---------------	------

E0004: No matching record found. Enter data to create.

PF01 HELP

PF02

PF03 EXIT

PF04 GoTo

PF05

PF06 CONFIRM

PF07

PF08

PF09 COMMENT PF10 TLOG

PF11

PF12



ONGARD

07/08/96 14:16:08

C101-APPLICATION FOR PERMIT TO DRILL

OGOMES -EMD6

NEW MEXICO ENERGY, MINERALS

OIL CONSERVATION DIVISION

2040 South Pacheco Street

Santa Fe, New Mexico 87505

Idr & NATURAL RESOURCES DEPARTMENT 28694 APD Status (A/I/P) : A

Opr Name, Addr: YATES PETROLEUM CORPORATION Aprvl/Cncl Date : 03-26-1991

105 S 4TH ST

ARTESIA, NM 88210

Prop Idn: 12568 MIMOSA AHS FEDERAL

Well No: 3

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----		-----	-----
Surface Locn : P	4	20S	24E				FTG 660 F S	FTG 330 F E
OCD U/L : P		API	County	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I) : F Ground Level Elevation : 3757

State Lease No: Multiple Comp (Y/N) : S
Prpsd Depth : 8000 Prpsd Frmtn : UPPER 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



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

July 11, 1996

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

Administrative Order NSL-3692

Dear Mr. Carr:

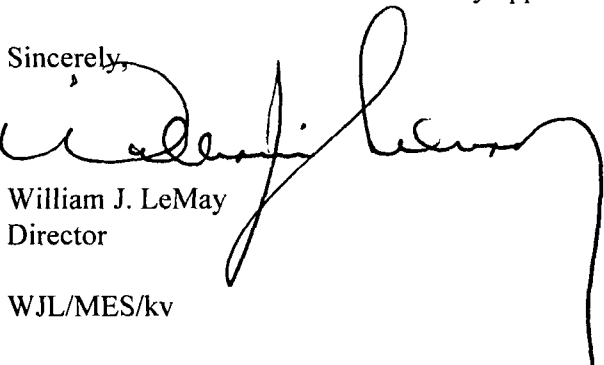
Reference is made to your application dated May 7, 1996 on behalf of the operator, Yates Petroleum Corporation, for an unorthodox location for both the Morrow formation and the Undesignated South Dagger Draw Upper Pennsylvanian Associated Pool for the proposed Mimosa "AHS" Federal Well No. 3. Said well to be drilled 660 feet from the South line and 330 feet from the East line (Unit P) of Section 4, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

The S/2 of said Section 4 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 either the Undesignated Cemetery-Morrow Gas Pool or Undesignated West Dagger Draw-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