

NSL 12/22/97

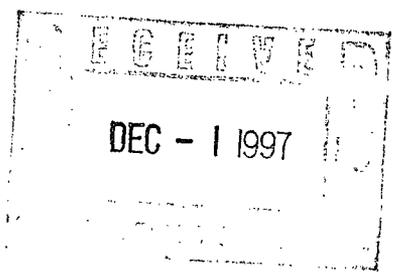
MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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

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November 25, 1997



New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

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 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for any and all oil production below the top of the Devonian formation for its proposed Unforgiven "ARZ" State #1 to be drilled at an unorthodox oil well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 40 acre spacing unit consisting of the NE/4SW/4 of Section 11, and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the NE/4SW/4 of Section 11. (See Exhibit # 1 enclosed)
- 2) Yates proposes to drill its Unforgiven "ARZ" State #1 an unorthodox oil well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2 enclosed)
- 3) The subject well is to be drilled at an unorthodox location in an attempt to penetrate the reservoir at the highest structural position possible based on 3-D seismic coverage over the feature. (See Exhibit # 3, enclosed)
- 4) Yates' geologic conclusion is that a well drilled at the closest standard location would not be at the optimum structural position within the fault block and would

also encroach upon other subtle faults that may be present. (See Exhibit # 4, N-S seismic line, enclosed)

- 5) In the event the Devonian is not capable of commercial production in this well, then Yates intends to test the San Andres formation that will also be at an unorthodox well location.
- 6) The opportunity to test for production from the San Andres formation within this spacing unit can most economically be attempted with this wellbore rather than drilling another well to simply test the San Andres.
- 7) The lease on which the well will be drilled is the whole section and will encroach only this lease. (See Exhibit # 1, enclosed)
- 8) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibit #1 and #5)

Wherefore, Yates Petroleum Corporation requests that this matter be approved administratively by the Division.

Respectfully submitted,

YATES PETROLEUM CORPORATION



Chuck Moran
Landman

Yates Petroleum Corporation
 Unforgiven "ARZ" State #1
 Exhibit #1

**TOWNSHIP 12 SOUTH - RANGE 27 EAST, NMPM
 CHAVES COUNTY, NEW MEXICO**

Yates Petroleum Corporation VO-4967 3	Yates Petroleum Corporation VO-4709 2	Federal Minerals Unleased	Marbob Energy NM-94591 1
Yates Petroleum Corporation VA-1411 10	Yates Petroleum Corporation VO-4699 11	Yates Petroleum Corporation VO-4700 12	
Yates Petroleum Corporation VA-1592 15	Yates Petroleum Corporation VO-4710 14	Yates Petroleum Corporation VO-4701 13	

Unforgiven ARZ State #1
 Section: 11
 2350 feet from South Line
 1800 feet from West Line

VO 076

-  Forty Acre Spacing for Unforgiven ARZ State #1
-  Forty Acre Spacing - Devonian Oil Well

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name UNFORGIVEN "ARZ" STATE		Well Number 1
OGRID No.	Operator Name YATES PETROLEUM CORPORATION		Elevation 3688

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	11	12S	27E		2350	SOUTH	1800	WEST	CHAVES

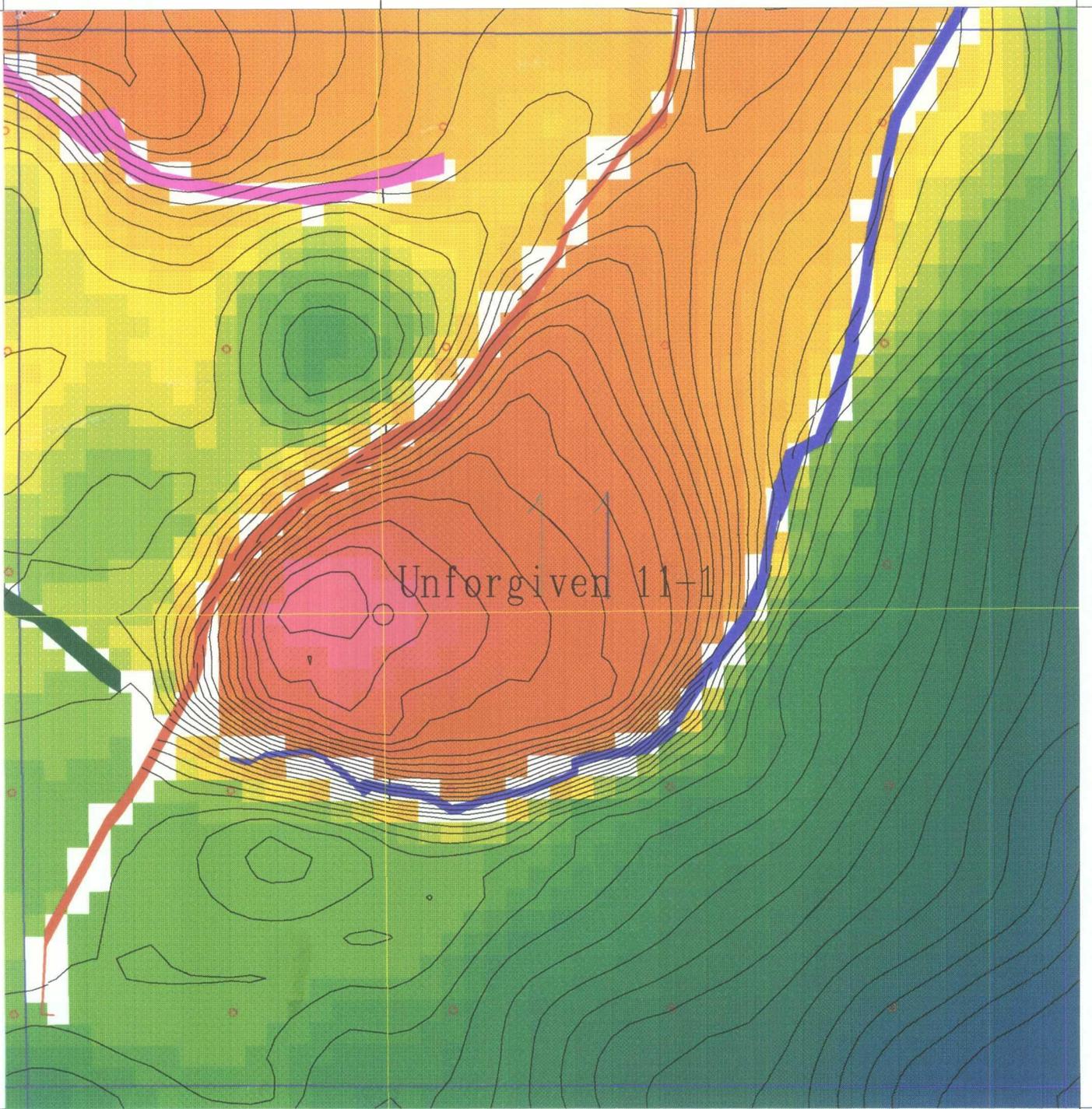
Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint 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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date Surveyed 10/20/97</p> <p>Signature _____ Professional Surveyor</p> <p>Yates Petroleum Corporation Unforgiven "ARZ" State #1 Exhibit #2</p> <p>HERSCHELL JONES NEW MEXICO 3640 SURVEYOR</p> <p>Certified by AG, Herschell Jones RLS 3640 UNFORGIVEN "ARZ" #6 GENERAL SURVEYING COMPANY</p>



Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #3

HRZ:Devonian ? (900.25,943.38)

Unforgiven 3-D
Devonian Time Structure

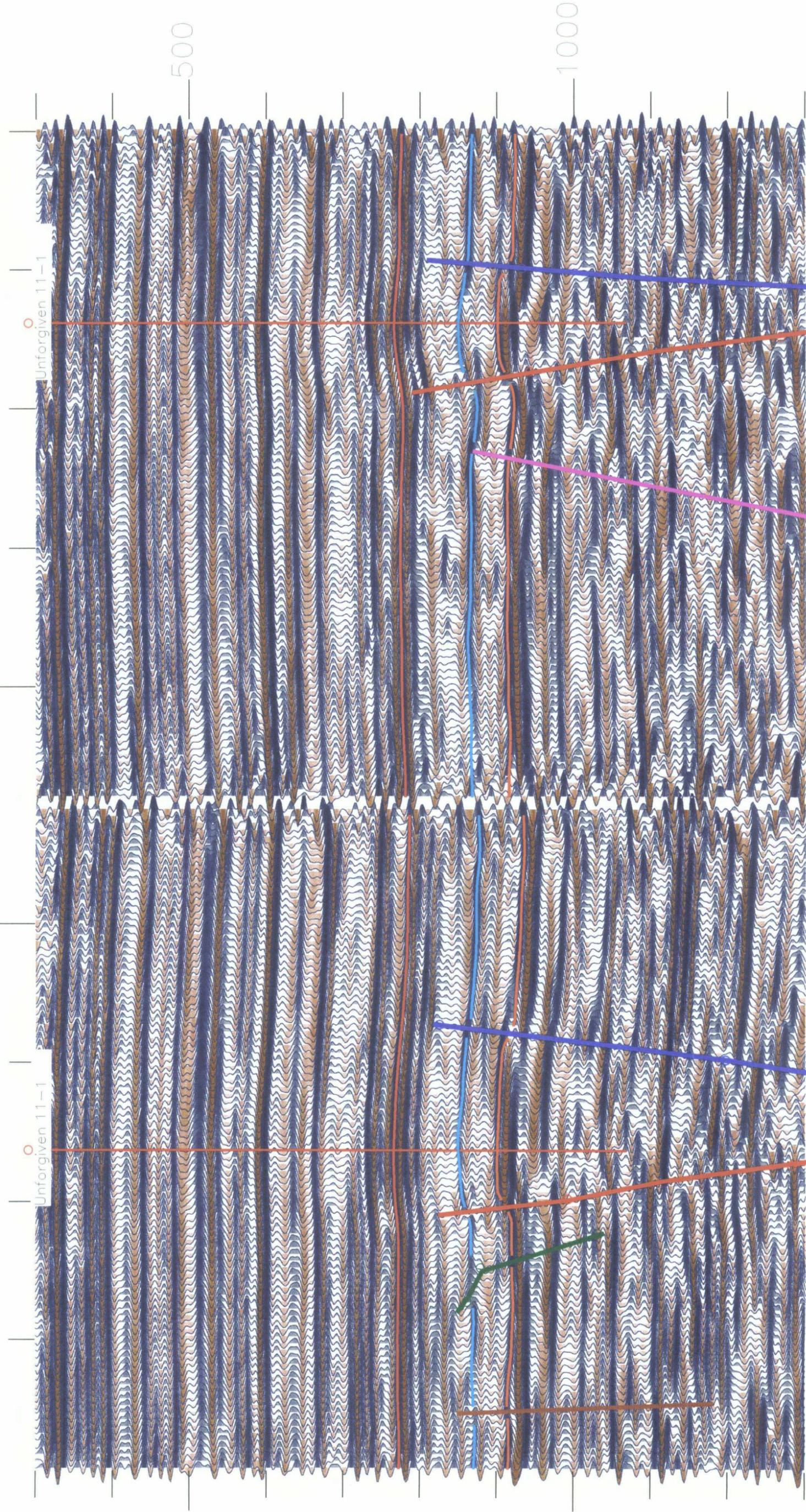
0' 750' 1500'



1" = 750 feet

1048
1100

1100
1067



LINE 1000
LINE 1000
mig3201.3dv
W
S

Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #5

AFFECTED PARTIES

Offset Operator: Yates Petroleum Corporation