

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVER SHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling  
 NSL     NSP     DD     SD

Check One Only for [B] and [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

RECEIVED

FEB 16 1998

Oil Conservation Division

[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

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr  
 Print or Type Name

*William F. Carr*  
 Signature

Attorney  
 Title

2/18/98  
 Date

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
ANTHONY F. MEDEIROS  
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  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

February 16, 1998

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RECEIVED

FEB 16 1998

Oil Conservation Division

Re: *Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Ed Wood "ASE" Federal Well No. 1, 330 feet from the East line and 660 feet from the West Line of Section 12, Township 24 South, Range 23 East, NMPM, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Ed Wood "ASE" Federal Well No. 1, 330 feet from the East line and 660 feet from the West line of Section 12, Township 24 South, Range 23 East, NMPM, Eddy County, New Mexico. Yates proposes to re-enter this wellbore which was originally drilled at an orthodox location in the Upper Pennsylvanian formation and deepen and re-complete it in Morrow formation at a projected total depth of approximately 10,850 feet. The N/2 of Section 12 will be dedicated to the well.

This location in the Morrow formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary.

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources

February 16, 1998

Page 2

This unorthodox location is required by geological conditions in the Morrow formation.. Attached hereto as Exhibit A Structure Map on the Top of the Lower Morrow which shows the proposed location should be on strike with current Morrow production in the area. Exhibit B is a net sand map which shows a well at the proposed location should encounter 40 to 45 feet of net sand thickness in the Morrow Clastics. Exhibit C is a geological explanation which demonstrates that the proposed location is the optimum location for a Morrow well in this spacing unit.

Attached hereto as Exhibit D 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. Yates Petroleum Corporation is the designated operator of all the immediately adjoining and diagonal spacing units in the Morrow formation towards which the unorthodox well location encroaches. Accordingly, there are no affected parties to whom notification of the application should be provided.

Also enclosed is a proposed order approving this application.

Your attention to this matter is appreciated.

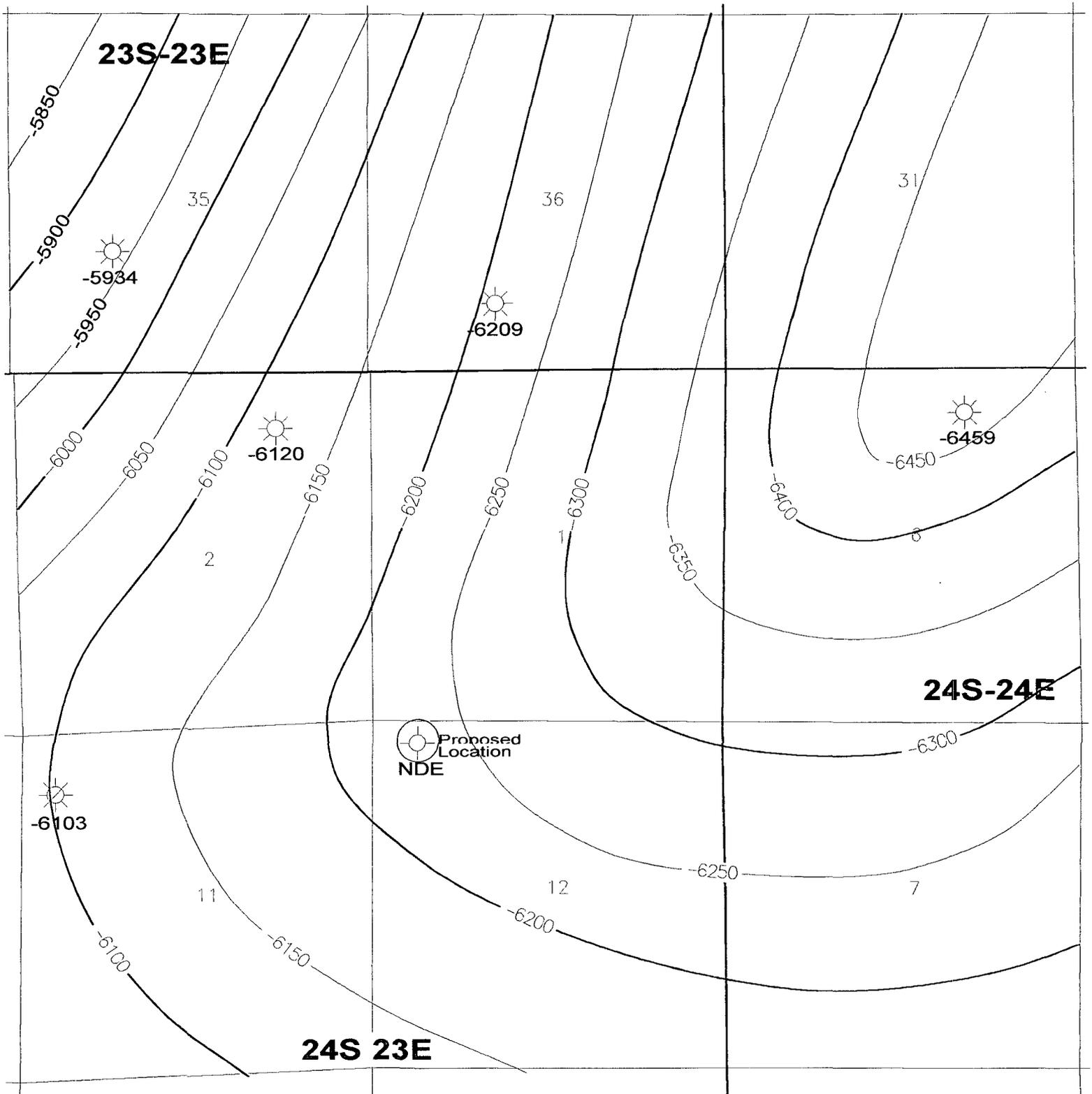
Very truly yours,



WILLIAM F. CARR  
Attorney for Yates Petroleum Corporation

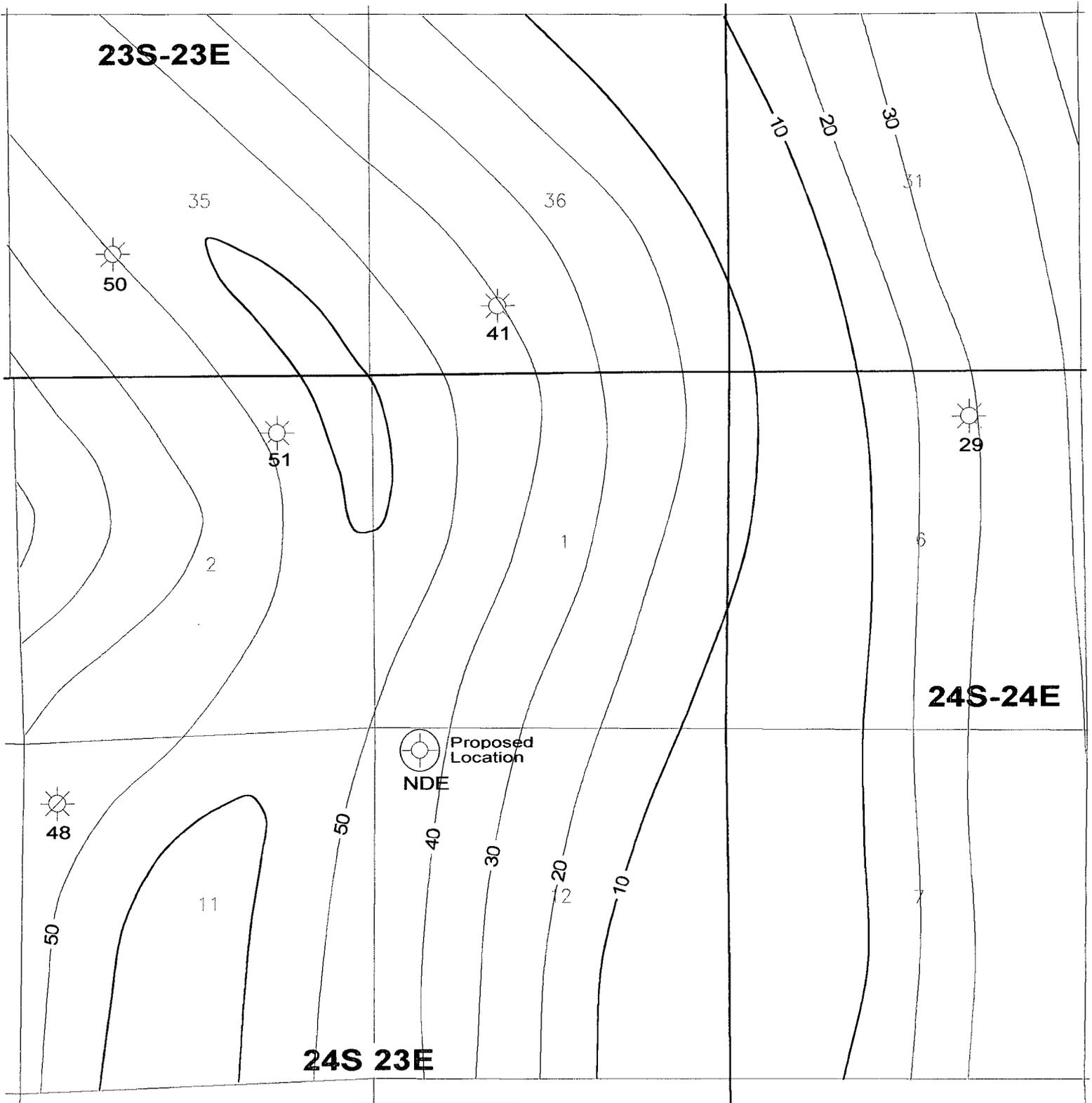
Enclosures

cc: Ms. Janet Richardson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88201



<b>Yates Petroleum Corporation</b>		
<b>Ed Wood "ASE" Fed. #1 Structure Map Top of Lower Morrow</b>		
Geol: Brent May	Scale 1:24000.	2/5/98
T. Fuentes		23S24EHS.gpf

**EXHIBIT A**



Yates Petroleum Corporation		
Ed Wood "ASE" Fed. #1 Net Sand Map / Morrow Clastics GR ≤ 50 API		
Geol. Brent May		2/5/98
T. Fuentes	Scale 1:24000.	23S2324E.gpf

**EXHIBIT B**

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



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

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

## GEOLOGICAL EXPLANATION OF THE ED WOOD "ASE" FEDERAL #1

Yates Petroleum seeks approval of the Ed Wood "ASE" Fed. #1, an unorthodox location in the NW/4 of Section 12 of Township 24 South - Range 23 East. Yates proposes to re-enter the existing borehole, which was originally TD'd in the Strawn Formation at 9400 feet, and deepen to the Morrow Formation at a projected total depth of 10850 feet. The primary objective of the proposed re-entry is to test the hydrocarbon potential of the Morrow Formation and secondary objectives are in the Strawn and Atoka formations.

The structure map, with the top of the Lower Morrow as a datum, shows the proposed re-entry near a southwest-northeast trending syncline. The location should be 10 to 15 feet lower than a Morrow producer in section 36 in the township to the north. Basically, the location is on strike with current Morrow production.

The net sand map shows the limits of the depositional center of the Morrow Clastics. The map is a "clean" gamma ray (less than 50 API units) in thickness of feet for the Morrow Clastics interval. The proposed re-entry should have a net sand thickness of 40 to 45 feet, which similar to current Morrow producers.

The proposed re-entry is in the optimum location for structure and sand thickness. Economically, the re-entry is prudent because Yates only has to drill approximately 1500 feet instead 10850 feet. Also, existing locations are at a premium in the area because of rough topography.



(DATE)

**DRAFT ADMINISTRATIVE ORDER**

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Janet Richardson

*Administrative Order NSL-\_\_\_\_\_*

Dear Ms. Richardson:

Reference is made to your application dated February 16, 1998 for an unorthodox well location for the Ed Wood "ASE" Federal Well No. 1 located 330 feet from the East line and 660 feet from the West line (Unit D) of Section 12, Township 24 South, Range 23 East, NMPM, Eddy County, New Mexico. This well was originally drilled to the Upper Pennsylvanian formation and Yates now proposes to re-complete the well and drill to a depth sufficient to test the Morrow formation.

A 320-acre spacing and proration unit in the Morrow formation comprising the N/2 of said Section 12, is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

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