

DATE IN 8/29/08	SUSPENSE	Brooks	LOGGED IN 8/29/08	NSL	TYPE	APP NO. PKVR0824253901
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Yates Petroleum
Reba State #5
5923*

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

RECEIVED
 2008 AUG 29 PM 2 54

[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 _____ Attorney _____ 8-29-08
 Print or Type Name Signature Title Date
 omundsdry@hollandhart.com
 e-mail Address



August 29, 2008

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 Reba State Unit Well No. 5 located 2300 feet from the South line and 1650 feet from the West line of Section 32, Township 11 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

API No. 30-025-31243 formerly Kerr-McGee
S/2 32 #1

Pursuant to the provisions of Division Rule 104 F (2), Yates Petroleum Corporation ("Yates") hereby seeks administrative approval of an unorthodox well location for its Reba State Unit Well No. 5 located 2300 feet from the South line and 1650 feet from the West line of Section 32, Township 11 South, Range 35 East, N.M.P.M., Lea 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 which provide for wells on 320-acre spacing to be located no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed location is unorthodox because it is only 340 feet from the northern boundary of the spacing unit.

This well was originally drilled by Kerr McGee this well as a Devonian test. As discussed by Mr. Amiet in **Exhibit A**, Yates would like to test several prospective Atoka zones. **Exhibit B** shows the location of the proposed well. **Exhibit C** is a Cross Section A-A' which shows the pay zones in yellow.

Attached hereto as **Exhibit D** is a plat as required by Rule 104.F (3). Yates is the operator of the Reba State Unit and is therefore also the offset operator towards which the well is encroaching and holds 100% of the working interest in Section 32. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

The proposed location is the most efficient and reasonable way to develop these potential reserves and would be in the best interest of conservation and the prevention of waste.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enclosures

cc: Mr. Robert Bullock

REQUEST FOR LOCATION EXCEPTION – REBA STATE UNIT # 5

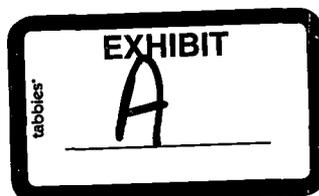
Yates Petroleum Corporation is requesting a location exception for the Reba State Unit # 5 re-entry well. The re-entry candidate was originally drilled by Kerr McGee in 1991. The re-entry location is 1650' FWL and 2300' FSL of section 32, T11S R35E. The geologic targets for the Reba # 5 well are several bypassed lower Atoka sands from 12,000' to 12080'.

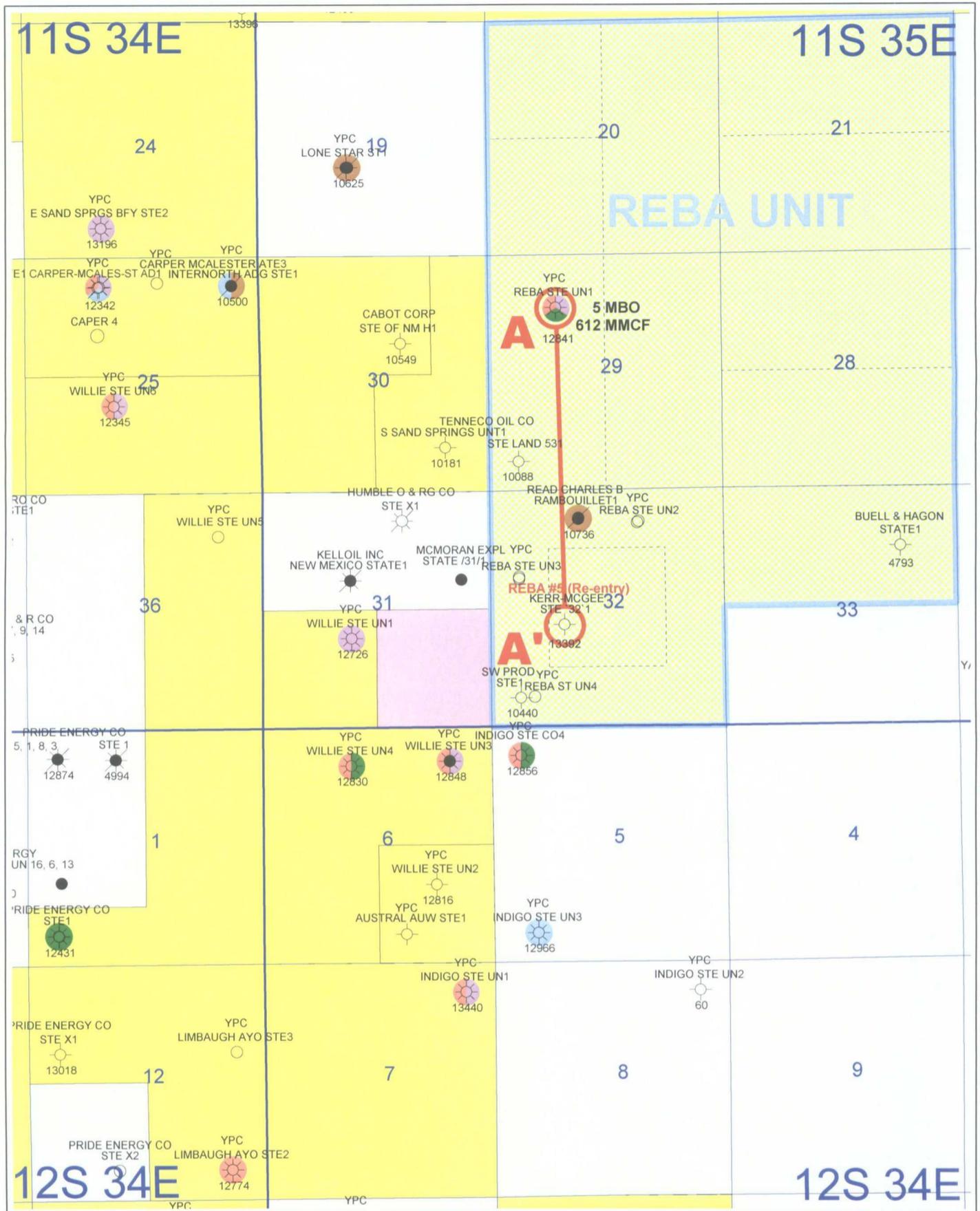
The attached map shows the location of the Reba # 1 and the Reba # 5 re-entry. The productive lower Atoka wells are colored red. The Reba well has a cumulative production of 5 MBO and 612 MMCF thru June with the majority of the production coming from the lower Atoka. Cross section A-A' shows the pay zones (highlighted in yellow) of the Reba # 1 well compared to the re-entry well. The Reba # 5 (re-entry) has a thicker pay zone and should have better production than the Reba # 1.

Yates has a 100% interest in section 32 and the proposed re-entry will not encroach on any other lease holders. The estimated re-entry and completion costs for the Reba St. Unit #5 well are \$1,583,00. Re-entering the existing wellbore will save approximately \$1,400,000 over the cost to drill a new well. There is risk since the original Kerr McGee well tested water on a DST, but the well is updip from the productive Reba # 1 well. This proposed re-entry is the most efficient and economic way to develop these potential reserves, and would be in the best interest of conservation and the prevention of waste for the State of New Mexico and Yates Petroleum. Yates has been very active in this area and has already drilled one well in the Reba State Unit. If the Reba re-entry is successful, Yates has several more locations staked.



John Amiet 505-748-4312





Production Key

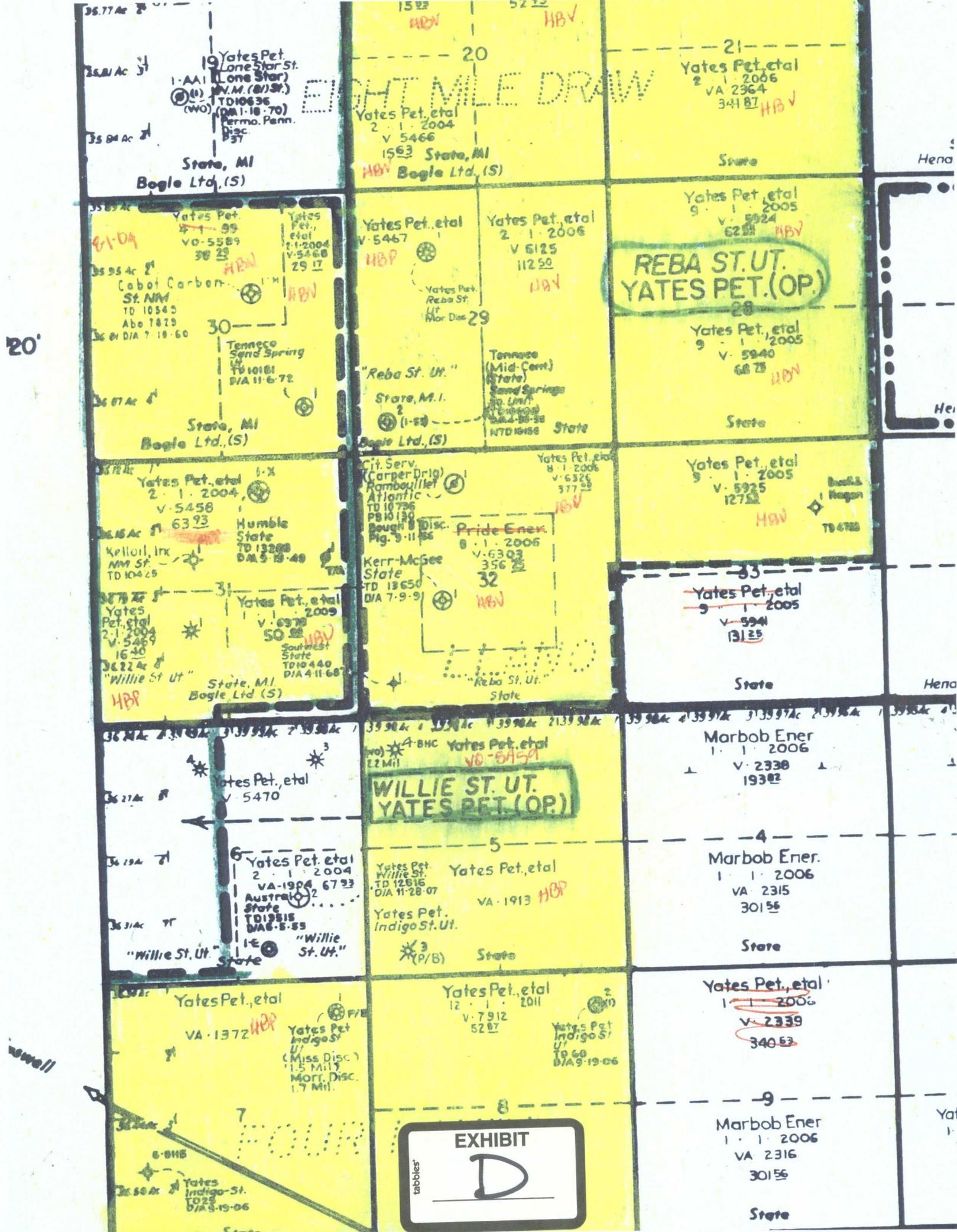
	B/Abo
	Upper Penn
	Atoka
	Morrow
	Austin



REBA STATE UNIT #5 (Re-entry)
Lea County, New Mexico

Author: JOHN AMIET		Date: 20 August, 2008
	Scale: 1" = 3000'	JA Reba St Un #5 Area Map.gmp





EIGHT MILE DRAW

REBA ST. UT. YATES PET. (OP.)

WILLIE ST. UT. YATES PET. (OP.)

EXHIBIT
D

20'

uswell

Hena

He

Hena

Yat

36.77 Ac
19 Yates Pet. et al
Lone Star St.
(1) N.M. (8/13/70)
TD10636
(WO) (DA 1-18-70)
Permo. Penn.
Disc.
37
State, MI
Bogle Ltd. (S)

1522 HBV
5222 HBV
20
Yates Pet. et al
2-1-2004
V 5466
1563 State, MI
HBV Bogle Ltd. (S)

21
Yates Pet. et al
2-1-2006
VA 2364
34187 HBV
State

35.89 Ac
Yates Pet. et al
1-1-99
VO-5589
3829 HBV
35.95 Ac
Cobol Carbon St. NW
TD 10545
Abo 1829
36.84 DIA 7-18-60
30
Tenneco Sand Spring
UT
TD 10181
D/A 11-6-72
36.87 Ac
State, MI
Bogle Ltd. (S)

Yates Pet. et al
V 5467 HBV
Yates Pet. et al
2-1-2006
V 6125
11250 HBV
Yates Pet. et al
Reba St.
UT
Mor Disc 29
"Reba St. Ut."
State, M.I.
2
(1-22)
Bogle Ltd. (S)
Tenneco (Mid-Cent)
State
Sand Springs
No. Unit
Tenneco
D/A 4-28-38
NTD 10188 State

Yates Pet. et al
9-1-2005
V 5924
6258 HBV
Yates Pet. et al
9-1-2005
V 5940
6875 HBV
State

35.78 Ac
Yates Pet. et al
2-1-2004
V 5458
6393
36.16 Ac
Kellon, Inc.
MM SF
TD 10425
36.75 Ac
Yates Pet. et al
2-1-2004
V 5469
1640
36.22 Ac
"Willie St. Ut."
State, MI
Bogle Ltd. (S)
HBV

Cit. Serv.
(Carper Drig)
Rambouillet
Atlantic
TD 10796
PB 10130
Bough Disc.
Fig. 9-11-86
Pride Ener.
8-1-2006
V 6303
35625
Kerr-McGee
State
TD 13650
D/A 7-9-91
HBV
32
"Reba St. Ut."
State

Yates Pet. et al
8-1-2006
V 6326
37725 HBV
Yates Pet. et al
9-1-2005
V 5925
12752 HBV
33
Yates Pet. et al
9-1-2005
V 5941
13125 HBV
State

36.21 Ac
Yates Pet. et al
V 5470
36.19 Ac
Yates Pet. et al
2-1-2004
VA-1904 6793
Australo State
TD 13915
D/A 6-8-83
"Willie St. Ut."
State
3
"Willie St. Ut."

35.98 Ac
Yates Pet. et al
VO-5459
WILLIE ST. UT.
YATES PET. (OP.)
Yates Pet. et al
Willie St.
UT
TD 12615
D/A 11-28-07
Yates Pet. et al
Indigo St. Ut.
VA-1913 HBV
3
(P/B)
State

35.98 Ac
Marbob Ener
1-1-2006
V 2338
19382
35.97 Ac
Marbob Ener.
1-1-2006
VA 2315
30156
State

Yates Pet. et al
VA-1372 HBV
Yates Pet. et al
Indigo St.
UT
(Miss Disc.)
1.5 Mil
Mor. Disc.
1.7 Mil.
6-BHS
Yates
Indigo St.
UT
TD 68
D/A 9-19-66

Yates Pet. et al
12-1-2011
V 7912
5287
Yates Pet. et al
Indigo St.
UT
TD 68
D/A 9-19-66

Yates Pet. et al
1-1-2006
V 2339
34063
9
Marbob Ener
1-1-2006
VA 2316
30156
State



30025365270000
 YATES PETROLEUM CORP
 REBA STATE UNIT 1
 4160 KB
 011.0S 035.0E 029



30025312430000
 KERR MCGEE CORP
 STATE '32' 1
 4178 KB
 011.0S 035.0E 032

