

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



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

NSL 10/29/98

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

OCT - 9 1998

October 6, 1998

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87508

CERTIFIED MAIL  
Return Receipt Requested

RE: Application for Unorthodox Location  
Duke ARP Fed Com #1  
S/2 Section 14, T17S, R27E  
Eddy County, New Mexico

~~4164~~  
4165

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Morrow gas well, the Duke ARP Fed Com #1. This well is staked on Federal minerals, 1980' FSL and 990' FWL of Section 14, T17S-R27E, for geological reasons. All possible standard locations in the south half 320-acre proration unit were carefully considered but were deemed undrillable due to high potential for economic waste and poorer quality Morrow sands. We further request this well location be approved for all formations developed on 320-acre spacing in the south half of Section 14.

Notification to the offset operators was made by certified mail on October 7, 1998, including a copy of this application letter with all attachments. We request this unorthodox location be administratively approved if no objections are received within the cited twenty (20) days, or earlier if waivers are received.

Enclosed are Forms C-101 and C-102, a land plat showing all offset operators, a list of the offset operators, and an isopach map depicting the thickness and trend of the upper Morrow clastics.

The exhibit is an isopach map of the upper Morrow Clastics "Hondo Channel" informally named for the Amoco Hondo #1 well in Unit J of Section 27 from which significant production from this sand body was first obtained. Double circled well spots are Morrow penetrations. Red colored well spots indicate gas production from the "Hondo Channel". The contour interval is 10 feet. The spacing unit is outlined in red and the proposed location is pointed out.

The isopach map depicts the thickness and trend of the Hondo distributary channel in the environs of the subject spacing unit. The four red wells on the map that have established economic production from this sand reservoir had thicknesses greater than 30 feet; however, 2 wells with thicknesses in excess of 30 feet were too tight to economically produce (Maralo Berry Fed #2 in Unit O, Section 22, and Amoco Arco Fed #1 in Unit L, Section 26).

The Amoco Hondo Federal #1 in Unit J of Section 27 had a total cumulative production of 7.6 BCF and 78 MBC and is now plugged back to the Wolfcamp. The OXY Thor Federal #1 in Unit K of Section 15 was completed 5-19-1998 for 1775 MCFPD + 20 BCPD + 4 BWPD. The Yates Logan "ASO" Federal #1 in Unit J of Section 15 was only recently put on line and is currently producing 4666 MCFPD + 96 BCPD + 0 BWPD. The newest well producing from the "Hondo Channel" is the OXY Duchess State #1 in Unit F of Section 14 and is currently producing 4761 MCFD + 105 BCPD + 0 BWPD.

Mr. Michal Stogner  
NMOCD  
Page 2

The proposed location should encounter more than 40 feet of the "Hondo Channel" sand and thus should obtain the maximum amount of hydrocarbon product remaining in the South half of Section 14.

Yates believes approval of the unorthodox Duke ARP location would be in the best interest of conservation, would protect correlative rights, and would allow for the most complete recovery of gas-in-place.

Please call me at 505-748-4351 if you need further information

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**



Robert Bullock  
Landman

RB:bn  
enclosure(s)

OFFSET OPERATOR NOTIFICATION  
Unorthodox Location  
Duke "ARP" Federal Com #1  
Township 17 South, Range 27 East  
Section 14: 1980' FSL & 990' FWL  
Eddy County, New Mexico

OXY USA Inc.  
Box 50250  
Midland, Texas 79710

Altura Energy Ltd.  
PO Box 4294  
Houston, Texas 77210-4294

ARCO Permian  
PO Box 1610  
Midland, Texas 79702

Maralo, Inc.  
Lowe Partners, LP  
5151 San Felipe, Suite 400  
Houston, Texas 77056-3607

Wayne Resler  
Route 1, Box 1631  
Boerne, Texas 78006

Bonnie Resler Karlsrud  
840 Crescent  
Boulder, Colorado 80303

Wilson & Barr  
Oil & Gas Explroation  
500 North Loraine, Suite 1070  
Midland, Texas 79701

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER  SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 YATES PETROLEUM CORPORATION

3. ADDRESS AND TELEPHONE NO.  
 105 South Fourth Street, Artesia, New Mexico 88210 (505)748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*)  
 At surface: 1980' FSL and 990' FWL  
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 Approximately 9 miles east of Artesia, New Mexico.

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 990'

16. NO. OF ACRES IN LEASE 80

17. NO. OF ACRES ASSIGNED TO THIS WELL 320

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH 9600'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3483' GR

22. APPROX. DATE WORK WILL START\* ASAP

5. LEASE DESIGNATION AND SERIAL NO.  
 NM-99028

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARMORLEASE NAME, WELL NO.  
 Duke "ARP" Federal Com.

9. AN WELL NO.

10. FIELD AND POOL, OR WILDCAT  
 Morrow

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Section 14, T17S-R27E

12. COUNTY OR PARISH | 13. STATE  
 Eddy County | New Mexico

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT  |
|--------------|----------------------|-----------------|---------------|---------------------|
| 12 1/4"      | 8 5/8"               | 24#             | 1650'         | 500 sx Circulate    |
| 7 7/8"       | 4 1/2"               | 11.6#           | TD            | 350 sx TOC at 8000' |

Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formations. Approximately 1650' of surface casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: 0-1650' Fresh Water; 1650'-5000' Fresh Water/Gel; 5000'-8500' Cut Brine 8500'-9600' Salt Gel/Starch/Drispac/2% KCL.

BOPE PROGRAM: BOPE will be nipped up on the 8 5/8" casing and tested daily for operation.

PLEASE NOTE: This Application For Permit To Drill is also the application for road access Right of Way.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Landman DATE October 6, 1998

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon  
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

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

|                    |  |  |  |                     |                    |
|--------------------|--|--|--|---------------------|--------------------|
| API Number         |  | Pool Code                                    |  | Pool Name<br>Morrow |                    |
| Property Code      |  | Property Name<br>DUKE ARP FEDERAL COM        |  |                     | Well Number<br>1   |
| GRID No.<br>025575 |  | Operator Name<br>YATES PETROLEUM CORPORATION |  |                     | Elevation<br>3483. |

<sup>10</sup> Surface Location

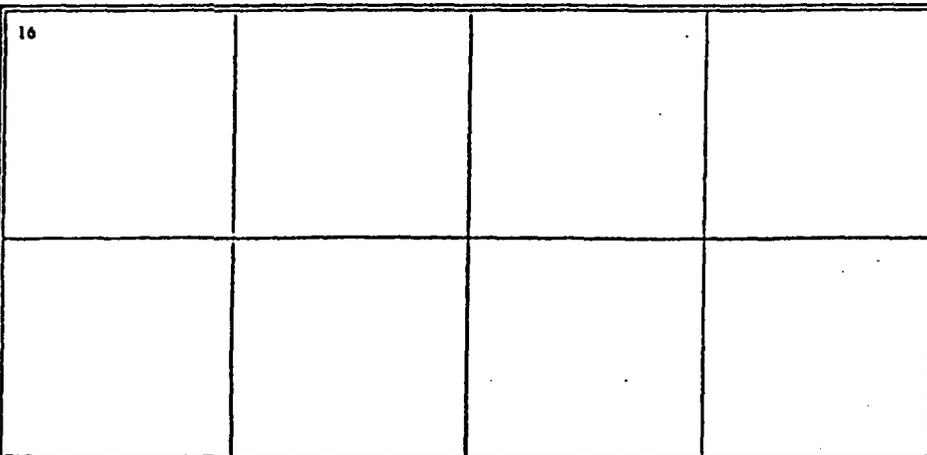
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 14      | 17-S     | 27-E  |         | 1980          | SOUTH            | 990           | WEST           | EDDY   |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                                      |                               |                                  |                         |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>320 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION

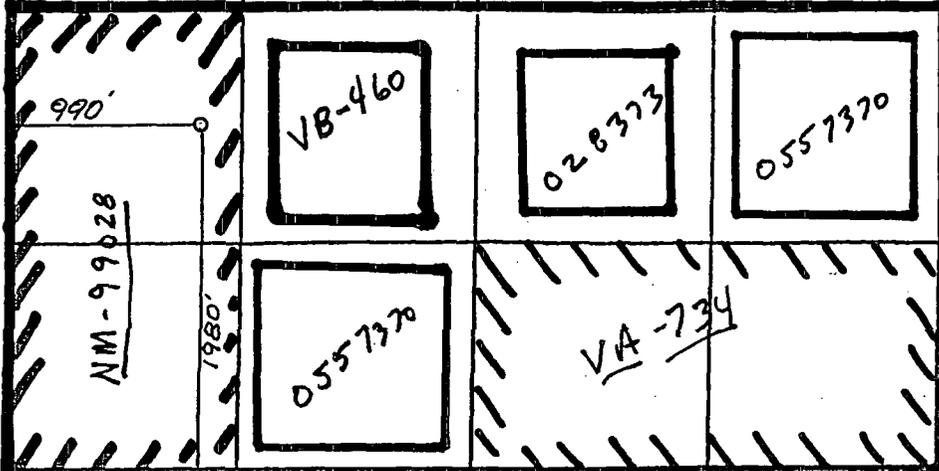
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Ken Beardemphl*

Printed Name: Ken Beardemphl

Title: Landman

Date: October 6, 1998



<sup>18</sup> 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.

OCTOBER 2, 1998

Date of Survey

Signature: *D. W. R. REDD*

Signature and Seal of Professional Surveyor:

NEW MEXICO REGISTERED LAND SURVEYOR ENGINEER 5412

Certificate Number: NM PRS PROFESSIONAL 5412



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DENNIS G. KINSEY  
TREASURER

October 7, 1998

OXY USA, Inc.  
Box 50250  
Midland, Texas 79710

**CERTIFIED MAIL**  
*Return Receipt Requested*

RE: Offset Operator Notification  
Unorthodox Location  
Duke ARP Fed Com #1  
Township 17 South, Range 27 East  
Section 14: 1980' FSL & 990' FWL  
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to drill the Duke ARP Fed Com #1 well at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in New Mexico Oil Conservation Division Rule 104.C (2) (b) (Revised 1/96).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and return same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Robert Bullock  
Landman

RB:bn  
enclosure(s)

***The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation.***

Company: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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Altura Energy Ltd.  
PO Box 4294  
Houston, Texas 77210-4294

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ARCO Permian  
PO Box 1610  
Midland, Texas 79702

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October 7, 1998

Maralo, Inc.  
Lowe Partners, LP  
5151 San Felipe, Suite 400  
Houston, Texas 77056-3607

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October 7, 1998

Wayne Resler  
Route 1, Box 1631  
Boerne, Texas 78006

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Bonnie Resler Karlsrud  
840 Crescent  
Boulder, Colorado 80303

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Wilson & Barr  
Oil & Gas Exploration  
500 North Loraine, Suite 1070  
Midland, Texas 79701

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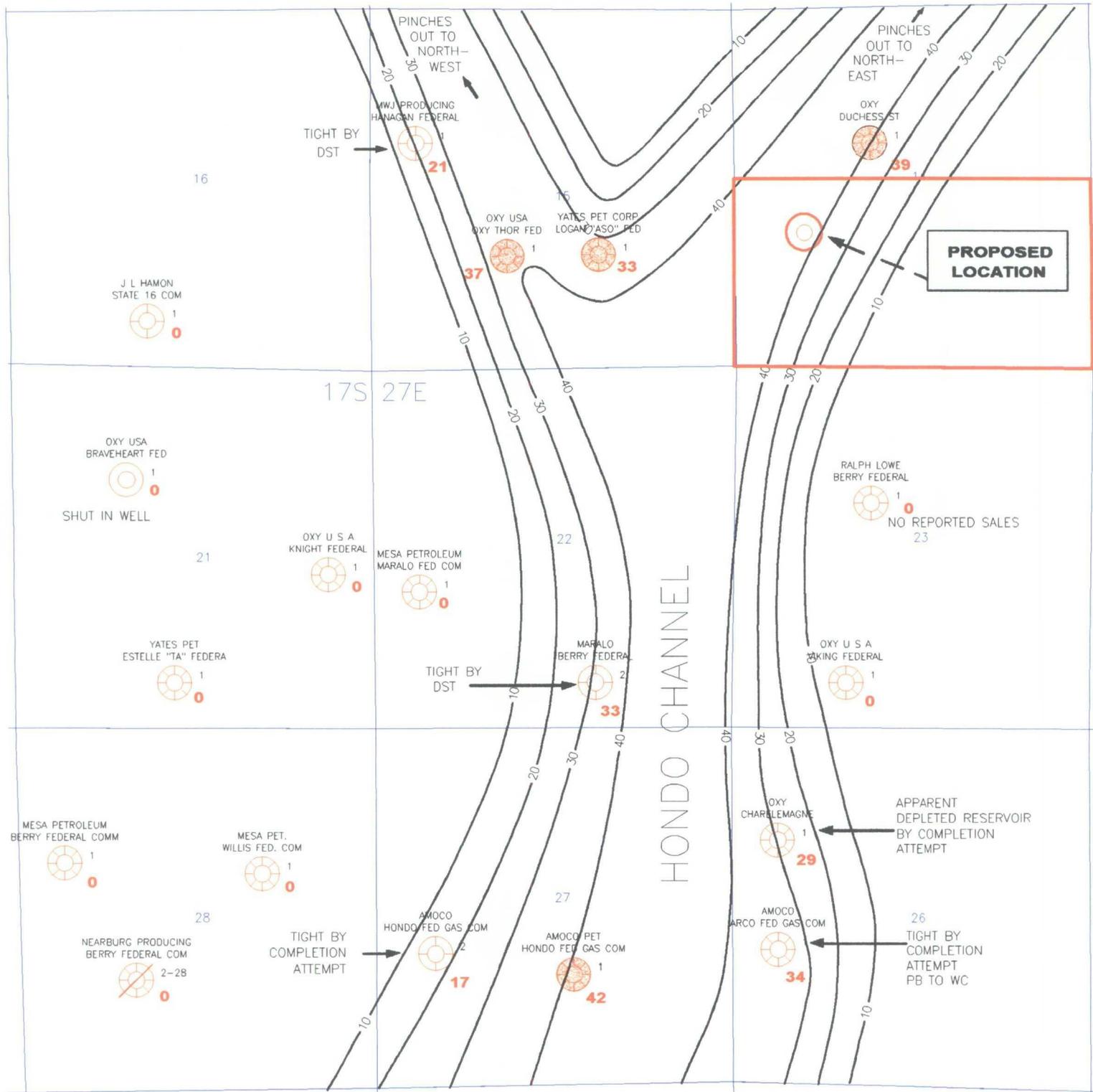
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Company: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**LEGEND**

-  Morrow Penetrations
-  Thickness of "Hondo Channel" Sand
-  "Hondo Channel" producers
-  Isopach Contours; C.I. = 10 feet

Scale: 1" = 2000'

N. M. Oil Cons. Division

811 S. 1ST ST.

ARTESIA, NM 88210-2834

UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

Form 3160-3 (July 1992)

SUBMIT IN TRIPPLICATE\*

(Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

5F

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL [X]

DEEPEN [ ]

b. TYPE OF WELL

OIL WELL [ ]

GAS WELL [X]

OTHER [ ]

SINGLE ZONE [ ]

MULTIPLE ZONE [ ]

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YATES PETROLEUM CORPORATION

25575

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At proposed prod. zone

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Unit L

LIKE APPROVAL BY STATE

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15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

990'

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80

17. NO. OF ACRES ASSIGNED TO THIS WELL

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TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

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9600'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3483' GR

22. APPROX. DATE WORK WILL START\*

ASAP

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BOPE PROGRAM: BOPE will be nipped up on the 8 5/8" casing and tested daily for operational

PLEASE NOTE: This Application For Permit To Drill is also the application for road access Right of Way.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

[Signature]

TITLE Landman

DATE October 6, 1998

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

(ORIG. SGD.) ARMANDO A. LOPEZ

Acting Assistant Field Office Manager, Lands and Minerals

NOV 02 1998

APPROVED BY

TITLE

DATE

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

|                     |  |           |  |                     |  |
|---------------------|--|-----------|--|---------------------|--|
| API Number          |  | Pool Code |  | Pool Name<br>Morrow |  |
| Property Code       | Property Name<br>DUKE ARP FEDERAL COM        |           |  | Well Number<br>1    |  |
| OGRID No.<br>025575 | Operator Name<br>YATES PETROLEUM CORPORATION |           |  | Elevation<br>3483.  |  |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 14      | 17-S     | 27-E  |         | 1980          | SOUTH            | 990           | WEST           | 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 Acres<br>320 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---------------------------|--------------------|-----------------------|--------------|

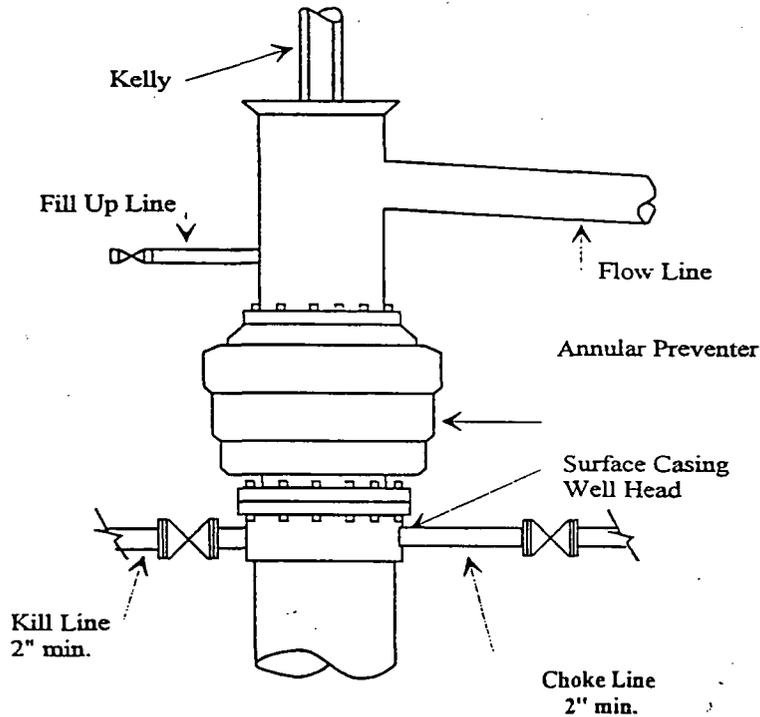
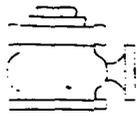
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|    |  |  |  |
|----|--|--|--|
| 16 | 17 OPERATOR CERTIFICATION<br>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  |  |  |
|    | Signature: <i>Ken Beardemphl</i><br>Printed Name: Ken Beardemphl<br>Title: Landman<br>Date: October 6, 1998  |  |  |
|    | 18 SURVEYOR CERTIFICATION<br>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. |  |  |
|    | OCTOBER 2, 1998<br>Date of Survey: AN R. REDDY<br>Signature: <i>AN R. REDDY</i><br>Title: Registered Professional Surveyor<br><br>Certificate Number: NM PRS 5412  |  |  |

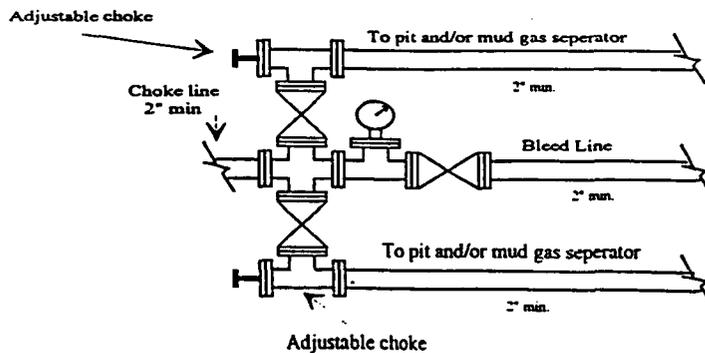
# Yates Petroleum Corporation

BOP-1

Typical low Pressure System  
Schematic  
Annular Preventer 2,000 psi



Typical 2,000 psi choke manifold assembly with at least these minimum features



**Yates Petroleum Corporation**  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 88210

Duke "ARP" Federal Com #1  
1980' FSL and 990' FWL  
Section 14, T17S-R27E  
Eddy County, New Mexico  
NM-99028



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

October 14, 1998

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

**Attention: Robert Bullock**

*RE: Administrative application to drill the proposed Duke "ARP" Federal Com. Well No. 1 at an unorthodox Morrow gas well location 1980' FSL & 990' FWL (Unit L) of Section 14, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, in which the S/2 of Section 14 is to be dedicated in order to form a standard 320-acre gas spacing and proration unit in the Undesignated Logan Draw-Morrow Gas Pool.*

Dear Mr. Bullock:

Upon my review of the subject application, which was received by the Division on October 9, 1998, it was found that an Application for Permit to Drill ("APD") a Morrow gas well within the S/2 of Section 14 has been approved for Southwestern Energy Production Company's Sharmu State Com. Well No. 1 (API No. 30-015-30421) to be drilled at a standard gas well location 1980 feet from the South line and 2080 feet from the West line (Unit K) of Section 14 (see copy attached).

Since an active APD is on file for this acreage, it would be inappropriate for the Division to proceed any further with the processing of your application. Therefore, I will hold this application until such time as you can provide me with additional information that would allow me to proceed.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia  
New Mexico State Land Office - Santa Fe  
U. S. Bureau of Land Management - Carlsbad  
William F. Carr - Santa Fe

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

**State of New Mexico**  
 Energy, Minerals & Natural Resources Department

Form C-101  
 Revised October 18, 1994  
 Instructions of back  
 Submit to Appropriate District Office  
 State Lease - 6 Copies  
 Fee Lease - 5 Copies  
 AMENDED REPORT

**OIL CONSERVATION DIVISION**  
 2040 South Pacheco  
 Santa Fe, NM 87505

DO NOT  
 RECEIVE  
 OGD - ARTESIA

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|  |                                       |                              |
|--|---------------------------------------|------------------------------|
| 1 Operator Name and Address<br>SOUTHWESTERN ENERGY PRODUCTION COMPANY<br>5151 SAN FELIPE, SUITE 700<br>HOUSTON, TEXAS 77056-3608 |                                       | 2 GRID Number<br>148111      |
|  |                                       | 3 API Number<br>30-015-30421 |
| 4 Property Code<br>23784   | 5 Property Name<br>SHARMU STATE COMM. | 6 Well No.<br>#1             |

| 7 Surface Location |         |          |       |         |               |                  |               |                |        |
|--------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no.      | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
|                    | 14      | 17S      | 27E   |         | 1980          | SOUTH            | 2080          | WEST           | EDDY   |

| 8 Proposed 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 |
|   |         |          |       |         |               |                  |               |                |        |

|   |  |  |  |  |                    |  |  |  |  |
|---|--|--|--|--|--------------------|--|--|--|--|
| 9 Proposed Pool 1<br>Logan Draw; Morrow 80400 |  |  |  |  | 10 Proposed Pool 2 |  |  |  |  |
|---|--|--|--|--|--------------------|--|--|--|--|

|                        |                            |                           |                         |                                   |
|------------------------|----------------------------|---------------------------|-------------------------|-----------------------------------|
| 11 Work Type Code<br>N | 12 Well Type Code<br>G     | 13 Cable/Rotary<br>ROTARY | 14 Lease Type Code<br>S | 15 Ground Level Elevation<br>3469 |
| 16 Multiple            | 17 Proposed Depth<br>9,700 | 18 Formation<br>MORROW    | 19 Contractor           | 20 Spud Date                      |

| 21 Proposed Casing and Cement Program |              |                    |               |                 |               |
|---------------------------------------|--------------|--------------------|---------------|-----------------|---------------|
| Hole Size                             | Casing Size  | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
| 12 1/4                                | 8 5/8 - J-55 | 32                 | 1500'         | 940             | 0             |
| 7 7/8                                 | 5 1/2 - N-80 | 17                 | 9700'         | 400             | 7400          |
|                                       |              |                    |               |                 |               |
|                                       |              |                    |               |                 |               |

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

MIRU DRLG. CONTRACTOR. DRL. 12 1/4" HOLE TO +/- 1500'. RIH W/ 8 5/8" CASING/HARDWARE & CMT. WOC 18 HRS.  
 NU CASING HEAD & BOP, TEST TO 5000#.

DRL. 7 7/8" PRODUCTION HOLE. LOG & EVALUATE. RIH W/ 5 1/2" CASING/HARDWARE & CMT.

(SURVEY PLAT TO BE DELIVERED TO NMOCD.)

**Notify N.M.O.C.C. in sufficient time to witness cementing the 8 5/8" casing**

|   |                                       |   |
|---|---------------------------------------|---|
| 23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. | OIL CONSERVATION DIVISION             |   |
|   | Signature: <i>[Signature]</i> 9-29-98 | Approved By: <b>ORIGINAL SIGNED BY TIM W. GUM</b> |
|   | Printed Name: JOHN W. WOLF            | Title: <b>DISTRICT II SUPERVISOR</b>              |
|   | Title: ENGINEER - CHI OPERATING, INC. | Approval Date: 10-2-98 Expiration Date: 10-2-99   |

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

|               |  |           |  |           |             |
|---------------|--|-----------|--|-----------|-------------|
| API Number    |  | Pool Code |  | Pool Name |             |
| Property Code | Property Name                          |           |  |           | Well Number |
|               | SHARMU STATE COM                       |           |  |           | 1           |
| OGRID No.     | Operator Name                          |           |  |           | Elevation   |
|               | SOUTHWESTERN ENERGY PRODUCTION COMPANY |           |  |           | 3469.       |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 14      | 17-S     | 27-E  |         | 1980          | SOUTH            | 2080          | WEST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

| Dedicated Acres | Joint or Infill | Consolidation Code | 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

|           |   |  |
|-----------|---|--|
| <p>16</p> | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Clif Mann</i><br/>         Signature<br/> <b>CLIF MANN</b><br/>         Printed Name<br/> <b>PRODUCTION FOREMAN</b><br/>         Title<br/> <b>SEPTEMBER 30, 1998</b><br/>         Date</p>  |  |
|           | <p>18 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><b>SEPTEMBER 30, 1998</b><br/>         Date of Survey<br/> <i>D. R. REDDY</i><br/>         Signature and Seal of Professional Surveyor<br/> <br/>         Registered Land Surveyor<br/>         Certificate No. 5412<br/>         NM EXPRESSO 2412</p> |  |

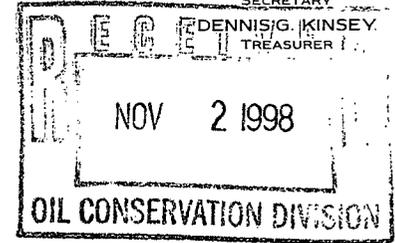
MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

*NSL-4165*

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



October 28, 1998

Attention: Mr. Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87508

**CERTIFIED MAIL**  
Return Receipt Requested

RE: Application for Unorthodox Location  
Duke "ARP" Fed Com #1  
Township 17 South, Range 27 East  
Section 14: 1980' FSL & 990' FWL  
Eddy County, New Mexico

Dear Mr. Stogner:

It is our understanding that the Application for Permit to Drill approved for Southwestern Energy Production Company's Sharmu State Com Well No. 1 (API No. 30-015-30421) has been withdrawn and is therefore no longer an active APD with New Mexico Oil Conservation Division.

We therefore respectfully request that you process our application on the captioned well, submitted by letter of October 6, 1998.

Also, enclosed are waivers executed by Oxy USA, Inc., Wilson & Barr, Maralo, Inc., and Atlantic Richfield Company.

Please call me at 505-748-4351 if you need further information.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Robert Bullock  
Landman

RB/dc

**WILSON & BARR**  
OIL AND GAS EXPLORATION

500 North Loraine, Suite 1070  
Midland, Texas 79701  
(915) 683-1616  
Fax: (915) 683-4425

RICHARD K. BARR, Geologist  
SCOTT E. WILSON, Landman

August 3, 1998

Yates Petroleum Corporation  
ATTENTION: Mr. Rob Bullock  
105 South 4th Street  
Artesia, New Mexico

Re: **OXY Duchess Federal #1**  
**Township 17 South, Range 27 East, NMPM**  
**Section 14: N/2**  
**Eddy County, New Mexico**

Dear Rob:

To confirm the verbal agreement I made with John Yates on July 24, we agree not to compete with Yates Petroleum Corporation for any oil and gas rights in the S/2 Section 14, T-17-S, R-27-E. Further, we agree not to object to any unorthodox location that Yates Petroleum may wish to drill in the S/2 said Section 14. Finally, I will assist Yates Petroleum in acquiring the oil and gas rights in the S/2 said Section 14 as may be requested by Yates' Land Department.

The Yates Group agrees to participate in the drilling of the OXY Duchess Federal #1 at a location 1980' FNL and 1980' FWL of said Section 14 with the N/2 to be the spacing unit for Wolfcamp and Pennsylvanian gas production. The Yates Group agrees to execute and return the previously sent Operating Agreement and AFE for the drilling of the well.

This agreement shall be for a period of one year from the date of this letter.

Enclosed is my title information and correspondence relative to the S/2 of said Section 14.

Very truly yours,



Scott E. Wilson, CPL



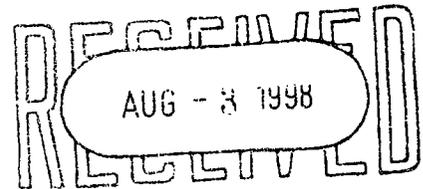
Patrick S. Sparks  
Landman

OXY USA INC.  
Box 50250, Midland, TX 79710

Phone (915) 685-5757  
Fax (915) 685-5742

July 31, 1998

Yates Petroleum Corporation  
Attention: Mr. Rob Bullock  
105 South 4th Street  
Artesia, New Mexico



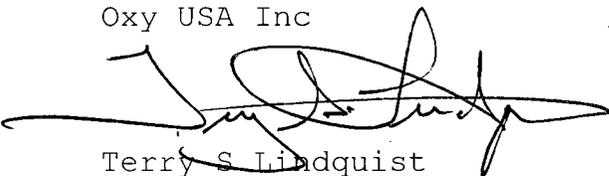
Re: Oxy Duchess Federal #1  
N/2 Section 14-17S-27E  
Eddy County, New Mexico

Gentlemen:

In consideration for the Yates Group agreeing not to protest the location and to participate in the drilling of the Oxy Duchess Federal #1 at a location 1980' FNL and 1980' FWL of Section 14, with the North ½ to be the spacing unit for Wolfcamp and Pennsylvanian gas production, Oxy hereby agrees not to compete with the Yates Petroleum Corporation in the acquisition of any oil and gas rights in the South ½ of said Section 14 for the period of one year from today's date and not to protest the well location for any gas well drilled thereon by Yates Petroleum Corporation.

If this is agreeable to the Yates group we ask that you promptly execute and return the previously sent Operating Agreement and the AFE for the drilling of the captioned well.

Sincerely,  
Oxy USA Inc

  
Terry S Lindquist

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

RECEIVED  
OCT 16 1998



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

October 7, 1998

RECEIVED  
OCT 13 1998  
LAND DEPT.

Maralo, Inc.  
Lowe Partners, LP  
5151 San Felipe, Suite 400  
Houston, Texas 77056-3607

CERTIFIED MAIL  
Return Receipt Requested

RE: Offset Operator Notification  
Unorthodox Location  
Duke ARP Fed Com #1  
Township 17 South, Range 27 East  
Section 14: 1980' FSL & 990' FWL  
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to drill the Duke ARP Fed Com #1 well at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in New Mexico Oil Conservation Division Rule 104.C (2) (b) (Revised 1/96).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and return same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock  
Landman

RB:bn  
enclosure(s)

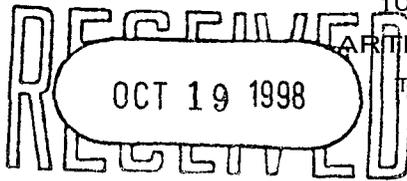
*The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation.*

Company: MARALO, INC.  
Name: R. A. Sawery  
Title: PRODUCTION MANAGER  
Date: 10/14/98

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



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



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

October 7, 1998

ARCO Permian  
PO Box 1610  
Midland, Texas 79702

**CERTIFIED MAIL**  
***Return Receipt Requested***

RE: Offset Operator Notification  
Unorthodox Location  
Duke ARP Fed Com #1  
Township 17 South, Range 27 East  
Section 14: 1980' FSL & 990' FWL  
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to drill the Duke ARP Fed Com #1 well at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in New Mexico Oil Conservation Division Rule 104.C (2) (b) (Revised 1/96).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and return same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Robert Bullock  
Landman

RB:bn  
enclosure(s)

***The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation.***

Company: Atlantic Richfield Company

Name: [Signature]

Title: Landman

Date: 10/5/98

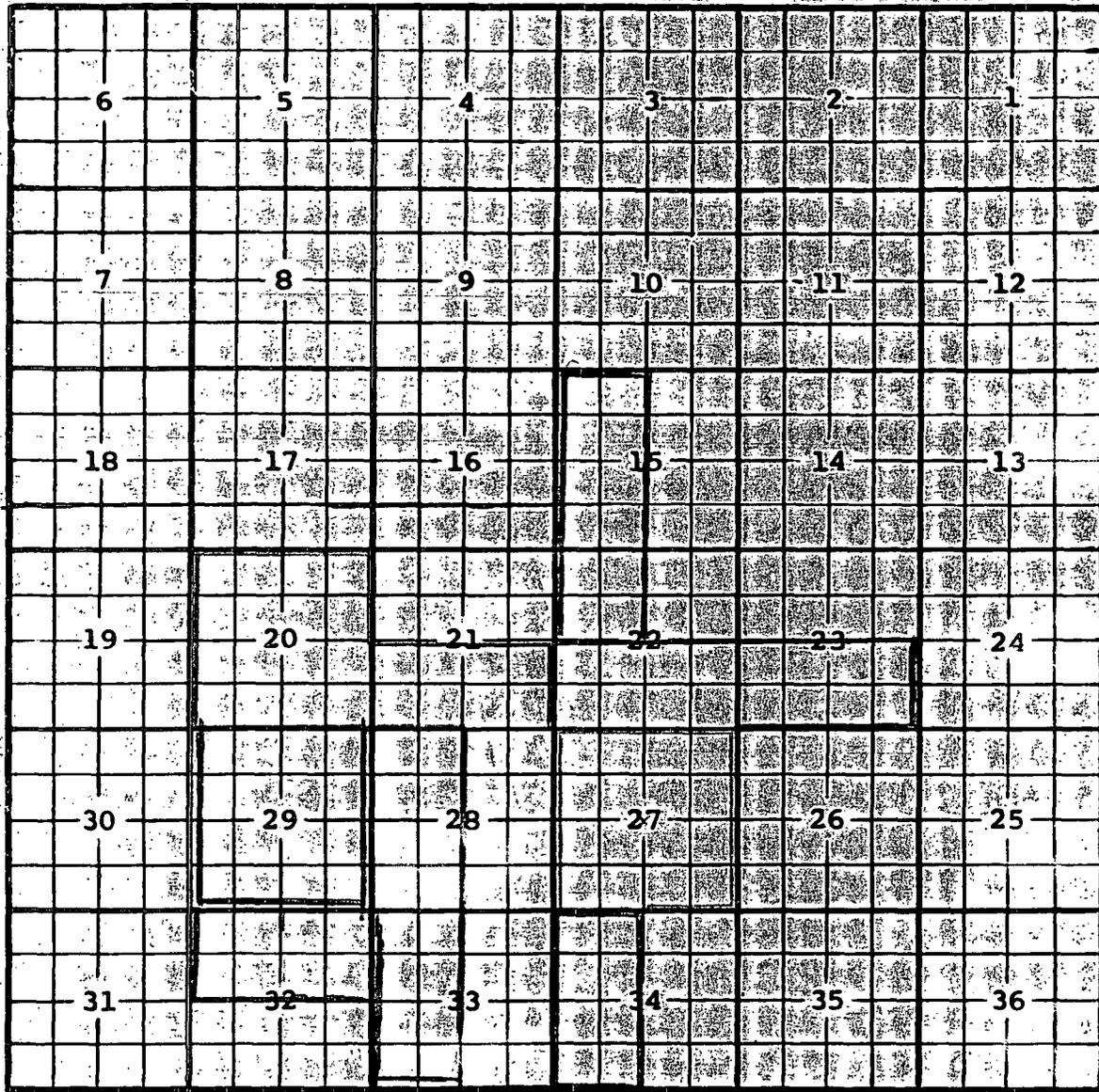
COUNTY Eddy

POOL Logan Draw - Morrow Gas

TOWNSHIP 17 South

RANGE 27 East

NMPM



Description:  $\frac{1}{2}$  Sec. 34 (R-3752, 6-1-69)

Ext: All Sec 27 (R-4734, 3-1-74) Ext: All Sec 20,  $\frac{1}{2}$  Sec. 21,

$\frac{1}{2}$  Sec. 28,  $\frac{1}{2}$  Sec. 33 (R-6328, 5-1-80) Ext: All Sec. 29 (R-10619, 7-2-96)

Ext:  $\frac{1}{2}$  Sec. 28,  $\frac{1}{2}$  Sec. 33 (R-10782, 4-9-97)

Ext:  $\frac{1}{2}$  Sec. 32 (R-10823, 6-16-95) Ext:  $\frac{1}{2}$  Sec. 22,  $\frac{1}{2}$  Sec. 23 (R-10844, 2-16-97)

Ext:  $\frac{1}{2}$  Sec. 15,  $\frac{1}{4}$  Sec. 22 (R-11013, 7-30-98)



CMD :  
OG6C101

ONGARD  
C101-APPLICATION FOR PERMIT TO DRILL

10/14/98 16:22:40  
OGOIV -EMED

OGRID Idn : 148111 API Well No: 30 15 30421 APD Status(A/C/P): A  
Opr Name, Addr: SOUTHWESTERN ENERGY PRODUCTION C Aprvl/Cncl Date : 10-02-1998  
2350 N SAM HOUSTON PKWY  
STE 300  
HOUSTON, TX 77032

Prop Idn: 23784 SHARMU STATE COM Well No: 1

|                | U/L | Sec | Township     | Range | Lot   | Idn   | North/South  | East/West    |
|----------------|-----|-----|--------------|-------|-------|-------|--------------|--------------|
|                | --- | --- | -----        | ----- | ----- | ----- | -----        | -----        |
| Surface Locn : | K   | 14  | 17S          | 27E   |       |       | FTG 1980 F S | FTG 2080 F W |
| OCD U/L :      | K   |     | API County : | 15    |       |       |              |              |

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : R  
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 3469

State Lease No: Multiple Comp (Y/N) : N  
Prpsd Depth : 9700 Prpsd Frmtn : MORROW

E7024: Only view is allowed

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/14/98 16:22:27  
OGOIV -EMED  
PAGE NO: 2

Sec : 14 Twp : 17S Rng : 27E Section Type : NORMAL

| L             | K  | J  | I  |
|---------------|--|--|--|
| 40.00         | 40.00  | 40.00  | 40.00  |
| Federal owned | CS<br>VB0480 0000 04/01<br>SOUTHWESTERN ENER | Federal owned                                | Federal owned                                |
|               | A  |  |  |
| M             | N  | O  | P  |
| 40.00         | 40.00  | 40.00  | 40.00  |
| Federal owned | Federal owned                                | CS<br>V05378 0000 10/03<br>YATES PETROLEUM C | CS<br>V05378 0000 10/03<br>YATES PETROLEUM C |

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

MARTIN YATES, III  
1912 - 1988  
FRANK W. YATES  
1926 - 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

# Fax Cover Sheet

To: Mr. Michael Stogner  
Company: NM OCD  
Phone: \_\_\_\_\_  
Fax: 505-827-8177

From: **Robert Bullock**  
Company: **Yates Petroleum Corporation**  
Phone: **(505) 748-1471**  
Fax: **(505) 748-4572**

Date: 11-18-98

Pages including  
cover page: 1

Comments: Re: Duke ARP Fed. Com. #1  
T175, R27E  
Sec 14: 1980's 1990'W  
Eddy Co, NM

Do you need any additional information  
from Yates to process our application to  
grant administrative approval for an  
unorthodox Morrow gas well location?

Respectfully,  
Robert Bullock

OIL CONSERVATION DIVISION  
ARTESIA, NEW MEX. 88210

TO: Stagner  
FROM: Art - OCD  
DATE: 11-19-98

NUMBER OF SHEETS ( INCLUDING TRANSMITTAL SHEET ) 2

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 505-748-1283.

FAX NUMBER (505) 748-9720

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

OIL CONSERVATION DIVISION

District I  
P. O. Box 1880, Hobbs, NM 88240

2040 Pacheco St.  
Santa Fe, NM 87505

District II  
811 South First St., Artesia, NM 88210

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

|   |  |  |
|---|--|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) |  | WELL API NO.   |
| 1) Type of Well:<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>   |  | Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEDERAL <input type="checkbox"/> |
| 2) Name of Operator<br>Southwestern Energy Production Company   |  | State Oil & Gas Lease No.  |
| 3) Address of Operator<br>6151 San Felipe, Suite 700 Houston, Texas 77056-3605  |  | Lease Name or Unit Agreement Name<br>Sharma State Com.   |
| 4) Well Location<br>Unit Letter : 1980 Feet From The South Line and 2000 Feet From The West Line<br>Section 14 Township 17S Range 27E NE38th County Eddy  |  | Well No. No. 1   |
| 5) Elevation (Show whether DP, RKB, RT, GP, etc.)   |  | Pool name or Wildcat   |

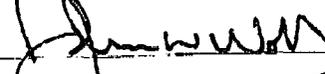
11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

|  |  |   |   |
|--|--|---|---|
| NOTICE OF INTENTION TO:                        |  | SUBSEQUENT REPORT OF:                               |   |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/>        | REMEDIAL WORK <input type="checkbox"/>              | ALTERING CASING <input type="checkbox"/>      |
| TEMPORARILY ABANDON <input type="checkbox"/>   | CHANGE PLANS <input checked="" type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/>    | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/>  | OTHER <input type="checkbox"/>                   | CASING TEST AND CEMENT JOB <input type="checkbox"/> |   |

12 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Southwestern Energy Production Company wishes to cancel the permit (C-101- dated 9/28/98) to drill subject well.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE Engineer DATE 11/19/98

TYPE OR PRINT NAME John W. Wolf for Southwestern Energy Prod. Co. TELEPHONE NO 915-685-5001

(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY: