

10604 4196 NSL 3/20/01

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS
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01 FEB 20 PM 4:07
001 0000000001 DM

February 28, 2001

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

(30-015-31232)

Re: *Application of Harvey E. Yates Company for Administrative Approval of an Unorthodox Well Location for its Loco Hills Welch Well No. 5, located 1450 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.*

Dear Ms. Wrotenbery:

Harvey E. Yates Company ("HEYCO") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox well location for its Loco Hills Welch Well No. 5 which has been drilled and completed in the Undesignated Loco Hills-Cisco Pool at an unorthodox location 1450 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. A standard 40-acre spacing unit comprised of the NW/4 SW/4 of Section 4 is to be dedicated to this well. The Undesignated Loco Hills-Cisco Pool is governed by the Division's statewide rules that provide for oil wells to be located no closer than 330 feet to any outer boundary of the 40-acre spacing unit. See Division Rule 104.B. This unorthodox location encroaches on the offsetting tract to the South by 200 feet.

This unorthodox location is required by topographic conditions. The Loco Hills Welch No. 5 was originally to be drilled at a standard location 1650 feet from the South line and 660 feet from the West line. **However, the Division instructed HEYCO to move the location because the pad at the standard location would have covered an existing pipeline.** See attached letter dated 7/18/00.

On August 26, 2000, HEYCO spudded the Loco Hills Welch No. 5 as a gas well to test the Empire South Morrow pool in the Morrow formation. The well was not a commercial success and was re-

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AND
CAMPBELL & CARR
ATTORNEYS AT LAW

Ms. Lori Wrotenbery
February 28, 2001
Page 2

completed up hole as an oil well in the Undesignated Loco Hills-Cisco Pool. Since the Undesignated Loco Hills-Cisco Pool is developed on statewide rules, this up hole location is 200 feet too close to the South line of the dedicated 40 acre spacing unit.

Attached hereto is a plat showing the subject area, the 40-acre NW/4 SW/4 spacing unit and the unorthodox well location. The shaded acreage on the plat is operated by HEYCO. Since this unorthodox location only encroaches on the 40 acre spacing unit to the south operated by HEYCO, and the ownership is common between the two units (working interest, royalty interest and overriding royalty interest), there are no affected parties to whom notice of this application needs to be provided.

Since the well is ready to produce, your prompt attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael H. Feldewert

MHF/ras
Attachment
Cc: Melissa Randle

HEYCO



HARVEY E. YATES COMPANY

PETROLEUM PRODUCERS

P.O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 86202-1933

July 18, 2000

LOCO HILLS WELCH WORKING INTEREST OWNERS
(See attached mailing list)

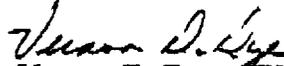
Re: Loco Hills Welch #5
1450' FSL & 660' FWL,
(S/2) Sec. 4
T-18S, R-29E, N.M.P.M.
Eddy County, New Mexico

Ladies & Gentlemen:

This is to advise you that the location for the Loco Hills Welch #5 has been changed from 1650' FSL to 1450' FSL. It is still located 660' FWL.

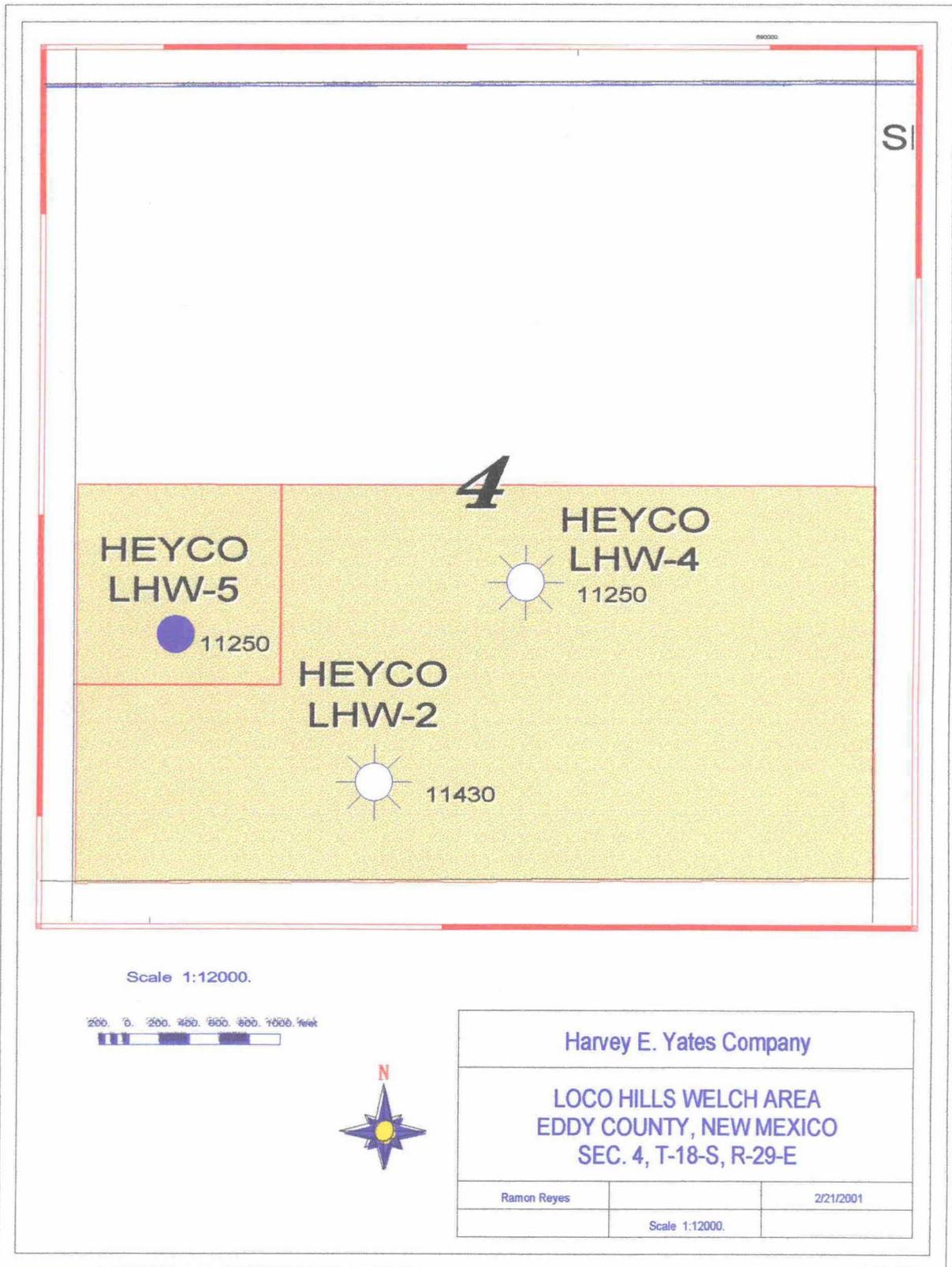
~~The Oil Conservation Division had HEYCO move the location because the pad at the previous location would have covered an existing pipeline.~~

Very truly yours,


Vernon D. Dyer CPL #3174
Land Manager

/dlm

LocoHills#5ChangeLocation.doc/Land:LocoHillsWelch



SI

4

HEYCO
LHW-5

● 11250

HEYCO
LHW-4

☉ 11250

HEYCO
LHW-2

☉ 11430

Scale 1:12000.

200 0 200 400 600 800 1000 feet



Harvey E. Yates Company

LOCO HILLS WELCH AREA
EDDY COUNTY, NEW MEXICO
SEC. 4, T-18-S, R-29-E

Ramon Reyes

2/21/2001

Scale 1:12000.

CMD : ONGARD 03/23/01 16:54:33
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPHC

API Well No : 30 15 30960 Eff Date : 05-05-2000 WC Status : A
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
OGRID Idn : 10179 HARVEY E YATES CO
Prop Idn : 12958 LOCO HILLS WELCH

Well No : 004
GL Elevation: 3528

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: J	4	18S	29E	FTG 1980 F S	FTG 2310 F E	P

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 03/23/01 16:54:48
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPHC
 Page No: 1

OGRID Identifier : 10179 HARVEY E YATES CO
 Pool Identifier : 76400 EMPIRE; MORROW, SOUTH (GAS)
 API Well No : 30 15 30960 Report Period - From : 01 1999 To : 12 2000

API Well No	Property Name	Prod. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 30960		05 00	27	92381	2124		F
30 15 30960	LOCO HILLS WELCH	06 00	30	116489	2929		F
30 15 30960	LOCO HILLS WELCH	07 00	31	114081	2317		P
30 15 30960	LOCO HILLS WELCH	08 00	31	104917	1831		P
30 15 30960	LOCO HILLS WELCH	09 00	30	96397	1120	25	P
30 15 30960	LOCO HILLS WELCH	10 00	31	91977	1537	10	P
30 15 30960	LOCO HILLS WELCH	11 00	30	84495	854	4	P

Reporting Period Total (Gas, Oil) : 775599 13465 41

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 03/23/01 16:54:55
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPHC
Page No: 2

OGRID Identifier : 10179 HARVEY E YATES CO
Pool Identifier : 76400 EMPIRE; MORROW, SOUTH (GAS)
API Well No : 30 15 30960 Report Period - From : 01 1999 To : 12 2000

API Well No	Property Name	Prodn. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 30960	LOCO HILLS WELCH	12 00	31	74862	753	2 P	

Reporting Period Total (Gas, Oil) : 775599 13465 41

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 03/23/01 16:55:13
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPHC

API Well No : 30 15 23001 Eff Date : 03-01-1980 WC Status : A
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
OGRID Idn : 10179 HARVEY E YATES CO
Prop Idn : 12958 LOCO HILLS WELCH

Well No : 002
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: N	4	18S	29E	FTG 660 F S	FTG 1980 F W	P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : P

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 03/23/01 16:55:26
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPHC
Page No: 1

OGRID Identifier : 10179 HARVEY E YATES CO
Pool Identifier : 76400 EMPIRE; MORROW, SOUTH (GAS)
API Well No : 30 15 23001 Report Period - From : 01 1999 To : 12 2000

API Well No	Property Name	Prod. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 23001	LOCO HILLS WELCH	01 99	31	3075	5	2	F
30 15 23001	LOCO HILLS WELCH	02 99	28	3022	28		F
30 15 23001	LOCO HILLS WELCH	03 99	28	2474	10	2	F
30 15 23001	LOCO HILLS WELCH	04 99	30	3059	21	3	F
30 15 23001	LOCO HILLS WELCH	05 99	31	3147	21		F
30 15 23001	LOCO HILLS WELCH	06 99	30	3029	19		F
30 15 23001	LOCO HILLS WELCH	07 99	31	2873			F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

CMD : ONGARD 03/23/01 16:55:31
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPHC
Page No: 2

OGRID Identifier : 10179 HARVEY E YATES CO
Pool Identifier : 76400 EMPIRE; MORROW, SOUTH (GAS)
API Well No : 30 15 23001 Report Period - From : 01 1999 To : 12 2000

API Well No	Property Name	Prod. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 23001	LOCO HILLS WELCH	08 99	31	3031	13	2	F
30 15 23001	LOCO HILLS WELCH	09 99	30	2630	8		F
30 15 23001	LOCO HILLS WELCH	10 99	23	1806	9		F
30 15 23001	LOCO HILLS WELCH	11 99	30	2636	7	3	F
30 15 23001	LOCO HILLS WELCH	12 99	31	3110	56	1	F
30 15 23001	LOCO HILLS WELCH	01 00	31	2927			F
30 15 23001	LOCO HILLS WELCH	02 00	29	2733	81		F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

CMD : ONGARD 03/23/01 16:55:34
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPHC
Page No: 3

OGRID Identifier : 10179 HARVEY E YATES CO
Pool Identifier : 76400 EMPIRE; MORROW, SOUTH (GAS)
API Well No : 30 15 23001 Report Period - From : 01 1999 To : 12 2000

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 23001	LOCO HILLS WELCH	03 00 31	2508 12	F
30 15 23001	LOCO HILLS WELCH	04 00 30	2883 16	F
30 15 23001	LOCO HILLS WELCH	05 00 31	1637 1	F
30 15 23001	LOCO HILLS WELCH	06 00 27	709 17	F
30 15 23001	LOCO HILLS WELCH	07 00 31	1270 2	F
30 15 23001	LOCO HILLS WELCH	08 00 31	1439 15	F
30 15 23001	LOCO HILLS WELCH	09 00 30	1333	F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 03/23/01 16:55:37
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPHC

Page No: 4

OGRID Identifier : 10179 HARVEY E YATES CO
Pool Identifier : 76400 EMPIRE; MORROW, SOUTH (GAS)
API Well No : 30 15 23001 Report Period - From : 01 1999 To : 12 2000

API Well No	Property Name	Prodn. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 23001	LOCO HILLS WELCH	10 00	31	1866	38	1	F
30 15 23001	LOCO HILLS WELCH	11 00	30	1962	14		F
30 15 23001	LOCO HILLS WELCH	12 00	31	1685	18		F

Reporting Period Total (Gas, Oil) :	56844	394	31
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E0049: User may continue scrolling.

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

CMD : ONGARD 06/01/01 14:52:01
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQH4

Page No : 1

API Well No : 30 15 23001 Eff Date : 04-30-1991
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
Prop Idn : 12958 LOCO HILLS WELCH Well No : 002
Spacing Unit : 18317 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
		I	4	18S	29E	40.00	N	FE		
		J	4	18S	29E	40.00	N	FE		
		K	4	18S	29E	40.00	N	FE		
		L	4	18S	29E	40.00	N	FE		
		M	4	18S	29E	40.00	N	FE		
		N	4	18S	29E	40.00	N	FE		
		O	4	18S	29E	40.00	N	FE		
		P	4	18S	29E	40.00	N	FE		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 06/04/01 08:22:29
OG6POOL MAINTAIN POOL OGOMES -TP7W

Pool Code : 39516 Pool Name : LOCO HILLS;CISCO
OCD Order No : 0
Pool Type : O (O/G/A) Pool Creation Date : 07-01-1978
Pool Region : S (N/S) Last Updation Date : 07-01-1978

Special Pool Rules :
Oil Well Spacing : 40 (Acres) Gas Well Spacing : (Acres)
Orthodox Well Locn : 0 (Ft from end line) 0 (Ft from side line)
(Ft from nearest well) (Ft from Q/Q line)

Top Unit Allowable : 275 (BOPD)
Casinghead Gas Limit : 550 (MCFD)
Gas-Oil Limit : 2000
Depth Bracket : 9999 (Feet)

Prorated Gas (Y/N) : Acre Basis : (in %)
Deliv Basis : (in %)
Simultaneous Dedication Allowed (Y/N) : N

E0043: Record found; Authority denied to MODIFY/ADD

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

CMD : ONGARD 06/01/01 14:52:21
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQH4

Page No : 1

API Well No : 30 15 30960 Eff Date : 04-30-1991
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
Prop Idn : 12958 LOCO HILLS WELCH Well No : 004
Spacing Unit : 18317 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
		I	4	18S	29E	40.00	N	FE		
		J	4	18S	29E	40.00	N	FE		
		K	4	18S	29E	40.00	N	FE		
		L	4	18S	29E	40.00	N	FE		
		M	4	18S	29E	40.00	N	FE		
		N	4	18S	29E	40.00	N	FE		
		O	4	18S	29E	40.00	N	FE		
		P	4	18S	29E	40.00	N	FE		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 LAND	PF11 NXTSEC	PF12 RECONF

CMD : ONGARD 03/23/01 16:46:25
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPHC

OGRID Idn : 10179 API Well No: 30 15 31232 APD Status(A/C/P): A
Opr Name, Addr: HARVEY E YATES CO Aprvl/Cncl Date : 07-05-2000
PO BOX 1933
ROSWELL,NM 88202

Prop Idn: 12958 LOCO HILLS WELCH Well No: 5

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----
Surface Locn : L	4	18S	29E			FTG 1450 F S	FTG 660 F W
OCD U/L : L		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) : F
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 3525

State Lease No: Multiple Comp (S/M/C) : S
Prpsd Depth : 11250 Prpsd Frmtn : S EMPIRE MORROW

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

03/23/01 16:45:19
OGOMES -TPHC
PAGE NO: 1

Sec : 04 Twp : 18S Rng : 29E Section Type : NORMAL

D 40.00 Federal owned A A	C 40.00 Federal owned A	B 40.00 Federal owned A	A 40.00 Federal owned C A
E 40.00 Federal owned A A A	F 40.00 Federal owned A A	G 40.00 Federal owned A	H 40.00 Federal owned

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

CMD :
 QG5SECT

ONGARD
 INQUIRE LAND BY SECTION

03/23/01 16:45:22
 OGOMES -TPHC
 PAGE NO: 2

Sec : 04 Twp : 18S Rng : 29E Section Type : NORMAL

L 40.00 Fee owned A A	K 40.00 Fee owned A	J 40.00 Fee owned A A	I 40.00 Fee owned U
M 40.00 Fee owned A A	N 40.00 Fee owned A	O 40.00 Fee owned A	P 40.00 Fee owned U A

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

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 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 and Natural Resources

SF

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-15-31232
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Loco Hills Welch
8. Well No. #5
9. Pool name or Wildcat Empire South Morrow
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 3525 (GR)

SUNDRY NOTICES AND REPORTS ON WELLS
 (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.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Harvey E. Yates Company

3. Address of Operator
P.O. Box 1933, Roswell, New Mexico 88202

4. Well Location
 Unit Letter L : 1450' feet from the South line and 660' feet from the West line
 Section 4 Township 18S Range 29E NMPM Eddy County

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPLETION
 OTHER:

SUBSEQUENT REPORT OF:

- REMEDIATION WORK ALTERING CASING
 COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
 CASING TEST AND CEMENT JOB
 OTHER: **TD & 5 1/2" Casing**

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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

10/8/2000 TD @ 9:30 a.m.
 10/11/2000 Ran 262 jts 5 1/2" 17# S-95/N-80/J-55 csg. Cement 1st stage w/675 sxs 15:61:11 "C"
 Cement 2nd stage w/425 sxs 35:65 Poz: "H" & tail in w/200 sxs "H" neat.
 10/12/2000 Rig released @ 8:00 a.m.



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

SIGNATURE Dianna Rodgers TITLE Production Analyst DATE 10/26/2000
 Type or print name Dianna Rodgers Telephone No. 505-623-6601

(This space for State use)
 APPROVED BY Jim W. Gunn TITLE District Supervisor DATE NOV 01 2000
 Conditions of approval, if any:

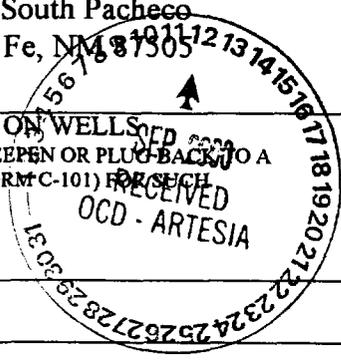
Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-15-31232
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Loco Hills Welch
8. Well No. #5
9. Pool name or Wildcat Empire South Morrow



SUNDRY NOTICES AND REPORTS ON WELLS
 (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.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Harvey E. Yates Company

3. Address of Operator
P.O. Box 1933, Roswell, New Mexico 88202

4. Well Location
 Unit Letter **L**; **1450'** feet from the **South** line and **660'** feet from the **West** line
 Section **4** Township **18S** Range **29E** NMPM **Eddy** County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
3525 (GR)

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 type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Spud, Surface & Intermediate Casing <input checked="" 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

8/26/2000 Spud well @ 5:00 a.m.
 8/27/2000 Ran 9 jts 13 3/8" 48# ST&C H-40 csg. Cement w/450 sxs Class "C" w/2% CaCl & 1/4# celloseal. Cement did not circulate. Cement w/125 sxs class "C" w/2% CaCl in 1 stage. Circulate 25 sxs. Contacted OCD in Artesia regarding lost circulation & not circulating cement on primary cement job. Was told to proceed.
 9/2/2000 Ran 69 jts 8 5/8" 32# ST&C J-55 csg. Cement w/1000 sxs 65:35 C-Poz & tail in w/350 sxs class "C" w/2% CaCl & 1/4# celloseal. PD @ 7:45 p.m. Circulate 211 sxs to pit. Alerted OCD to job, but no OCD rep on location.

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

SIGNATURE Dianna Rodgers TITLE Production Analyst DATE 9/11/2000
 Type or print name Dianna Rodgers Telephone No. 505-623-6601

(This space for State use)

APPROVED BY TIM W. GUM TITLE DISTRICT II SUPERVISOR DATE SEP 12 2000
 Conditions of approval, if any: Note Time wcc and depth of casing set

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

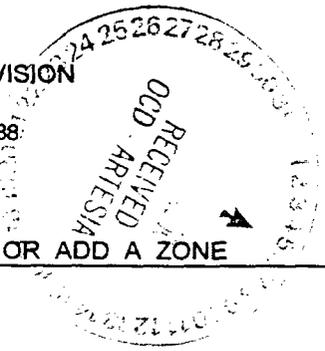
District III
1000 Rio Brazos Rd., Artec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101
Revised February 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease-4 Copies
Fee Lease-5 Copies

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088



AMENDED REPORT

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

Operator Name and Address Harvey E. Yates Company P.O. Box 1933 Roswell, N.M. 88202		OGRID Number 10179 API Number 30-015-31232
Property Code 12958	Property Name LOCO HILLS WELCH	WELL NO. #5

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	4	T18S	R29E		1,450'	SOUTH	660'	WEST	EDDY

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 EMPIRE SOUTH MORROW					Proposed Pool 2				

Work Type Code N Multiple	Well Type Code G Proposed Depth 11,250'	Cable/Rotary ROTARY Formation MORROW	Lease Type Code S Contractor UTI	Ground Level Elevation 3525 (GR) Spud Date ASAP
---------------------------------	--	---	---	--

Minimum WOC time 18 hrs. Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	400'	425	CIRC. TO SURFACE
12 1/4"	8 5/8"	32#	3,100'	1200	CIRC. TO SURFACE
7 7/8"	5 1/2"	17#	11,250'	1200	600' ABOVE PAY

Operator to have cement court all oil, gas & water bearing zones BGA

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.

MUD PROGRAM

DEPTH	TYPE OF MUD
0-400'	FRESH WATER w/ PAPER & SHALE GUARD.
400-3,100'	BRINE WATER w/ PAPER & SHALE GUARD.
3,100-7,750'	FRESH WATER w/ PAPER, SHALE GUARD, N03, 18-20,000 CHLORIDES, & SWEEPS AS NEEDED.
7,750-11,250'	MUD UP W/BARAZAN. 60,000 CHLORIDES, MW-9.2-9.4, VIS-34-36, WL-10-20

PRESSURE CONTROL EQUIPMENT

BOP w/ ANNULAR. ALTHOUGH THE RIG EQUIPMENT IS RATED 3M, THIS WELL WILL BE RATED 2M.
UPPER AND LOWER KELLY COCK. ROTATING HEAD PRIOR TO WOLFCAMP.

OTHER

THIS IS A POSSIBLE H2S AREA. AN H2S COMPLIANCE PACKAGE WILL BE UTILIZED.

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

Signature: Bob Williams
Printed name: Bob Williams
Title: Drilling Superintendent
Date: July 5, 2000
Phone: 505-623-6601

OIL CONSERVATION DIVISION

Approved by: [Signature] BGA
Title: District Supervisor
Approval Date: JUL 05 2000
Expiration Date: JUL 05 2001

Attached: Plugging of loco Hill Welch #2 in Morrow. To produce.

Drill only

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

State of New Mexico
Energy, Minerals and Natural Resources Department

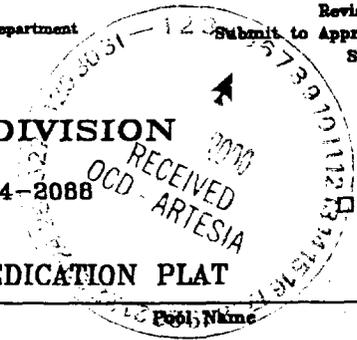
Form C-102
Revised February 10, 1994
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Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0718

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

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LOCO HILLS WELCH	Well Number 5
OGRID No.	Operator Name HARVEY E. YATES COMPANY	Elevation 3525

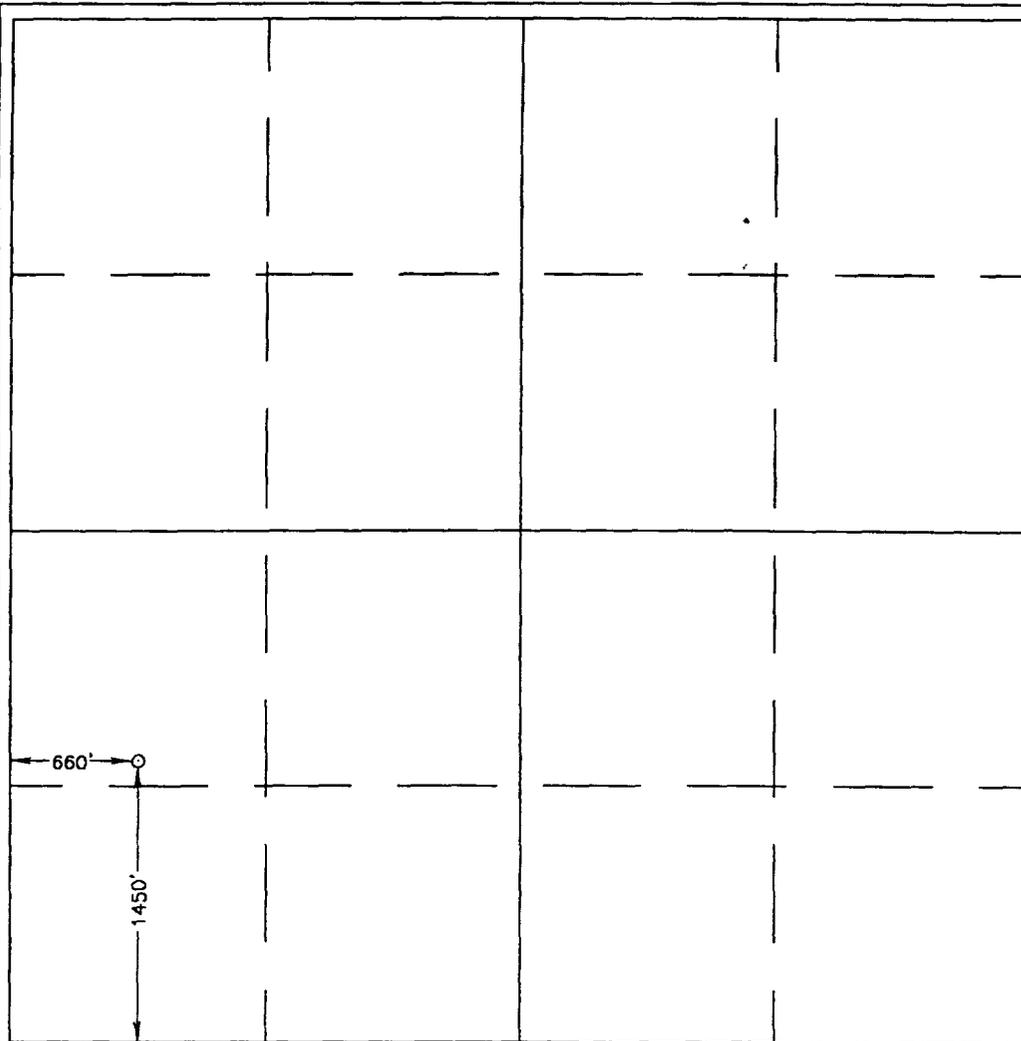
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	4	18 S	29 E		1450	SOUTH	660	WEST	EDDY

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



OPERATOR CERTIFICATION

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

Bob Williams
Signature

BOB WILLIAMS
Printed Name

ORLG SUPT.
Title

7-5-00
Date

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.

JUNE 27, 2000

Date Surveyed _____ LMP

Signature & Seal of Professional Surveyor
Gary Edson 6/29/2000

00-11-0815

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641
MACON McDONALD 12185

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer ED, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brasas Rd., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION
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 LOCO HILLS WELCH	
OGRID No.	Operator Name HARVEY E. YATES COMPANY	
	Well Number 5	Elevation 3525

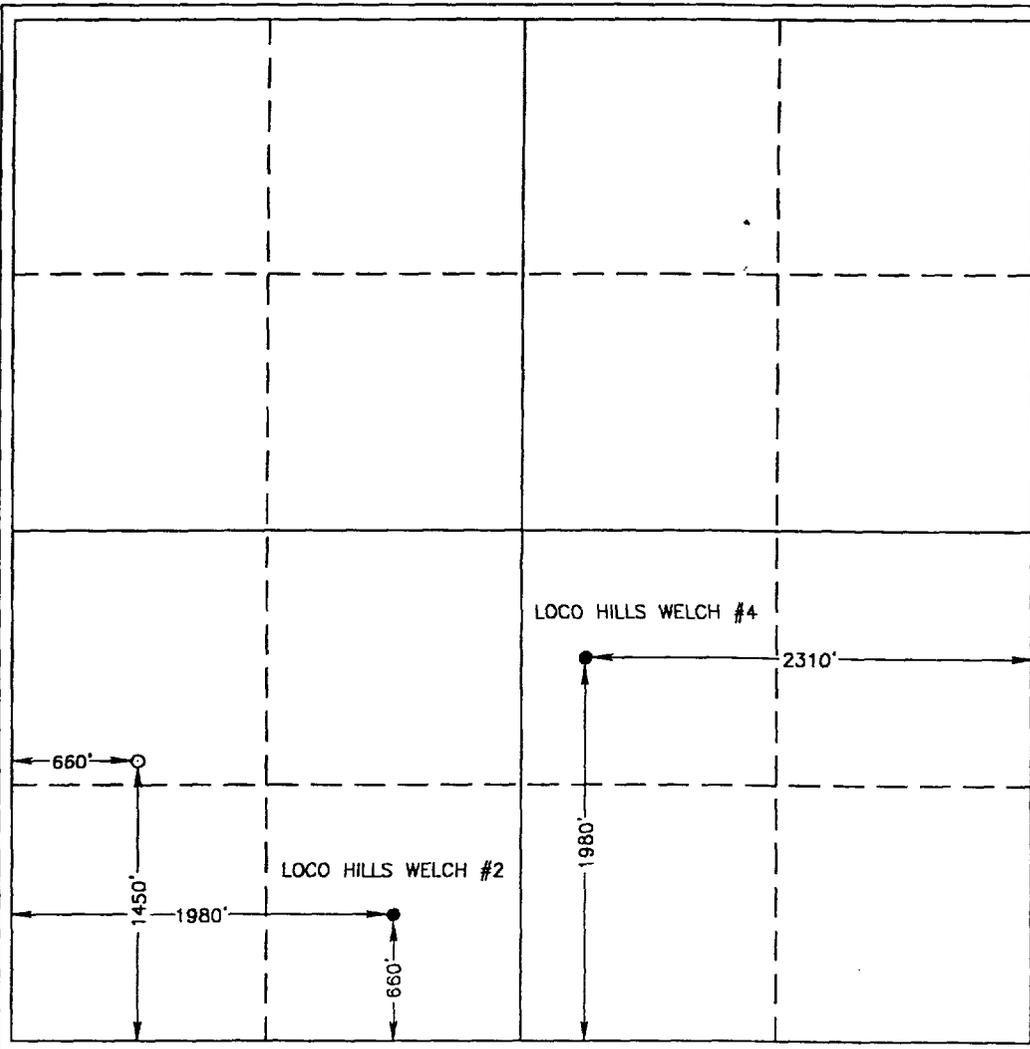
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	4	18 S	29 E		1450	SOUTH	660	WEST	EDDY

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



OPERATOR CERTIFICATION

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

Bob Williams
Signature

BOB WILLIAMS
Printed Name

DALE SUPT
Title

7-5-00
Date

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.

JUNE 27, 2000
Date Surveyed

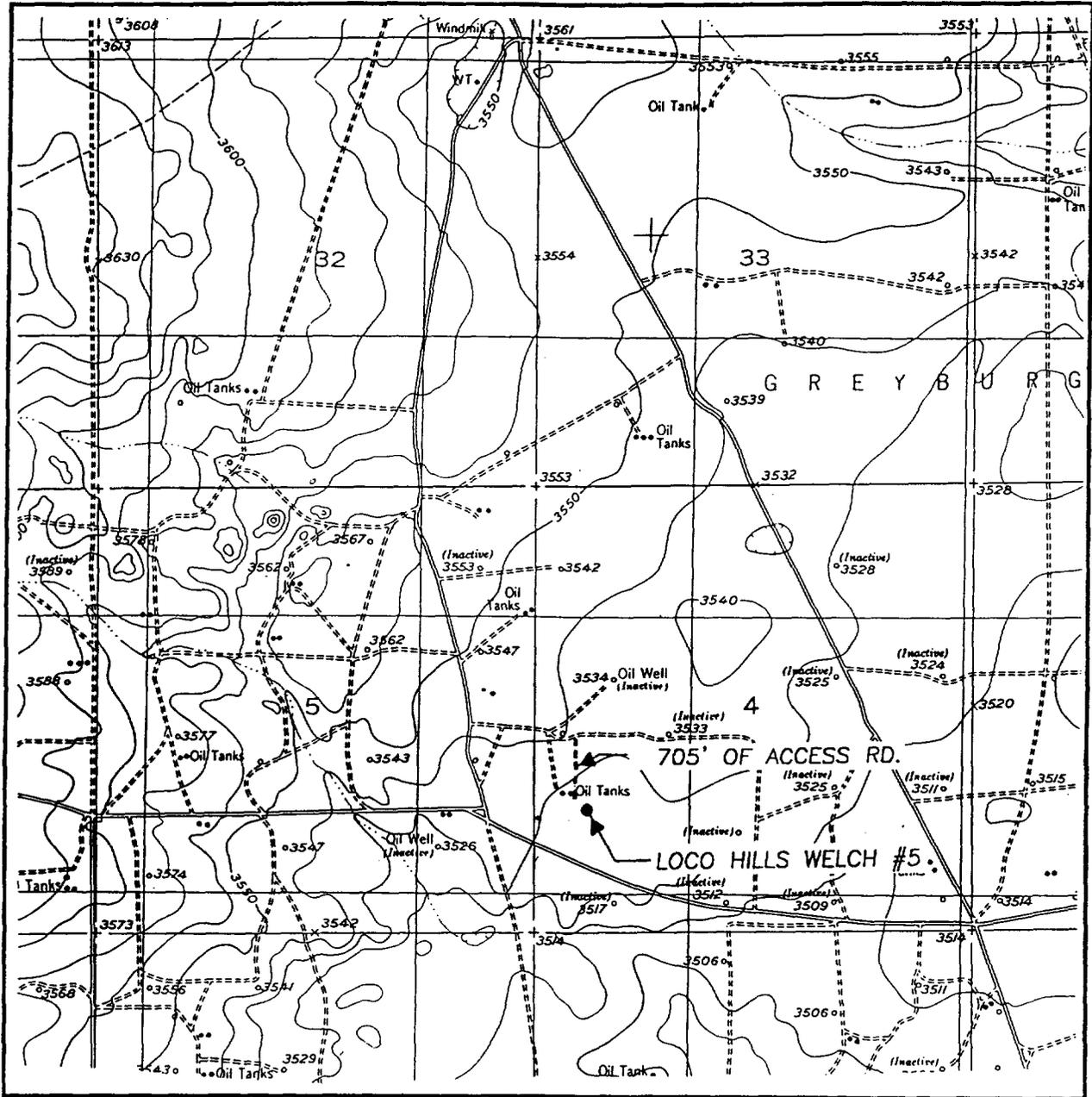
LMP
Signature & Seal of Professional Surveyor

Ronald J. Eidson 6/29/2000
Professional Surveyor Seal

00-11-0815
Certificate No.

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12841
MACON McDONALD 12185

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE, N.M. - 10'

SEC. 4 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1450' FSL & 660' FWL

ELEVATION 3525

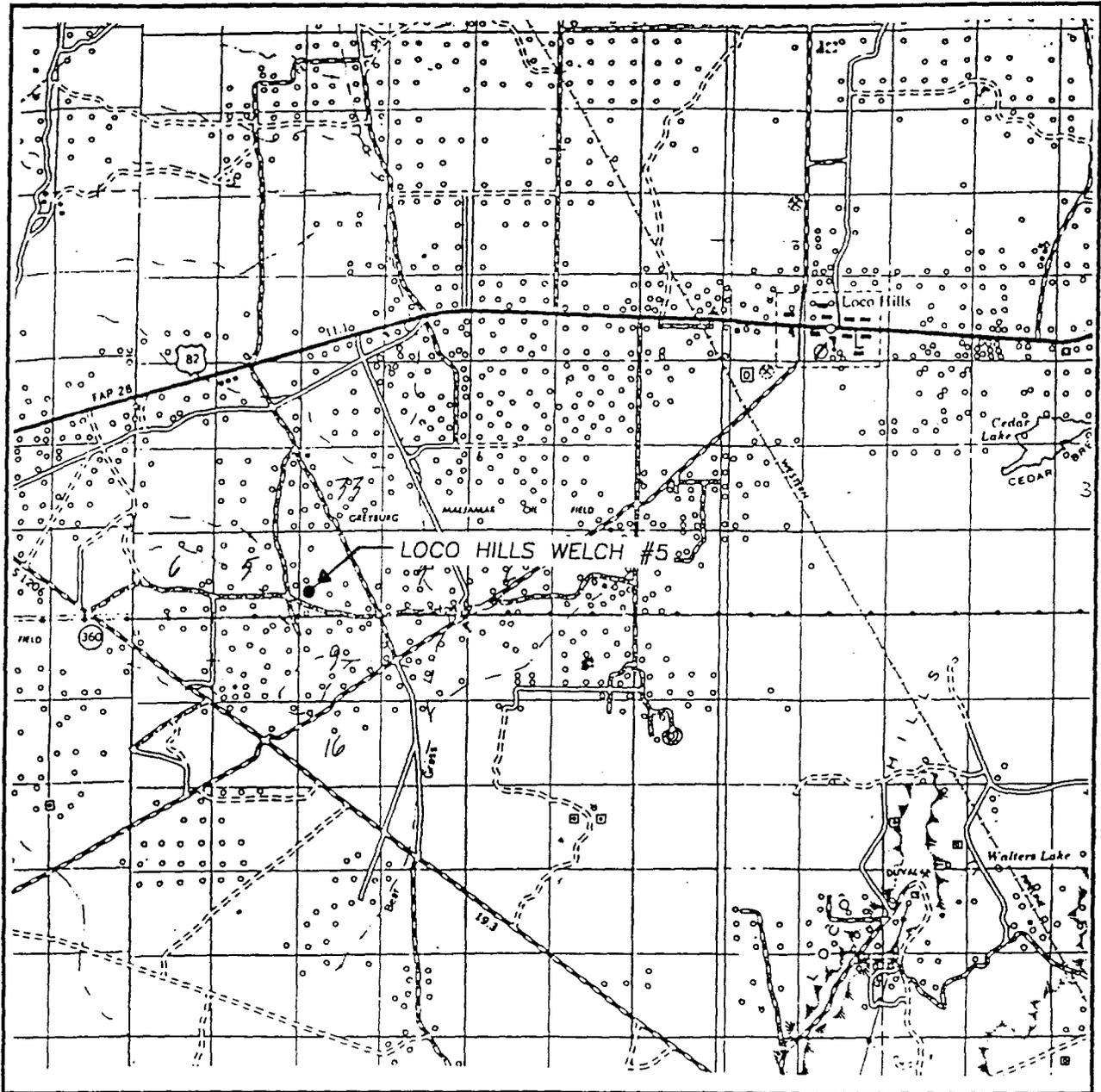
OPERATOR HARVEY E. YATES COMPANY

LEASE LOCO HILLS WELCH

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES-

SEC. 4 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1450' FSL & 660' FWL

ELEVATION 3525

OPERATOR HARVEY E. YATES COMPANY

LEASE LOCO HILLS WELCH

JOHN WEST SURVEYING
 HOBBS, NEW MEXICO
 (505) 393-3117

EXHIBIT "C" BOP STACK

**Loco Hills Welch #5
1,450' FSL & 660' FWL
Sec 4, T18S, R29E
Eddy County, NM**

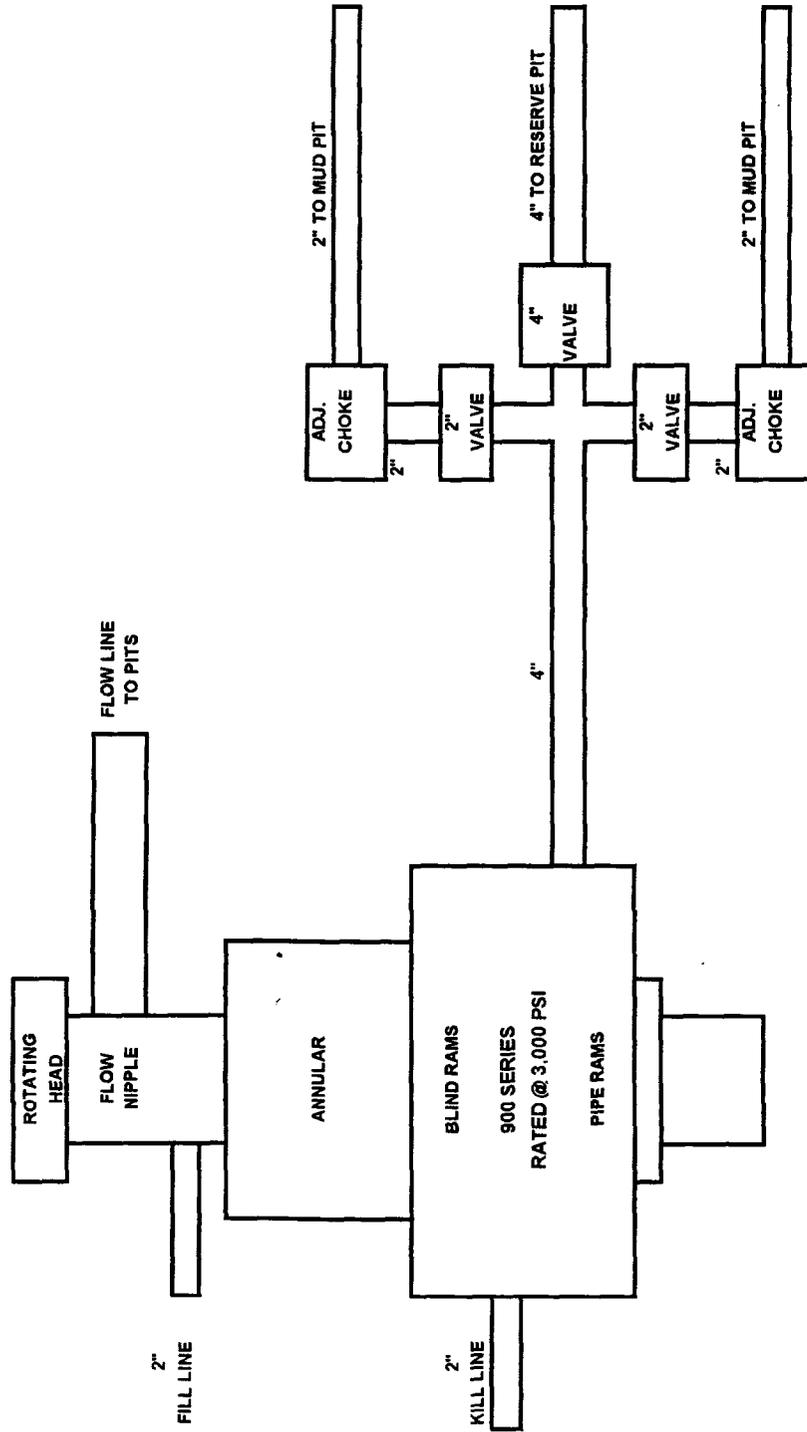
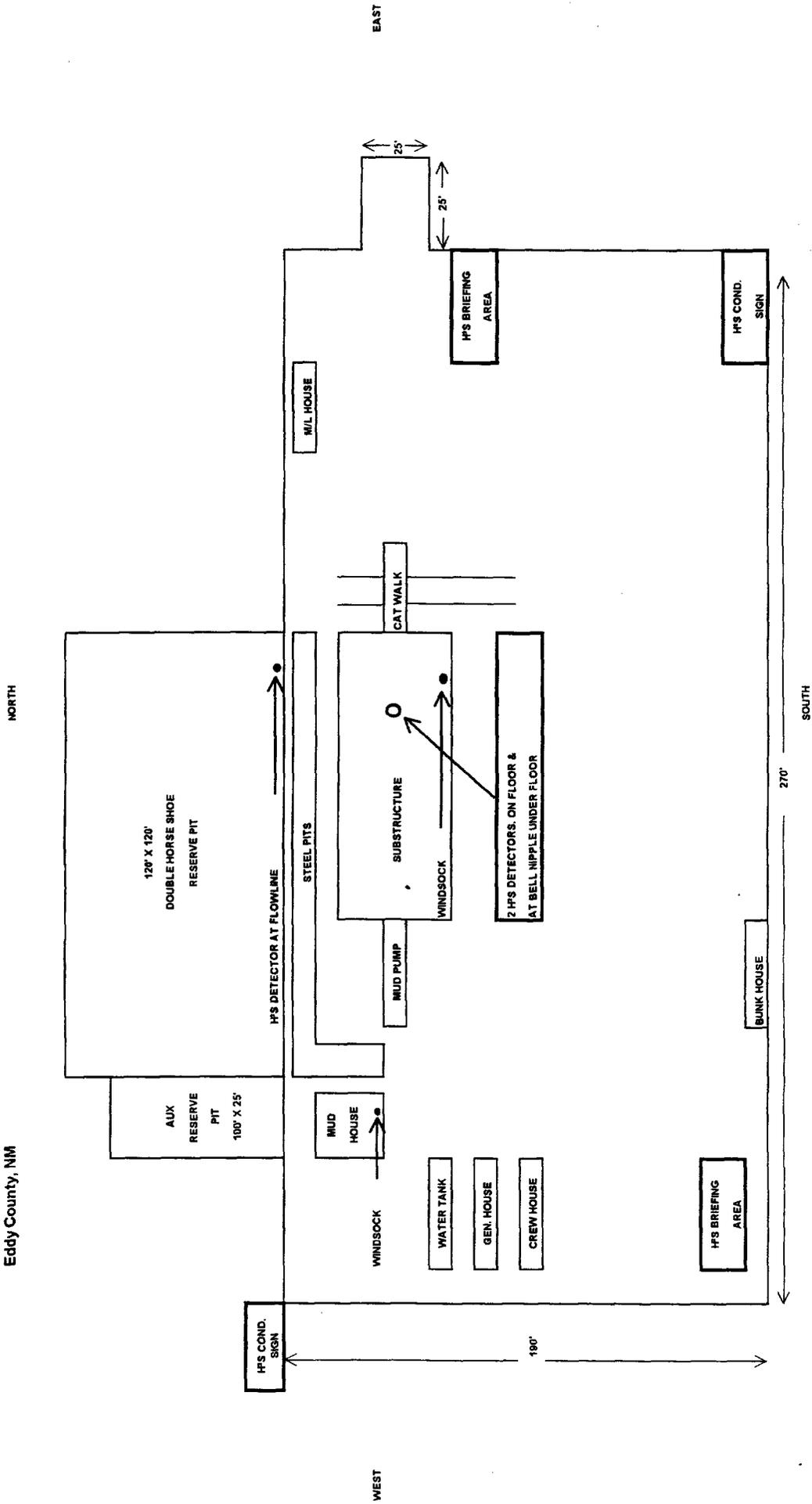


EXHIBIT D

Loco Hills Welch #5
1,450' FSL & 660' FWL
Sec 4, T18S, R29E
Eddy County, NM



Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 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 and Natural Resources

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-15-31232
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Loco Hills Welch
8. Well No. #5
9. Pool name or Wildcat Empire South Morrow

SUNDRY NOTICES AND REPORTS ON WELLS
 (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.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Harvey E. Yates Company

3. Address of Operator
P.O. Box 1933, Roswell, New Mexico 88202

4. Well Location
 Unit Letter **L** : **1450'** feet from the **South** line and **660'** feet from the **West** line
 Section **4** Township **18S** Range **29E** NMPM **Eddy** County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
3525 (GR)

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 type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: TD & 5 1/2" Casing <input checked="" 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

10/8/2000 TD @ 9:30 a.m.
 10/11/2000 Ran 262 jts 5 1/2" 17# S-95/N-80/J-55 csg. Cement 1st stage w/675 sxs 15:61:11 "C"
 Cement 2nd stage w/425 sxs 35:65 Poz: "H" & tail in w/200 sxs "H" neat.
 10/12/2000 Rig released @ 8:00 a.m.



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

SIGNATURE Dianna Rodgers TITLE Production Analyst DATE 10/26/2000
 Type or print name Dianna Rodgers Telephone No. 505-623-6601

(This space for State use)

APPROVED BY Jim W. Gunn TITLE District Supervisor DATE NOV 01 2000

Conditions of approval, if any:

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 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

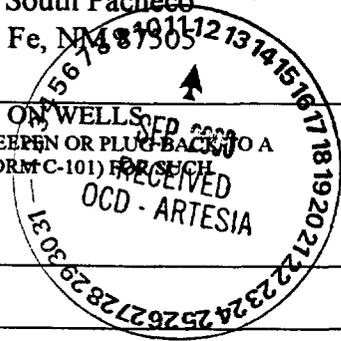
State of New Mexico
 Energy, Minerals and Natural Resources

SK

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-15-31232
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Loco Hills Welch
8. Well No. #5
9. Pool name or Wildcat Empire South Morrow



SUNDRY NOTICES AND REPORTS ON WELLS (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.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Harvey E. Yates Company ✓

3. Address of Operator
 P.O. Box 1933, Roswell, New Mexico 88202

4. Well Location
 Unit Letter L : 1450' feet from the South line and 660' feet from the West line
 Section 4 Township 18S Range 29E NMPM Eddy County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3525 (GR)

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 type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Spud, Surface & Intermediate Casing <input checked="" 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

8/26/2000 Spud well @ 5:00 a.m.
 8/27/2000 Ran 9 jts 13 3/8" 48# ST&C H-40 csg. Cement w/450 sxs Class "C" w/2% CaCl & 1/4# celloseal. Cement did not circulate. Cement w/125 sxs class "C" w/2% CaCl in 1 stage. Circulate 25 sxs. Contacted OCD in Artesia regarding lost circulation & not circulating cement on primary cement job. Was told to proceed.
 9/2/2000 Ran 69 jts 8 5/8" 32# ST&C J-55 csg. Cement w/1000 sxs 65:35 C-Poz & tail in w/350 sxs class "C" w/2% CaCl & 1/4# celloseal. PD @ 7:45 p.m. Circulate 211 sxs to pit. Alerted OCD to job, but no OCD rep on location.

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

SIGNATURE Dianna Rodgers TITLE Production Analyst DATE 9/11/2000
 Type or print name Dianna Rodgers Telephone No. 505-623-6601

(This space for State use)

APPROVED BY Tim W. Gum ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR TITLE TITLE DATE SEP 12 2000

Conditions of approval, if any: Note Time WCC and depth of casing set

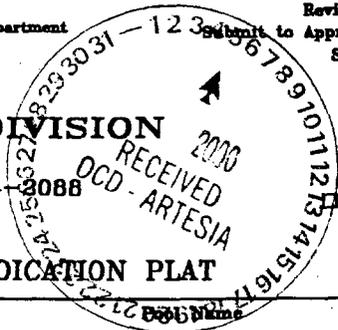
DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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



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

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	
Property Code	Property Name LOCO HILLS WELCH	Well Number 5
OGRID No.	Operator Name HARVEY E. YATES COMPANY	Elevation 3525

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	4	18 S	29 E		1450	SOUTH	660	WEST	EDDY

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 that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Bob Williams</u> Signature</p> <p><u>BOB WILLIAMS</u> Printed Name</p> <p><u>DRLE SUPT.</u> Title</p> <p><u>7-5-00</u> 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>JUNE 27, 2000</p> <p>Date Surveyed _____ LMP</p> <p>Signature & Seal Professional Surveyor</p> <p><u>Gary Kidson</u> 6/29/2000 00-11-0815</p> <p>Certificate No. RONALD J. KIDSON 3239 GARY KIDSON 12641 MACON McDONALD 12185</p>	

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer 22, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAN

API Number	Pool Code	Pool Name
Property Code	Property Name LOCO HILLS WELCH	Well Number 5
OGRID No.	Operator Name HARVEY E. YATES COMPANY	Elevation 3525

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	4	18 S	29 E		1450	SOUTH	660	WEST	EDDY

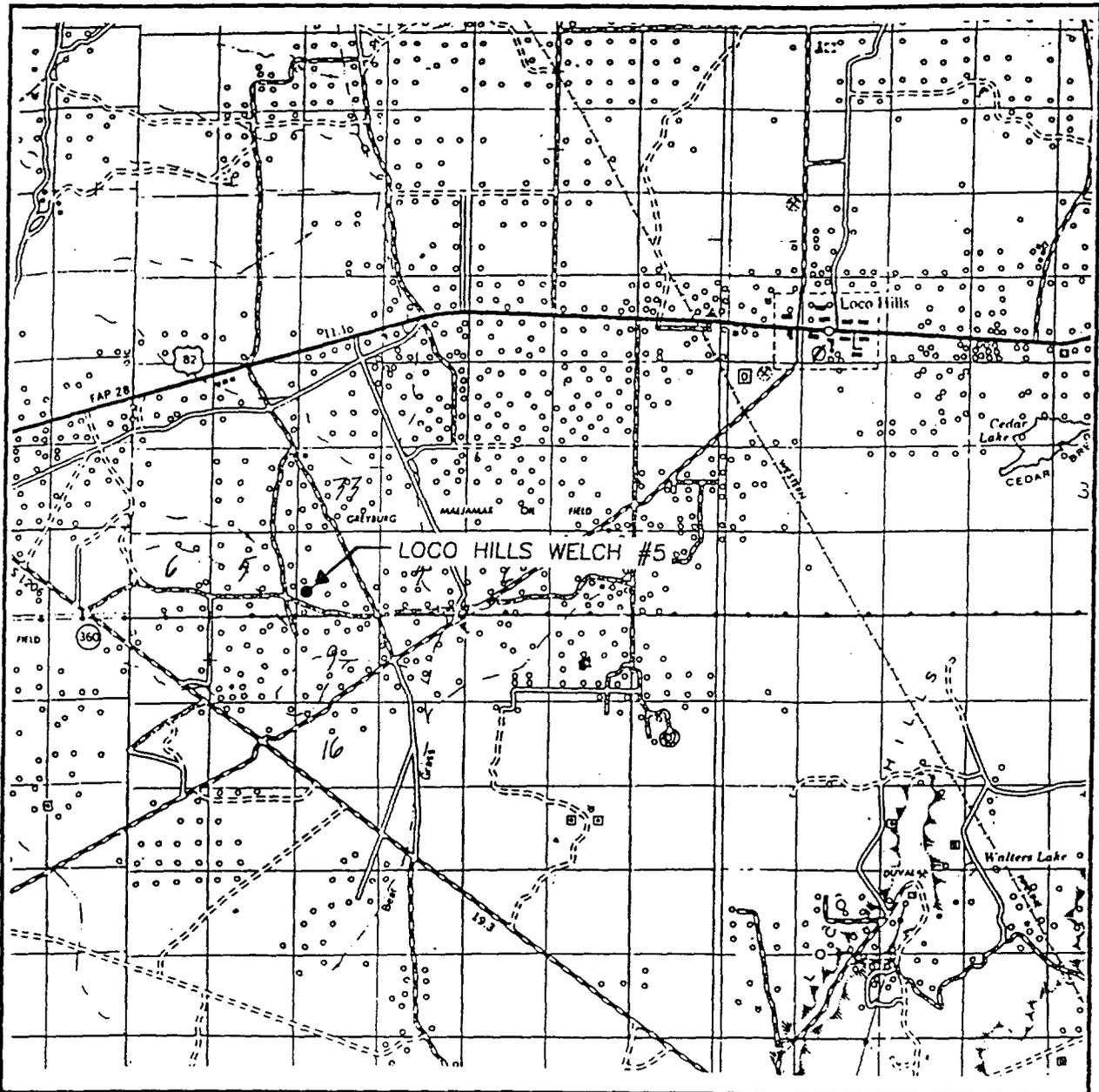
Bottom Hole Location If Different From Surface

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Dedicated Acres		Joint or Infill	Consolidation Code		Order No.				

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	<p>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><u>Bob Williams</u> Signature</p> <p><u>BOB WILLIAMS</u> Printed Name</p> <p><u>DRLE Supt</u> Title</p> <p><u>7-5-00</u> Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plan 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><u>JUNE 27, 2000</u> Date Surveyed</p> <p><u>LMP</u> Signature & Seal of Professional Surveyor</p> <p><u>GARY EIDSON 6/29/2000</u> Professional Surveyor</p> <p><u>90-11-0815</u></p>
	<p>Certificate No. <u>RONALD J. KIDSON 3239</u> <u>GARY EIDSON 12841</u> <u>MACON McDONALD 12185</u></p>

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 4 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1450' FSL & 660' FWL

ELEVATION 3525

OPERATOR HARVEY E. YATES COMPANY

LEASE LOCO HILLS WELCH

JOHN WEST SURVEYING
 HOBBS, NEW MEXICO
 (505) 393-3117

EXHIBIT "C" BOP STACK

Loco Hills Welch #5
1,450' FSL & 660' FWL
Sec 4, T18S, R29E
Eddy County, NM

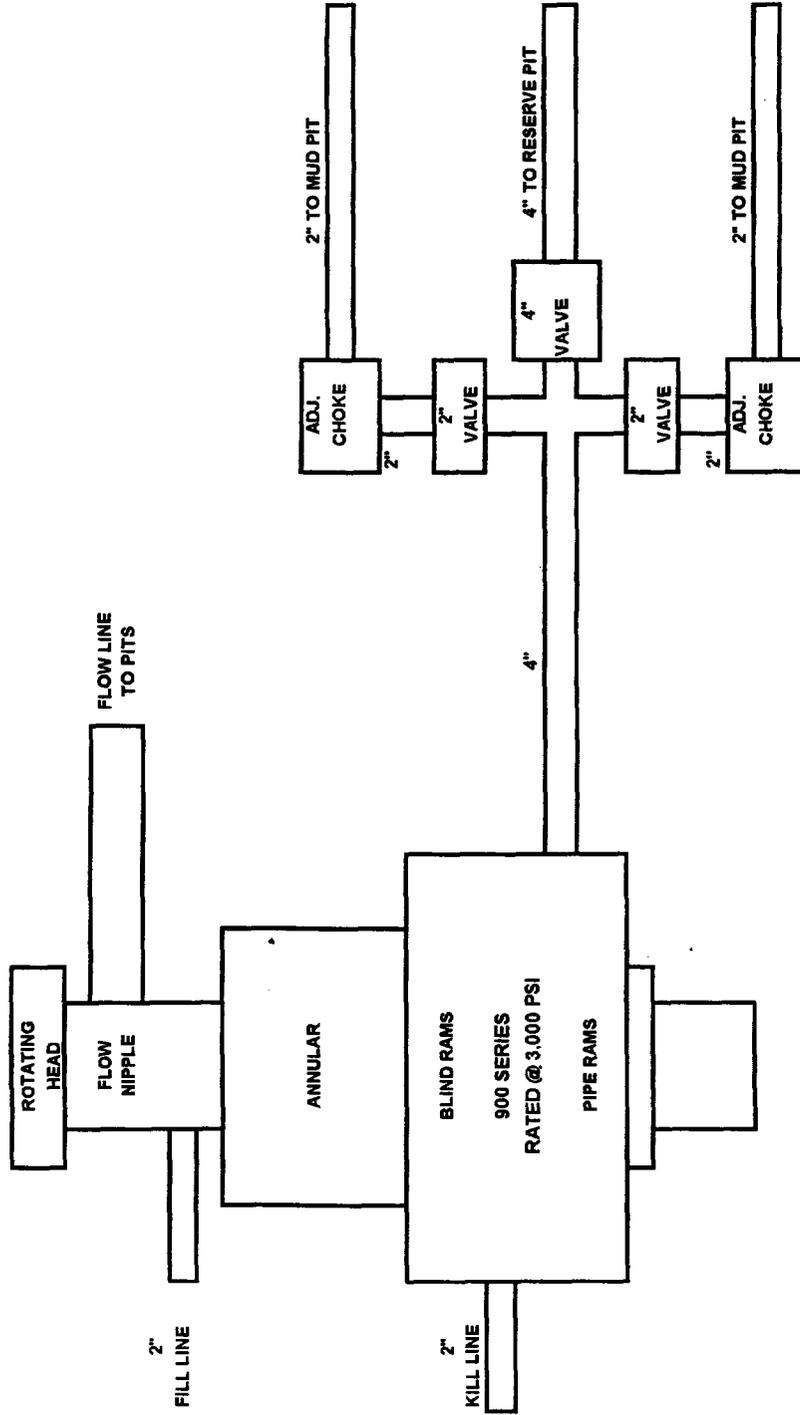
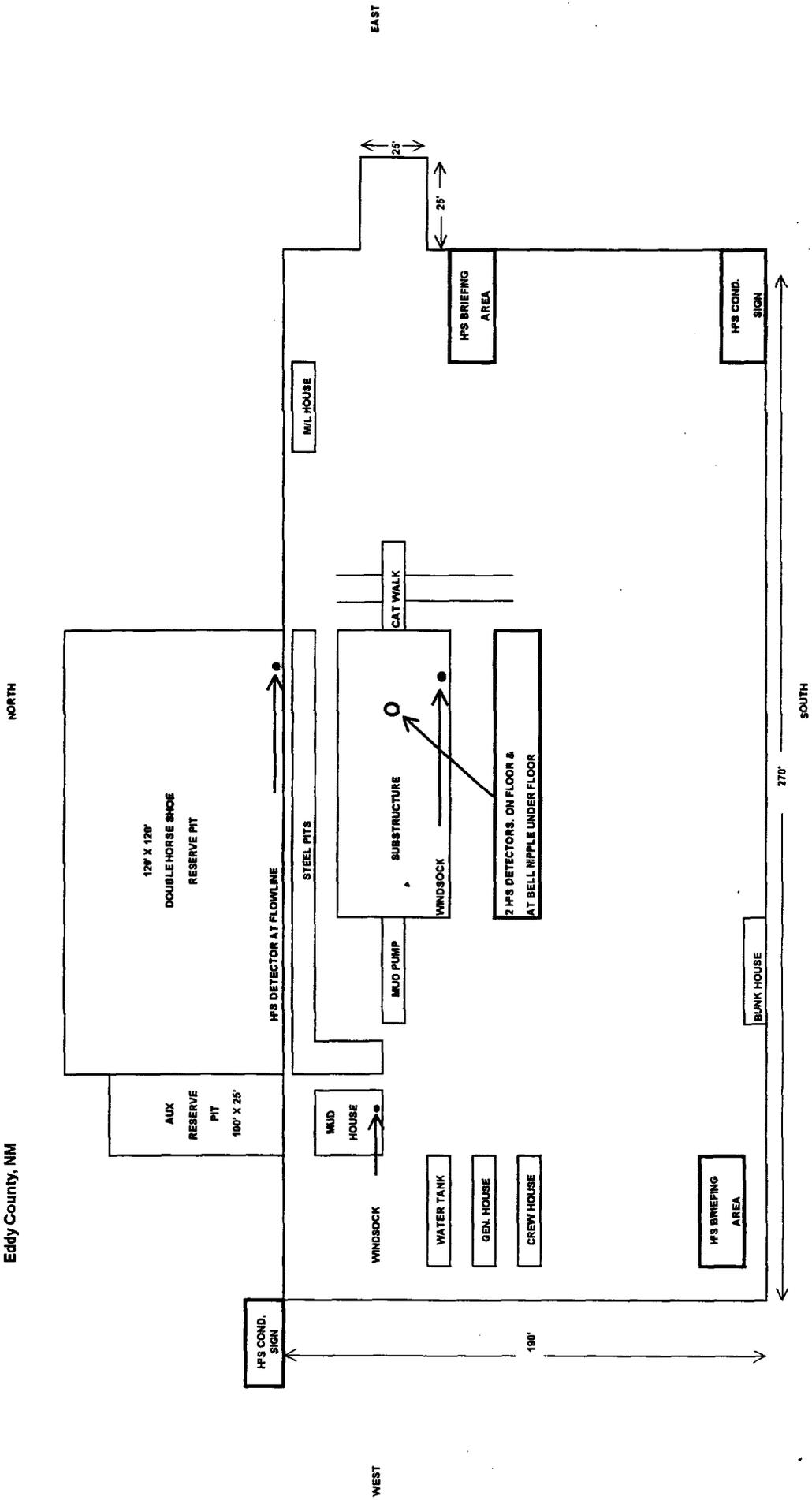


EXHIBIT D

Loco Hills Weich #5
1,450' FSL & 660' FWL
Sec 4, T18S, R29E
Eddy County, NM





Need topo maps?



Target is UTM 13 586212E 3626673N - RED LAKE SE quad [Quad Inf]
Move the mouse over the map to display coordinates in the status bar

Get a Map

- Place name search
- Decimal degrees
- Deg/min/sec
- UTM coords

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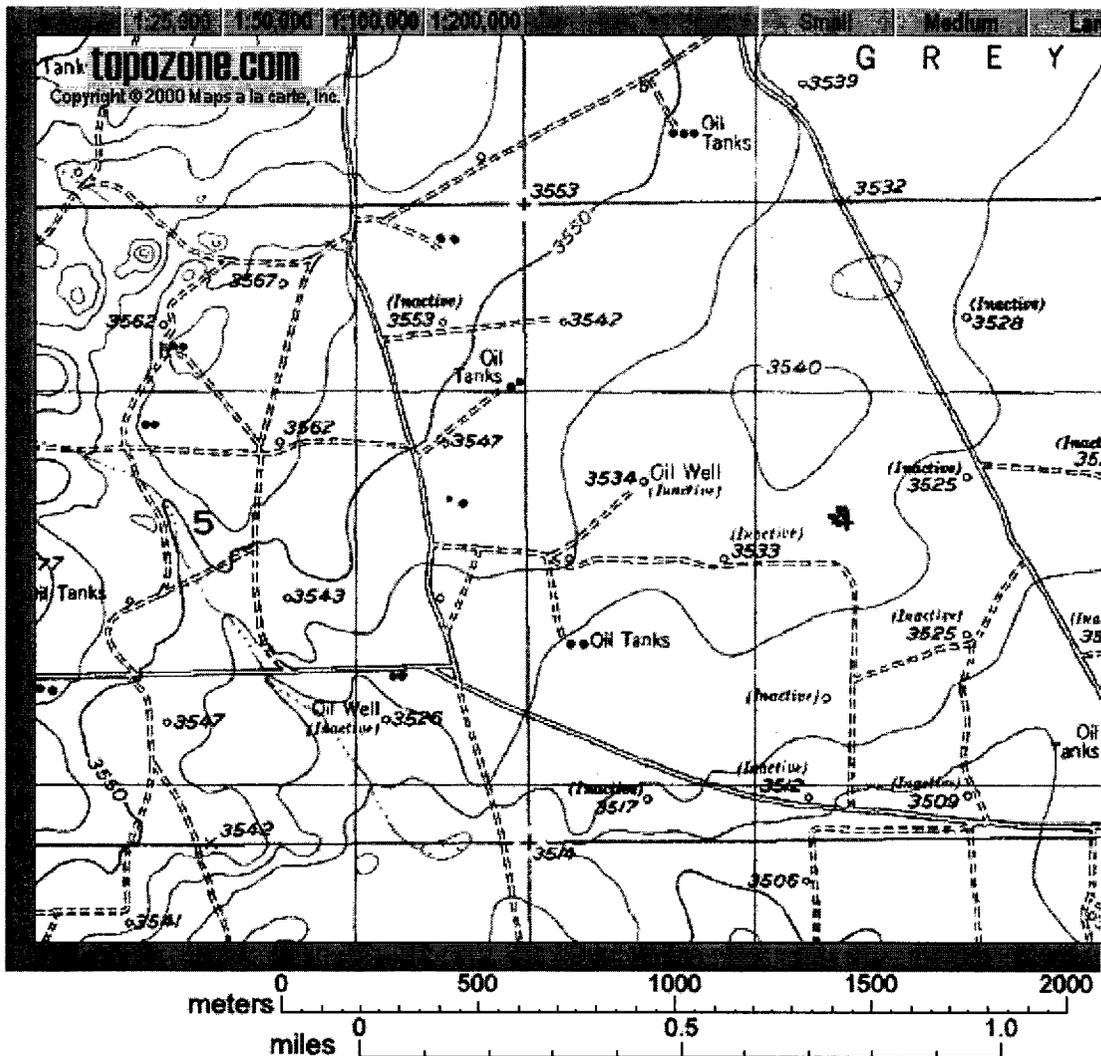
for Artesia



Mostly Cloudy
77 F



powered by AccuWeather.com



Coordinates (NAD27): UTM DD.DDDD D/M/S Show target:

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HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

ONE SUNWEST CENTRE

505 / 823-8801

FAX 505 / 822-4221

ROSWELL, NEW MEXICO 88202-1933

July 18, 2000

LOCO HILLS WELCH WORKING INTEREST OWNERS
(See attached mailing list)

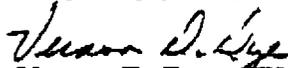
Re: Loco Hills Welch #5
1450' FSL & 660' FWL,
(S/2) Sec. 4
T-18S, R-29E, N.M.P.M.
Eddy County, New Mexico

Ladies & Gentlemen:

This is to advise you that the location for the Loco Hills Welch #5 has been changed from 1650' FSL to 1450' FSL. It is still located 660' FWL.

The Oil Conservation Division had HEYCO move the location because the pad at the previous location would have covered an existing pipeline.

Very truly yours,


Vernon D. Dyer CPL #3174
Land Manager

/dlm

LocoHills#5ChangeLocation.doc/Land/LoCoHillsWelch

COUNTY *Eddy*

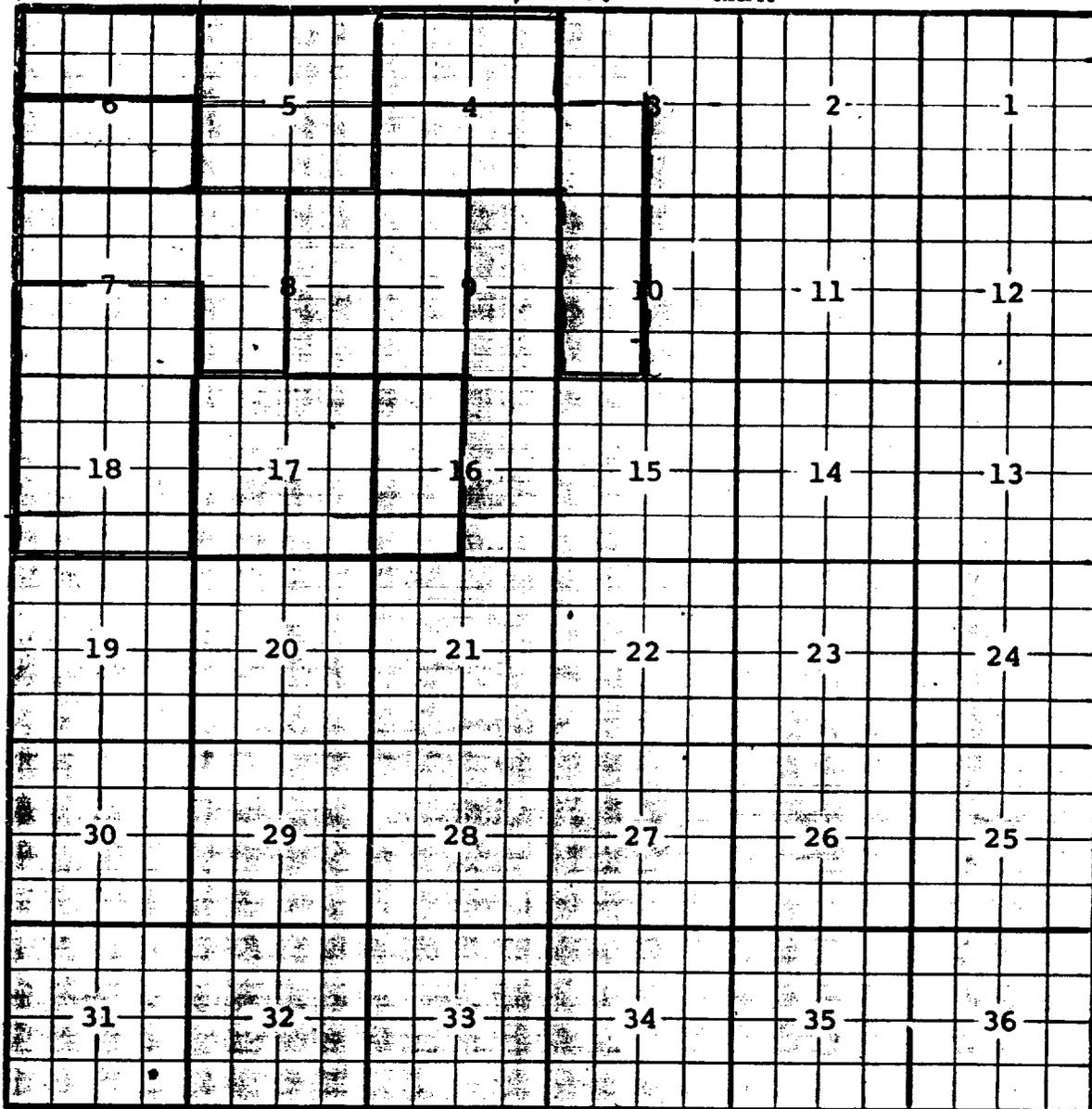
POOL *South Empire - Morrow Gas*

TOWNSHIP *18 South*

RANGE *29 East*

NMPM

*State Acre
Ruler*



Description: 1/2 Sec. 6 (R-4304, 6-1-72)

Ext: 2/3 Sec. 6 (R-4377, 9-1-72) Ext: 1/2 Sec 5 (R-5417, 4-1-77)

Ext: 1/2 Sec 5, 1/2 Sec 7, 1/2 Sec 8 (R-5667, 4-1-78)

Ext: 1/2 Sec 7, All Sec 18 (R-5838, 11-1-78)

Ext: E 1/2 Sec 8, W 1/2 Sec 9 (R-5988, 5-1-79) Ext: 1/2 Sec. 4 (R-6274, 3-1-80)

Ext: All Sec 17 (R-6368, 7-1-80) Ext: 1/2 Sec. 16 (R-8065, 10-31-85)

Ext: SW 1/4 Sec. 3, W 1/2 Sec. 10 (R-11323, 2-10-00) Ext: N 1/2 Sec. 4 (R-11359, 4-12-00).

HOLLAND & HART LLP
and
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE • CASPER
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P. O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert

mfeldewert@hollandhart.com

May 22, 2001

HAND-DELIVERY

Michael E. Stogner, Chief Hearing Officer
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

01 MAY 22 PM 2:54

OIL CONSERVATION DIV

Re: Administrative application initially filed with the New Mexico Oil Conservation Division in Santa Fe on February 28, 2001 for an exception to the spacing provision of Division Rule 104.B(1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its existing Loco Hills Welch Well No. 5 (API No. 30-015-31232) which was recently drilled to the Morrow formation and is now located at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 4, Township 18 South, Range 29 East, NMPM, Undesignated Loco Hills-Cisco Pool, Eddy County, New Mexico

Dear Mr. Stogner:

In response to your March 26th letter, I asked HEYCO to carefully review the history of the Loco Hills Welch Well No. 5 and determine why the location was moved 200 feet to the South. As you know, the initial location was to be 1650 FSL and 660 FWL, but at the time of drilling the location was moved 200 feet south.

Enclosed please find a surface map from Navajo Refining Company and an enlargement of that map showing in more detail Section 4. As you will see, HEYCO's original location was going to fall directly on Navajo's 3" PBC Gathering Line (highlighted in orange). The well was therefore moved 200 feet south, which remained a standard location to test the Empire South Morrow pool but encroached upon acreage operated by HEYCO and became an unorthodox location for up-hole oil completions.

HOLLAND & HART LLP
ATTORNEYS AT LAW

Michael E. Stogner, Chief Hearing Officer
May 22, 2001
Page 2

Vernon Dyer was initially informed by HEYCO's field personnel that the Division required the location moved 200 feet south due to Navajo's gathering line. However, in response to your letter, Mr. Dyer again questioned HEYCO's field personnel and was informed that they moved the location on their own believing the Division would require the location change because of Navajo's gathering line. HEYCO's field personnel have since been instructed to check with the Artesia district office before taking any similar action in the future.

I trust that these exhibits and clarification of the record answer the questions you have concerning this application.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert". The signature is fluid and cursive, with the first name "Michael" being the most prominent.

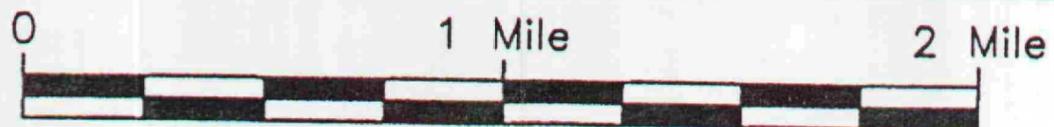
Michael H. Feldewert

MHF

cc: Vernon Dyer
Melissa Randle

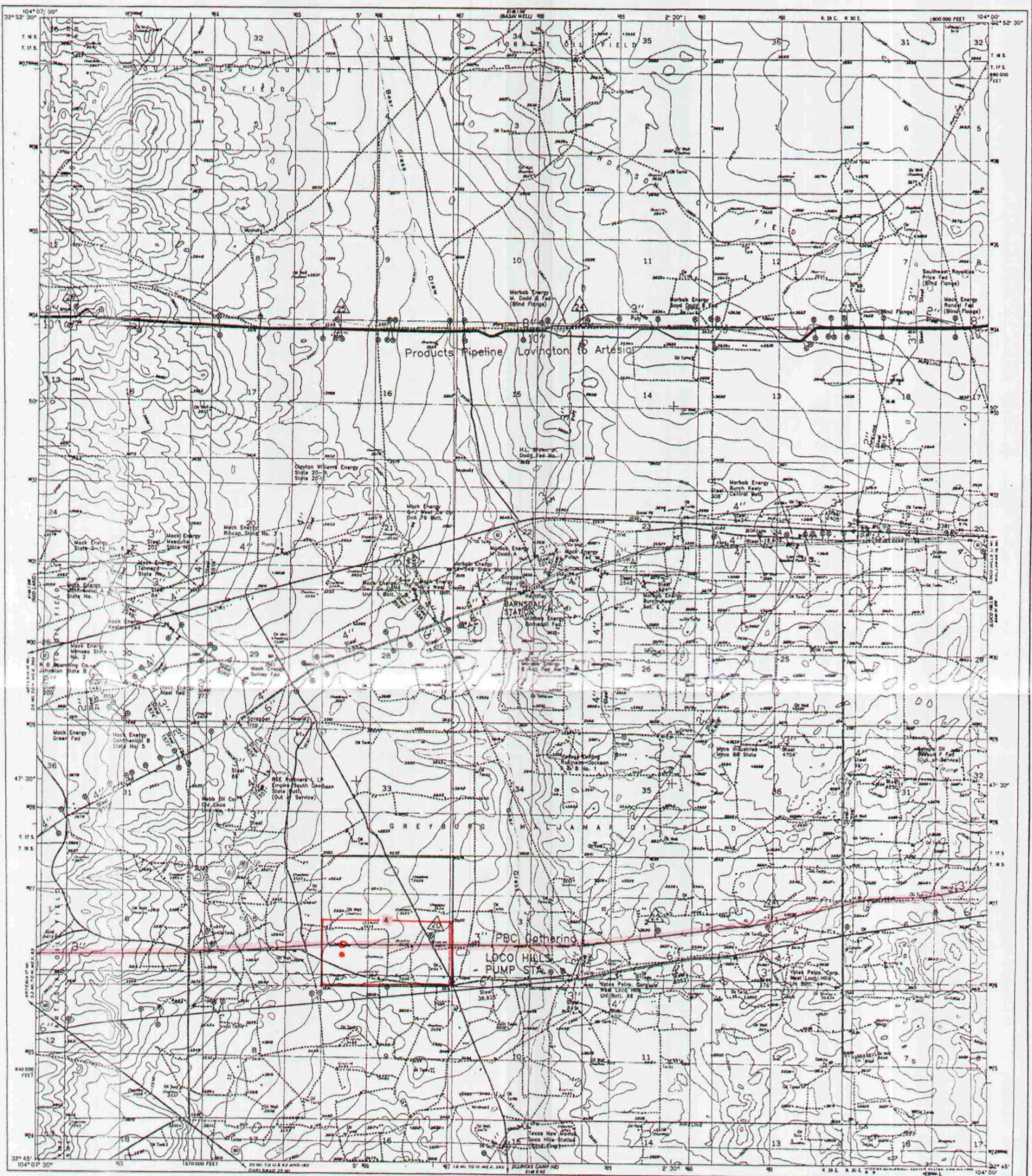


LOCO HILLS WELCH #5
 T-18S, R-29E, N.M.P.M.
 Section 4: S/2
 Eddy County, New Mexico
 • 1450' FSL & 660' FWL

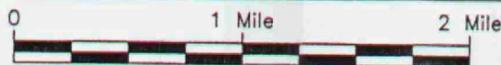


20 MI. TO U.S. 62 AND 180
 CARLSBAD 33 MI
 1.5 MI. TO N. MEX. 360 (ILLINOIS CAMP NE)
 5140 N.E.

Eddy County, New Mexico



LOCO HILLS WELCH #5
 T-18S, R-29E, N.M.P.M.
 Section 4: S/2
 Eddy County, New Mexico
 • 1450' FSL & 660' FWL



Legend

- | | | | |
|--|-------------------|--|-------------------|
| | Crude Pipeline | | Air Marker |
| | Products Pipeline | | Test Point |
| | Effluent Pipeline | | Sample Test Point |
| | Valve | | |
| | Rectifier | | |
| | Pump | | |



Navajo REFINING COMPANY
Pipeline Division

New Mexico Crude Gathering System

Scale: 1"=4000' Date: 12-30-2000 Drawn By: GJE

U.S.G.S. Quadrangle Map: Red Lake SE, N. Mex.

File Name: \Dwgs\Navajo\Quads\RedLakeSE.dwg



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

March 26, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Harvey E. Yates Company
c/o **Holland & Hart LLP and Campbell & Carr**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: **Michael H. Feldewert**

Re: Administrative application initially filed with the New Mexico Oil Conservation Division in Santa Fe on February 28, 2001 for an exception to the spacing provisions of Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its existing Loco Hills Welch Well No. 5 (API No. 30-015-31232) which was recently drilled to the Morrow formation and is now located at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 4, Township 18 South, Range 29 East, NMPM, Undesignated Loco Hills-Cisco Pool, Eddy County, New Mexico.

Dear Mr. Feldewert:

I have reviewed the subject application and consulted with the supervisor of the Artesia district office of the Division concerning the statement made in this application that the Division "instructed HEYCO to move the original location of this well (1650' FSL & 660' FWL of Section 4) to avoid an existing pipeline." A pre-drill wellsite review is not a normal function of the Division's field offices and instructing an operator to move a proposed wellsite in a direction that makes it unorthodox is also out of the ordinary.

It should be further noted that when Rule 104 was re-written in mid-1999 and the internal set-back requirements from quarter-quarter section lines was removed for gas wells, which allowed greater flexibility in locating wells. The Division was assured by industry that such flexibility would not be made at the expense of the oil spacing requirements, which still provides for 330 feet as the set-back distance for development on 40-acre spacing (see the records in Case No. 12119). When a well is to be drilled as a gas well that has any chance of oil production, especially in shallower zones, operators would locate such wells so that they would be standard for all zones to be encountered.

I therefore find it absolutely necessary to review this matter most thoroughly. Please provide this office with a comprehensive narrative concerning the actions, personnel involved, statements made, and discussions that resulted in the move of this well to its current unorthodox oil well location.

Also, please provide me with a large-scale map that details the existing surface facilities within the NW/4 SW/4 (Unit L) of Section 4.

This is a very important issue from an overall regulatory standpoint (see attached notice from the Division Director dated October 25, 1999), should further requests for this type of exception continue, the Division will need to rescind such flexibility and reinstate the 330 foot internal setback requirements for gas wells.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Tim Gum, New Mexico Oil Conservation Division - Artesia

100097176 NSL 3/20/01

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
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SANTA FE, NEW MEXICO 87504-2208

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2001

February 28, 2001

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

(30-015-31232)

Re: *Application of Harvey E. Yates Company for Administrative Approval of an Unorthodox Well Location for its Loco Hills Welch Well No. 5, located 1450 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.*

Dear Ms. Wrotenbery:

Harvey E. Yates Company ("HEYCO") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox well location for its Loco Hills Welch Well No. 5 which has been drilled and completed in the Undesignated Loco Hills-Cisco Pool at an unorthodox location 1450 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. A standard 40-acre spacing unit comprised of the NW/4 SW/4 of Section 4 is to be dedicated to this well. The Undesignated Loco Hills-Cisco Pool is governed by the Division's statewide rules that provide for oil wells to be located no closer than 330 feet to any outer boundary of the 40-acre spacing unit. See Division Rule 104.B. This unorthodox location encroaches on the offsetting tract to the South by 200 feet.

This unorthodox location is required by topographic conditions. The Loco Hills Welch No. 5 was originally to be drilled at a standard location 1650 feet from the South line and 660 feet from the West line. ~~However, the Division instructed HEYCO to move the location because the pad at the standard location would have covered an existing pipeline.~~ See attached letter dated 7/18/00.

On August 26, 2000, HEYCO spudded the Loco Hills Welch No. 5 as a gas well to test the Empire South Morrow pool in the Morrow formation. The well was not a commercial success and was re-

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

Ms. Lori Wrotenbery
February 28, 2001
Page 2

completed up hole as an oil well in the Undesignated Loco Hills-Cisco Pool. Since the Undesignated Loco Hills-Cisco Pool is developed on statewide rules, this up hole location is 200 feet too close to the South line of the dedicated 40 acre spacing unit.

Attached hereto is a plat showing the subject area, the 40-acre NW/4 SW/4 spacing unit and the unorthodox well location. The shaded acreage on the plat is operated by HEYCO. Since this unorthodox location only encroaches on the 40 acre spacing unit to the south operated by HEYCO, and the ownership is common between the two units (working interest, royalty interest and overriding royalty interest), there are no affected parties to whom notice of this application needs to be provided.

Since the well is ready to produce, your prompt attention to this application is appreciated.

Very truly yours,



Michael H. Feldewert

MHF/ras
Attachment
Cc: Melissa Randle

HEYCO



HARVEY E. YATES COMPANY

PETROLEUM PRODUCERS

P.O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 88202-1933

July 18, 2000

LOCO HILLS WELCH WORKING INTEREST OWNERS
(See attached mailing list)

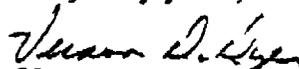
Re: Loco Hills Welch #5
1450' FSL & 660' FWL,
(S/2) Sec. 4
T-18S, R-29E, N.M.P.M.
Eddy County, New Mexico

Ladies & Gentlemen:

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The Oil Conservation Division had HEYCO move the location because the pad at the previous location would have covered an existing pipeline.

Very truly yours,


Vernon D. Dyer CPL #3174
Land Manager

/dlm

LocoHills#5ChangeLocation.doc/Land:LocoHillsWelch



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

NOTICE

TO: All Oil and Gas Operators, Mineral Interest Owners,
and Interested Parties

FROM: Lori Wrotenbery, Director *LW*

SUBJECT: Implementation of Amended Division Rule 104

DATE: October 25, 1999

Amendments to Division Rule 104 "Well Spacing and Location," adopted by the New Mexico Oil Conservation Commission in Order R-11231 (Case 12119) on August 12, 1999, became effective August 31, 1999. Attached to this notice are copies of Order No. R-11232, with the amended Rule 104 attached, and the recently amended Rule 1207 concerning notice requirements.

Summary of Changes

The amendments made five main changes in Rule 104:

- (1) the rule has been shortened and reorganized;
- (2) well location setbacks for all gas development on 160-acre spacing throughout the State are now standardized at 660 feet from the outer boundary of the quarter section line;
- (3) well location setbacks for deep gas development on 320-acre spacing in Southeast New Mexico have been relaxed from 1650 feet from an end boundary to 660 feet;
- (4) one optional infill well is now allowed within 320-acre deep gas units in Southeast New Mexico; and
- (5) interior 330-foot setbacks from quarter-quarter section lines for both 160-acre and 320-acre gas units governed by Rule 104 have been reduced to 10 feet.

Effect of Changes

Since the primary objectives of the rule changes were to grant operators increased flexibility in locating wells and decrease the number of applications for unorthodox locations, all future location

October 25, 1999

Page 2

exceptions will require substantial justification, *i.e.*, unusual circumstances. Please also note the recent changes made to the notice requirements for unorthodox locations found in Division Rule 1207.A(2).

Furthermore, the well location requirement for oil wells on 40-acre spacing has not changed and remains 330 feet from the quarter-quarter section centerline. ~~Operators may apply for an exception if the well's main objective is a deeper producing interval but there is the possibility of oil production and the location is closer to an interior quarter-quarter section line than 330 feet. In order to complete the well in a shallower oil-producing horizon, the operator will be required to submit an application for an exception of well location. An exception will not be granted unless unusual circumstances justify the location, and the closer a well is to a neighboring property, the harder it will be to obtain an exception. For example, if the well is only 10 feet from a neighboring property, it is highly unlikely an exception will be granted.~~

Regarding the new provision authorizing one infill well in a 320-acre deep gas unit in Southeast New Mexico, application can be made to adopt or amend special pool rules to limit the number of wells per spacing unit in any pool where infill wells are not justified. The notice requirements for special pool rules were also recently amended to accommodate this type of action. See Division Rule 1207.A(4).

Unless otherwise provided by special pool rules or amended Rule 104 (*e.g.*, the infill provision for deep gas pools in Southeast New Mexico), only **one** well per spacing unit is permitted in non-prorated pools. The Division Director, however, may grant administrative exceptions in appropriate circumstances.

Effect on Existing Orders

Any existing special pool rule or other order specific to well locations (*e.g.*, a production penalty on an unorthodox well location now standard under amended Rule 104) shall remain in full force and effect until the order is amended. Operators should review these orders to determine whether to file applications to conform the orders to amended Rule 104.

In the near future, a hearing will be held before a Division Hearing Examiner addressing the few deep gas pools in Southeast New Mexico still spaced on 160 acres. At the hearing, the Division will consider whether to issue an order listing these pools and setting forth setback requirements mirroring, if applicable, the setbacks for shallow gas wells in Southeast New Mexico.

Division Memoranda dated July 27, 1988 and August 3, 1990 concerning the interpretation of old Rule 104 are hereby withdrawn.

Attachments