

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
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

01 AUG 13 PM 1:03

August 9, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

VIA FACSIMILE
CERTIFIED MAIL
Return Receipt Requested

RE: Application for Unorthodox Location
Slick "AZU" State Com. #1 Re-entry
649' FNL and 1980' FWL
Section 1-T13S-R34E
Lea County, New Mexico
Lease VA-2500

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Wildcat Morrow gas well, the Slick "AZU" State Com. #1. The proposed well is located on State of New Mexico Minerals, lease VA-2500, 649' FNL and 1980' FWL of Section 1, Township 13 South, Range 34 East.

Yates proposes to re-enter this well bore using a pulling unit and a reverse unit. The cement plugs in the 9 5/8" casing and the plugs in the 8 3/4" open hole will be drilled down to the TD of 13,170'. A new suite of open hole logs will be ran. Yates will run 4 1/2" production casing to TD and will be cemented with approximately 1000 sacks of cement to bring the cement top up to 7000' +/- . The Morrow formation is the main target for completion.

Yates concludes that it is cheaper to re-enter this well than to drill a new well and would be in the best interest of conservation.

Yates Petroleum Corporation is the operator of Lease V-5972 due north of this well. It is the only lease that this well encroaches. The affected persons in the lease are also our partners in this well and have agreed to our re-entry of this well. Therefore, Yates requests that this unorthodox location be administratively approved as early as possible.

Enclosed are forms C-101, C012, and land plat showing the lease around this well.

Thank you for your consideration of this request. Please call me at (505) 748-4347 if you need further information.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May
Regulatory Agent

PP/dc
Enclosure(s)

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised March 17, 1999
Instructions on back
Submit to appropriate District Office

DISTRICT II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION

State Lease - 6 Copies
Fee Lease - 5 Copies

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

PO BOX 2088
Santa Fe, NM 87504-2088

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87501

☐ AMENDED REPORT

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

¹ Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575
		³ API Number 30- 025-01868
⁴ Property Code 28581	⁵ Property Name Slick "AZU" State Com	⁶ Well No. 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
C	1	13S	34E		649	North	1980	West	Lea

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 Wildcat Morrow					¹⁰ Proposed Pool 2				

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4127.9'
¹⁶ Multiple No	¹⁷ Proposed Depth 13,170'	¹⁸ Formation Morrow	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
17"	13 3/8"	48#	387'-in place	250 sx	Circulate
12 1/4"	9 5/8"	36# & 40#	0-4188'-in place	1300 sx	Circulate
8 3/4"	4 1/2"	11.6#	0-TD	1000sx	TOC-7000'

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.

See attached sheets for additional drilling information. An Application for Administrative Approval for an Unorthodox Location is being applied for.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Clifton R. May</i>		OIL CONSERVATION DIVISION	
Printed name: Clifton R. May		Approved by:	
Title: Regulatory Agent		Title:	
Date: 08/09/01		Approval Date:	Expiration Date:
Phone: (505) 748-1471		Conditions of Approval Attached ☐	

YATES PETROLEUM CORPORATION

Slick "AZU" State Com #1 Re-entry

649' FNL & 1980' FWL

Section 1-T13S-R34E

Lea County, New Mexico

Lease VA-2500

Drilling Plans: Yates Petroleum Corporation plans to re-enter this well bore that was originally drilled by Slick Oil Company as their State of New Mexico #1 which was plugged in 1957. The well was re-entered by Maralo, Inc. as their State of New Mexico #1 and was plugged in 1976. Yates will use a pulling unit and a reverse unit to drill out the cement plugs in the 9 5/8" casing which was set at 4314' and cemented with 1300 sacks. The plugs in the 8 3/4" open hole will be drilled down to the TD of 13,170'. After reaching the TD, a new suite of open hole logs will be ran. Yates will run 4 1/2" production casing to TD and will be cemented with approximately 1000 sacks of cement to bring the cement top up to 7000'+/-. The mud program to be used will be 9.5 – 9.8 ppg brine water with a 55-70 viscosity. A 5000# BOPE will be installed on the 9 5/8" casing.

The well will be completed using a pulling unit. The Morrow formation will be the main target for completion.

WELLNAME: State of NM E1865 #1 (Slick Oil) FIELD: Wildcat

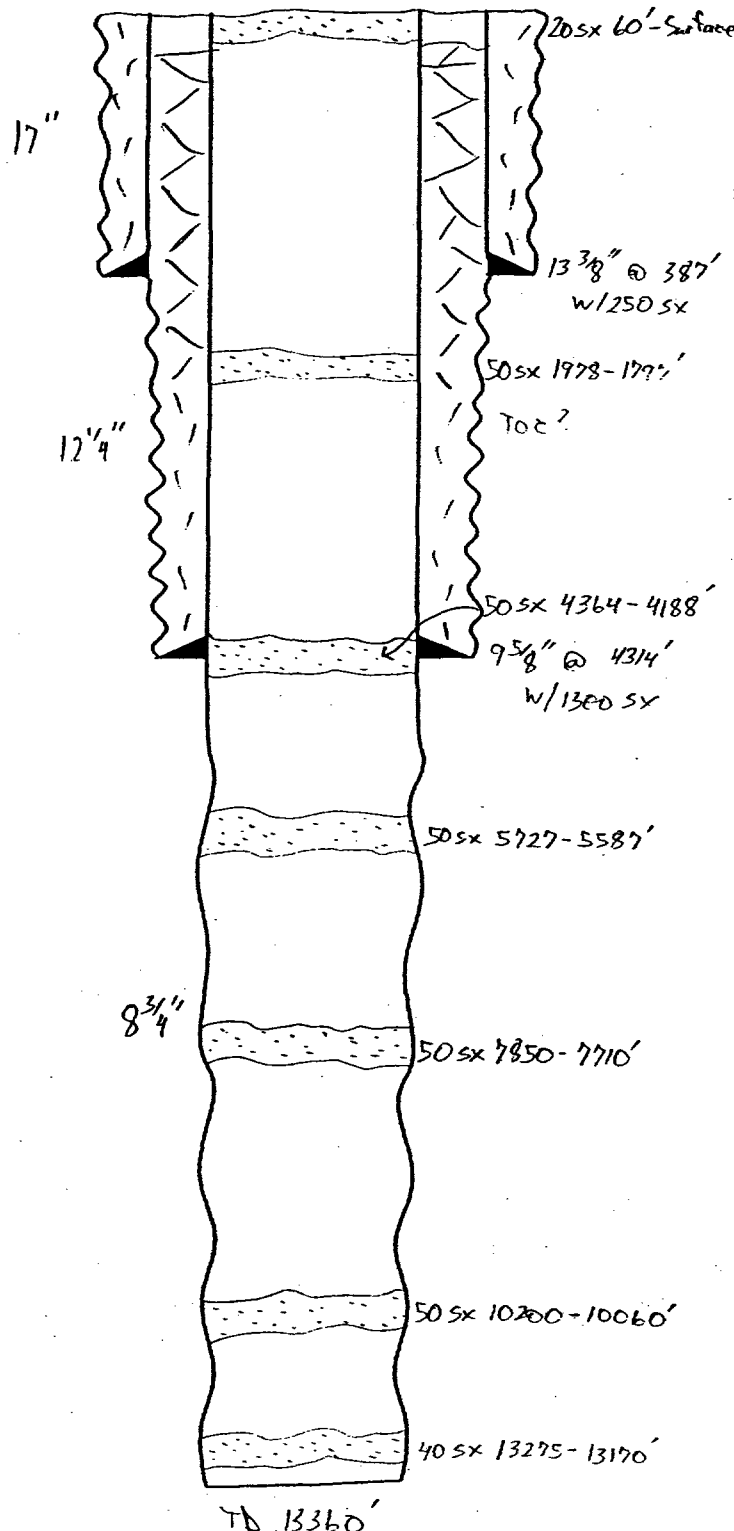
LOCATION: 649' FNL & 1980' FWL Sec 1-135-34E Lea County

GL: 9,127.9' ZERO: _____ AGL: _____ KB: _____

SPUD DATE: 8-10-57 COMPLETION DATE: 11/57

COMMENTS: N/A

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
13 3/8" 48# H40	387'
9 5/8" 40# & 36#	4314'



10/76 R/E by Maralo as State of NM #1
Drilled out plugs to 10630'
PXA

before

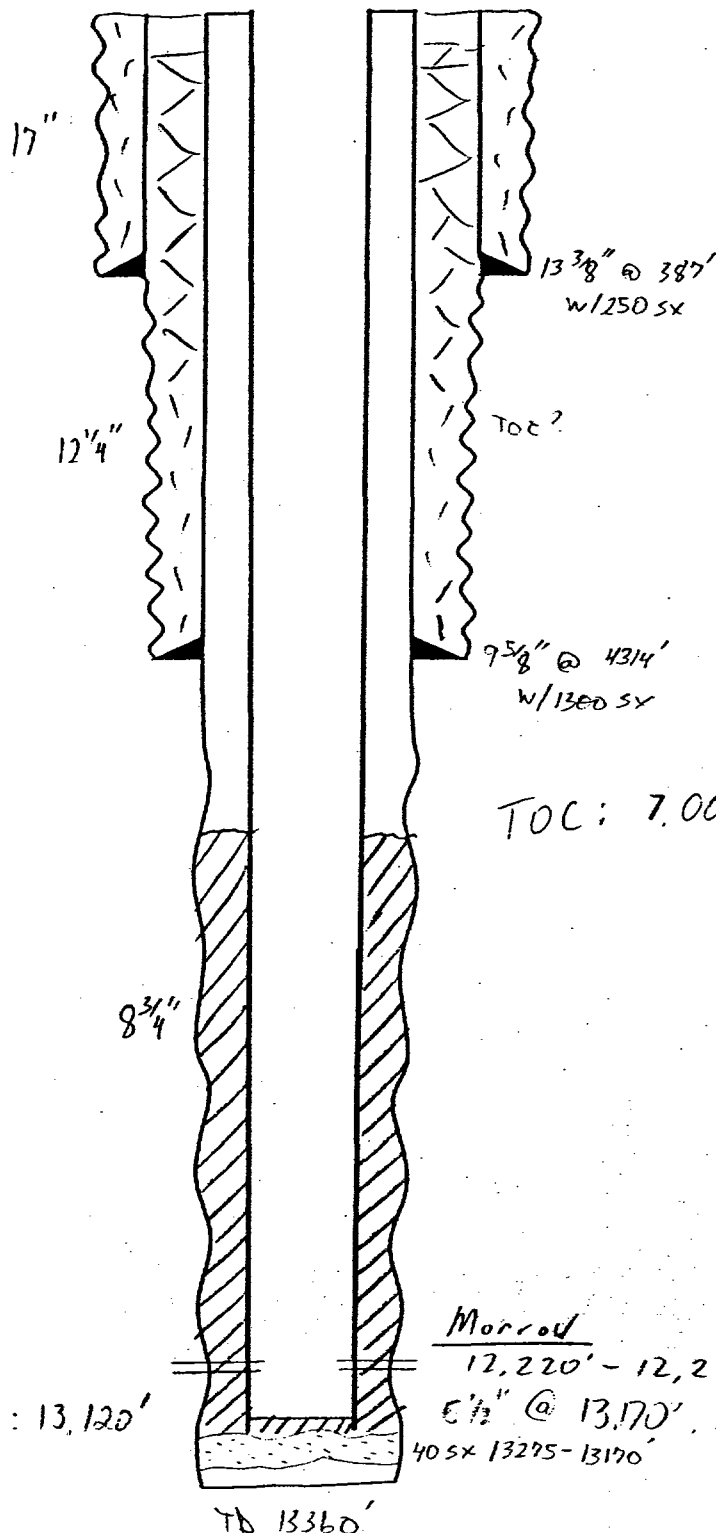
YATES PETROLEUM CORPORATION
Slick "AZU" State Com #1 Re-entry
 649' FNL & 1980' FWL
 Section 1-T13S-R34E
 Lea County, New Mexico
 Lease VA-2500

- SKETCH NOT TO SCALE -

DATE: 7-6-01 JA

WELLNAME: State of NM E1865 #1 (Slick Oil) FIELD: Wildcat
 LOCATION: 649' FNL & 1980' FWL Sec 1-135-34E Lea County
 GL: 7,127.9' ZERO: _____ AGL: _____ KB: _____
 SPUD DATE: 8-10-57 COMPLETION DATE: 11/57
 COMMENTS: NA

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
13 3/8" 48# H40	387'
9 5/8" 40# & 36#	4314'
5 1/2" or 4 1/2"	13,170'



10/76 R/E by Maralo as State of NM #1
 Drilled out plugs to 10630'
 PVA

After

YATES PETROLEUM CORPORATION
 Slick "AZU" State Com #1 Re-entry
 649' FNL & 1980' FWL
 Section 1-T13S-R34E
 Lea County, New Mexico
 Lease VA-2500

- SKETCH NOT TO SCALE -

DATE: 7-6-01 JH
8/7/01 JWP

DISTRICT I
1636 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1600 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
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
30-025-01868		Wildcat Morrow
Property Code	Property Name	Well Number
28581	Slick "AZU" State Com.	1
OGED No.	Operator Name	Elevation
025575	Yates Petroleum Corporation	4127.9'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	1	13S	34E		649	North	1980	West	Lea

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.						
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

1980'	649'	VA-2500	V-6024

OPERATOR CERTIFICATION

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

Clifton R. May
Signature

Clifton R. May
Printed Name

Regulatory Agent
Title

8-9-01
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.

Refer to Original Plat

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No. Herschel L. Jones RLS 3640

GENERAL SURVEYING COMPANY

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

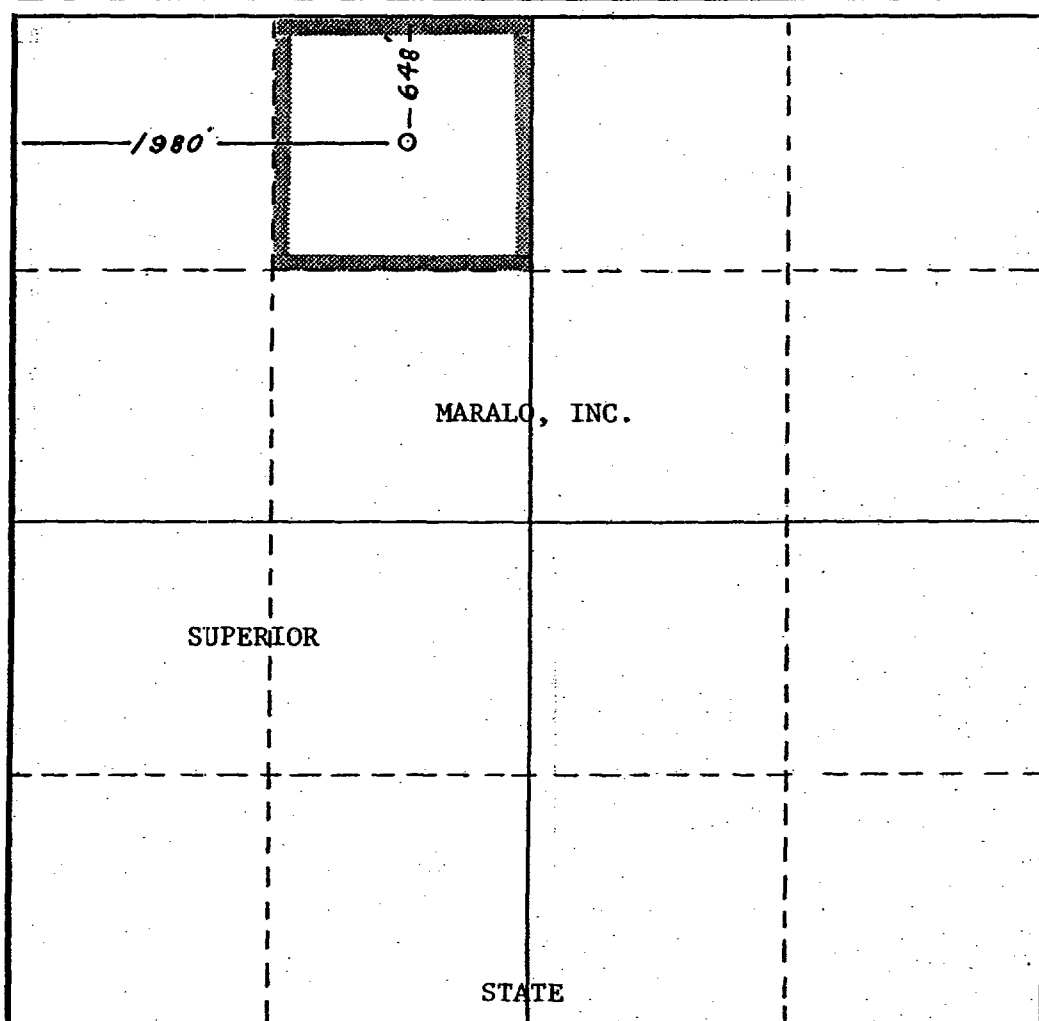
Operator MARALO, INC.			Lease State of New Mexico		Well No. 1
Unit Letter C	Section 1	Township 13-S	Range 34-E	County Lea	
Actual Footage Location of Well: 648.8 feet from the North line and 1980 feet from the West line					
Ground Level Elev. 4127.9'	Producing Formation Bough (?)		Pool Wildcat		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name Jack D. Semon

Position Manager - Engineer

Company Maralo, Inc.

Date 22 September 1976

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 knowledge and belief.

Date Surveyed _____

Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

Form C-128
Revised 5/1/57

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Date: July 18, 1957

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes _____ No X.

2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No _____. If answer is "yes," Type of Consolidation Click Unit Agreement covering unit area dated 7-19-57.

3. If the answer to question two is "no," list all the owners and their respective interests below:

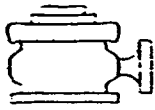
Land Description

See Exhibit "B", Slick Unit Area attached.

1980			
Lot 4 39.30	Lot 3 39.28	Lot 2 39.28	Lot 1 39.26

Date Surveyed July 19, 1957
John W. Stearns
 Registered Professional
 Engineer and/or Land Surveyor.

Certificate No. 1559

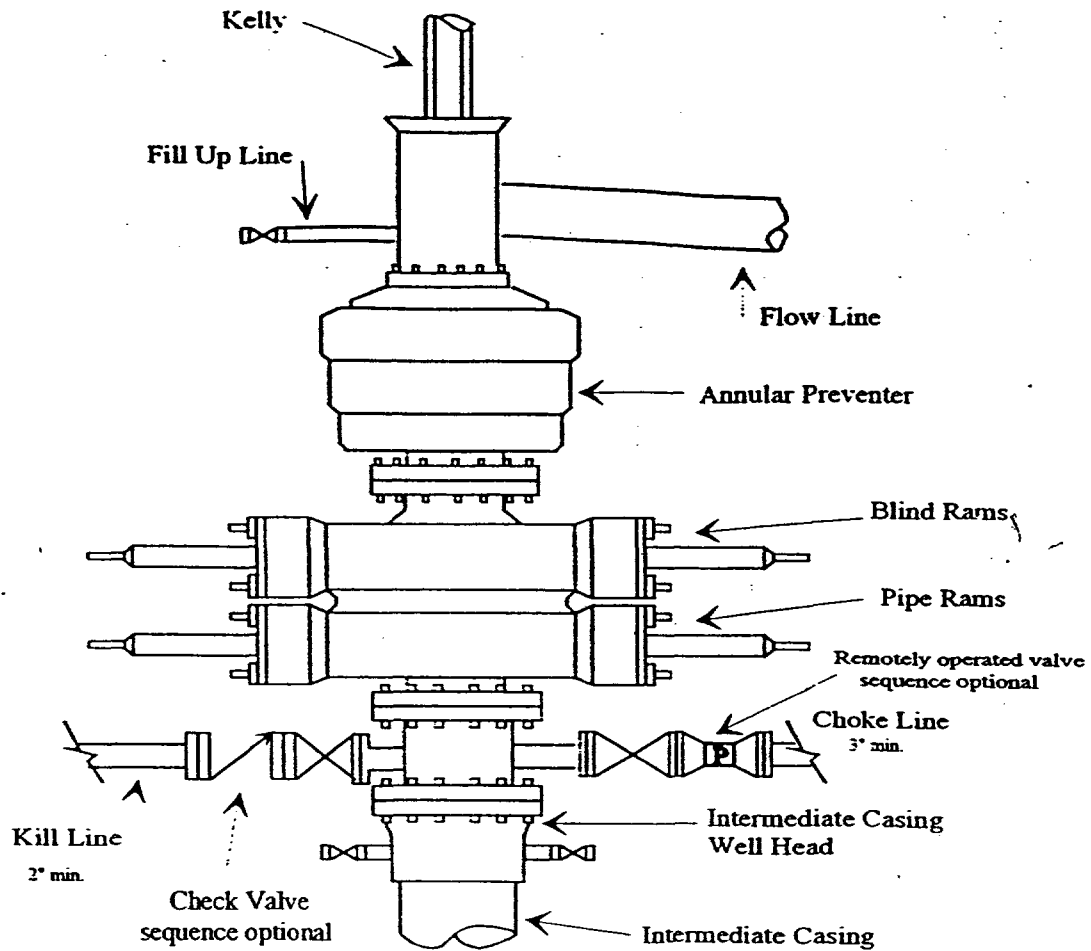


Yates Petroleum Corporation

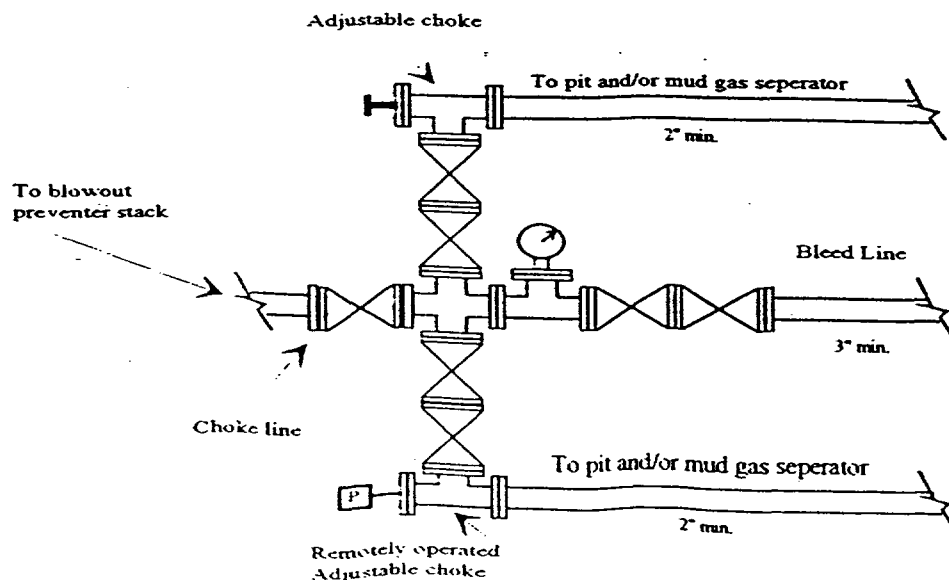
BOP-4

Typical 5,000 psi Pressure System Schematic

Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



[illegible]

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION08/14/01 06:46:44
OGOMES -TPFW
PAGE NO: 1

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

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E 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06	F 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06	G 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	H 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

317.12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/14/01 06:46:49
OGOMES -TPFW
PAGE NO: 2

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

L 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	K 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	J 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	I 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05
M 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	N 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	O 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	P 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

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

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PAGE NO: 1

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

4 39.30 RR VA2500 0000 YATES PETROLEUM C 08/01/06	3 39.28 RR VA2500 0000 YATES PETROLEUM C 08/01/06	2 39.28 RR V06024 0000 YATES PETROLEUM C 11/01/05	1 39.26 RR V06024 0000 YATES PETROLEUM C 11/01/05
E 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06	F 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06	G 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	H 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

PF01 HELP
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PF08 FWDPF03 EXIT
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PF11PF06
PF12

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PAGE NO: 2

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

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M 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	N 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	O 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	P 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

122151726

New Mexico Oil Conservation Division---Enginnering Bureau
Administrative Application Process Documentation

Date Application Received:

8-9-2001

Date of Preliminary Review:

(Note: Must be within 10-days of received date)

8-14-2001

Results:

✓

Application Complete

Application Incomplete

Date Incomplete Letter Sent:

NA

Deadline to Submit Requested Information:

NA

Phone Call Date:

NA

(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed?

— Yes

— No

Date Application Processed:

Date Application Returned:

(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)