

8/16/01	ENGINEER MS	LOGGED IN KN	TYPE NSL	APP NO. 123339590
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify Produce well from NSL.

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.** ATTACHED.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cy Cowan Cy Cowan Regulatory Agent 8/16/01
 Print or Type Name Signature Title Date

e-mail Address



105 South Fourth Street
Artesia, NM 88210
505-748-1471
FAX 505-748-4572

FAX COVER SHEET

DATE: August 16, 2001

**TO: Michael Stogner
New Mexico Oil Conservation Division**

FAX NO: 505-476-3462

FROM: Cy Cowan

PHONE NO: 505-748-4372

NUMBER OF PAGES: 5
(including this page)

MESSAGE

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

August 16, 2001

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

Via Facsimile
Certified Mail
Return Receipt Request

RE: Application for Unorthodox Location
Smith Federal Gas Com. #3
1797' FNL and 2159' FEL
Section 12, T22S-R23E
Eddy County, New Mexico

Dear Mr. Stogner

Yates Petroleum Corporation respectfully requests administrative approval for the captioned Canyon gas well. The well located on Federal Minerals, Lease NM-0251099-A

The Smith Federal Gas Com. #3 was drilled at the captioned location for topographical reasons. The original location for this well was staked at 1650' FNL and 1650' FWL. This location fell into a draw that runs in a northwest to southeast direction, and because of this, Mr. Barry Hunt of the Carlsbad Resource Area of the Bureau of Land Management moved the well to its current location. Also, there is a dry hole located just a few hundred feet to the northeast and that was also factored into the selection of this location. Please note enclosed topographical map.

Yates Petroleum Corporation is the offset operator to the east therefore Yates requests administrative approval for this unorthodox location at your earliest convenience. We also wish this approval to cover the following formation in the Indian Basin Upper Penn Pool being the Canyon and the Wildcat Morrow.

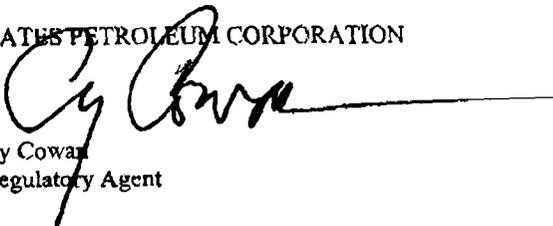
Enclosed please find, the first page of the APD and copies of the C-102, lease plat, and topographic plat for your review.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

/cyc

Form 3160-3
(Only 1992)

SUBMIT IN TRIPLICATE*

(Other Inst. reverse)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FILE COPY

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 TELEPHONING
105 South Fourth Street, Artesia, New Mexico 88210 (505) 748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with State requirements.)
 At surface: **1797' FNL and 2159 FWL**
 At proposed prod. zone: **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
3940' GR

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
1797'

16. LOCATION FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLICABLE FOR, OF THIS LEASE, FT.
8100'

17. NO. OF ACRES ASSIGNED TO THIS WELL
280

18. NO. OF ACRES IN LEASE
280

19. PROPOSED DEPTH
8100'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DV, RT, GR, etc.)
3940' GR

22. APPROX. DATE WORK WILL START*
ASAP

5. LEASE DESIGNATION AND SERIAL NO.
NM-0251099-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
Smith Federal Gas Com.

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
Indian Basin Upper P

11. SEC., T., R. N., OR BLK. AND SURVEY OR AREA
Section 12, T22S-R2

12. COUNTY OR PARISH
Eddy County

13. STATE
New Mex.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	9 5/8"	36#	1500'	1150 sk Circulate
8 3/4"	7"	23# & 36#	TD	1600 sk Circulate

ROSWELL CONTROLLED WATER BASIN

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formati Approximately 1500' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequa cover, perforated and stimulated as needed for production.

MUD PROGRAM: 0-1500' FW Spud Mud; 1500'-7500' Cut Brine; 7500'-8100' SW Gel/Starch/Drispa

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operationa

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

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.

SIGNED *Ken Beardsley* TITLE Landman DATE April 13, 1999

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 there CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *Larry D. Brady* TITLE Assistant Field Office Manager
Lands and Minerals DATE 6-23-99

FILE COPY

*See Instructions On Reverse Side

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo 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-
Revised February 10, 1999
Instructions on b
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 Indian Basin Upper Penn	
* Property Code		* Property Name SMITH FEDERAL GAS COM		* Well Number 3	
* OGRID No. 025575		* Operator Name YATES PETROLEUM CORPORATION		* Elevation 3940.	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
F	12	22-S	23-E		1797	NORTH	2159	WEST	EDDY

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres 280	13 Joint or Infill	14 Consolidation Code	15 Order No.
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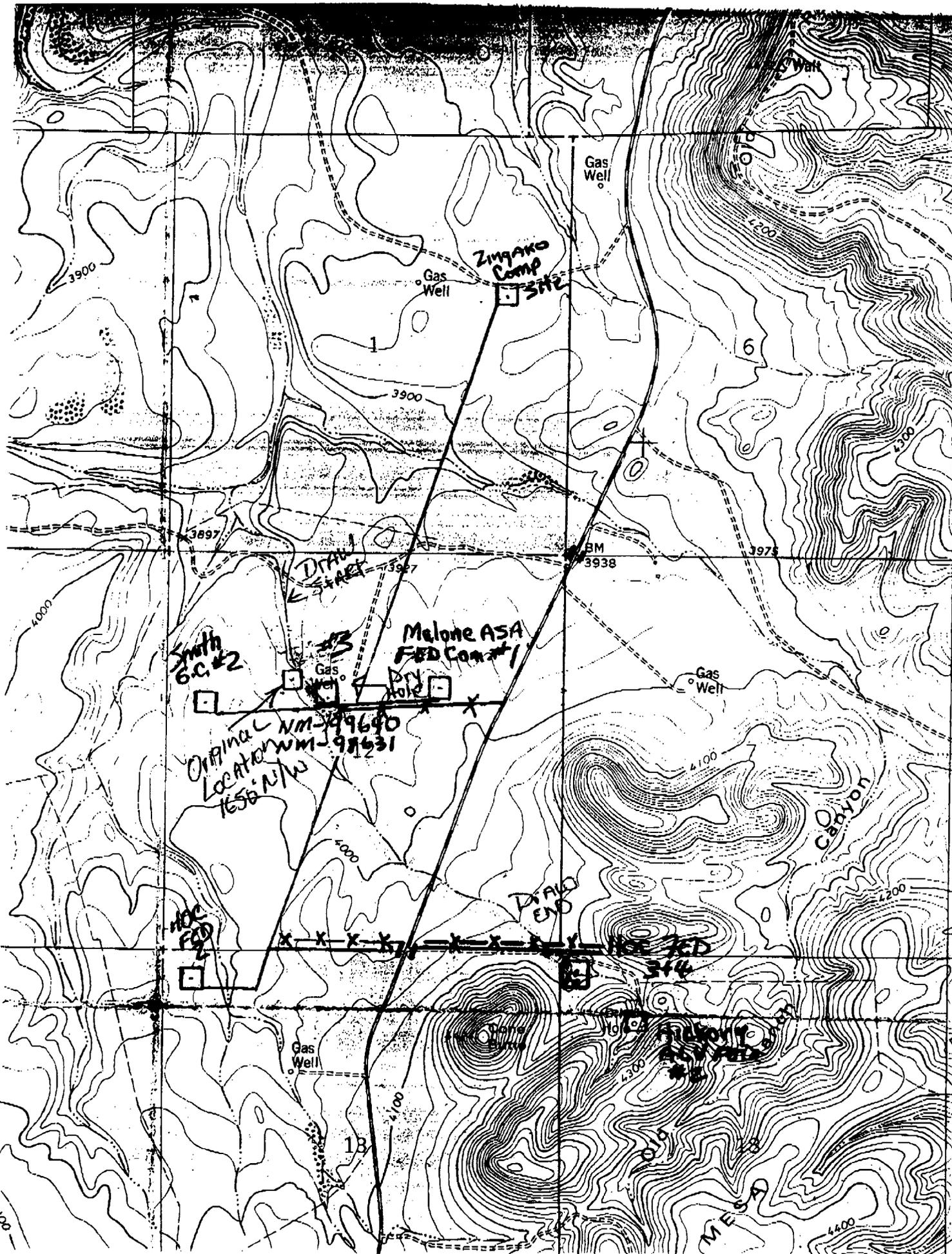
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

17 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: April 13, 1999

18 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.

APRIL 9 1999
Date of Survey: APRIL 9 1999
Signature and Seal of Professional Surveyor: *R. E. D. D.*
NEW MEXICO
REGISTERED LAND SURVEYOR
5412
CERTIFICATE NO. 123456789
EXPIRES 12/31/2001



DATE IN	ENGINEER	LOGGED IN	TYPE	APP NO.
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Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cy Cowan Cy Cowan Regulatory Agent 8/16/01
 Print or Type Name Signature Title Date

e-mail Address

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
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TREASURER

August 16, 2001

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

Via Facsimile
Certified Mail
Return Receipt Request

RE: Application for Unorthodox Location
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1797' FNL and 2159' FEL
Section 12, T22S-R23E
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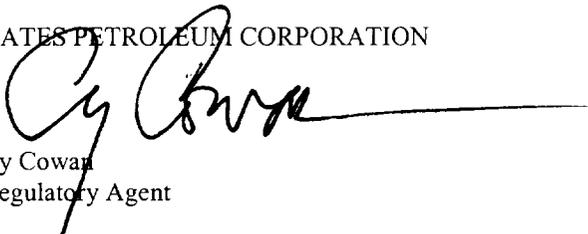
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Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

/cyc

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FILE COPY

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 State requirements.)*
 At surface
 1797' FNL and 2159 FWL
 At proposed prod. zone
 Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

5. LEASE DESIGNATION AND SERIAL NO.
 NM-0251099-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARMOR LEASE NAME, WELL NO.
 Smith Federal Gas Com. #

9. AN WELL NO.

10. FIELD AND POOL, OR WILDCAT
 Indian Basin Upper Pen

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 12, T22S-R23E

12. COUNTY OR PARISH
 Eddy County

13. STATE
 New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1797'

16. NO. OF ACRES IN LEASE 280

17. NO. OF ACRES ASSIGNED TO THIS WELL 280

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

19. PROPOSED DEPTH 8100'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3940' GR

22. APPROX. DATE WORK WILL START* ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
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**APPROVAL SUBJECT TO
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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 April 13, 1999

(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 thereo CONDITIONS OF APPROVAL, IF ANY:

FILE COPY

APPROVED BY [Signature] TITLE Assistant Field Office Manager, Lands and Minerals DATE 6-23-99

*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 Indian Basin Upper Penn	
Property Code		Property Name SMITH FEDERAL GAS COM		Well Number 3	
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION		Elevation 3940.	

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
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11 Bottom Hole Location If Different From Surface

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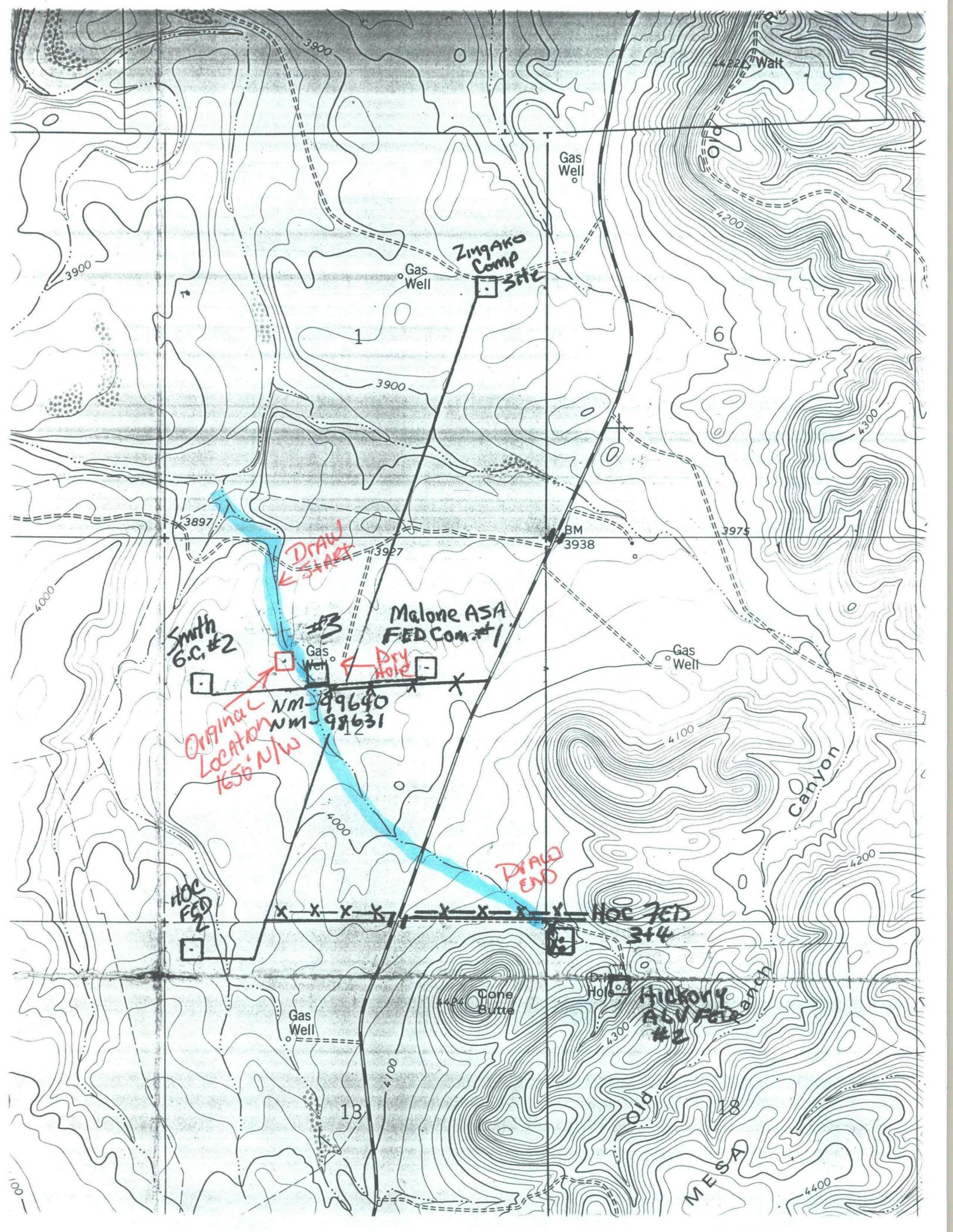
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Signature: *Ken Beardemphl*
 Printed Name: Ken Beardemphl
 Title: Landman
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I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 9, 1999
 Date of Survey: R. R. E. D.
 Signature and Seal of Professional Surveyor:



Zingako Comp Site

Malone ASA FED Com #1

Hickory ALV FED #2

Smith G.C. #2

MESA

NM-99640
NM-98631

NOC FED 2

NOC FED 314

DRAW START

DRAW END

Dry Hole

Original Location
1650' NW

Gas Well

Gas Well

BM 3938

Gas Well

Gas Well

Dry Hole

Cone Butte

Canyon

Wait

13

18

1

6

3900

4200

3900

4300

3897

3927

3975

4000

4100

4000

4200

4400

4300

4400

100

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



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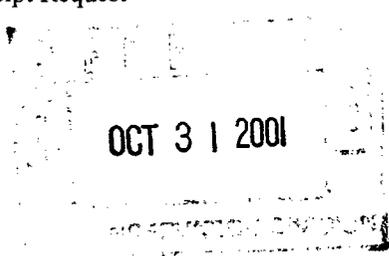
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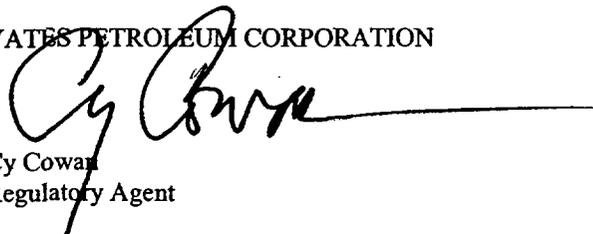
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Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
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/cyc

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cy Cowan Cy Cowan Regulatory Agent 8/16/01
 Print or Type Name Signature Title Date

e-mail Address

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL
OF NON-STANDARD LOCATION APPLICATIONS

- I. **2** If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. **2** Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. **3** Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct. *This information is correct.*
- IV. **4** Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well; *#2 Location cannot be used for drilling #3*
- V. **5** An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable; *DRAW*
 - B. Proposed access roads and pipelines if they affect the location selection; *N/A*
 - C. The location of any surface uses which prevent use of a legal location; *N/A*

- D. The location of any archeological sites identified in the archeological survey; *N/A*
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location. *N/A*
- VI. *6* If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified. *N/A*
- VII. *7* A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo. *SEE topo AND Note draw.*
- VIII. *8* A statement of why directional drilling to reach a legal bottom-hole location is not feasible. *Information NOT Available.*
- IX. *9* An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FILE COPY

1

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 State requirements.)
 At surface: 1797' FNL and 2159 FWL
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 1797'

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 1797'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 8100'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3940' GR

5. LEASE DESIGNATION AND SERIAL NO.
 NM-0251099-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 Smith Federal Gas Com. #

9. AN WELL NO.

10. FIELD AND POOL, OR WILDCAT
 Indian Basin Upper Pen

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 12, T22S-R23E

12. COUNTY OR PARISH
 Eddy County

13. STATE
 New Mexico

**SUBJECT TO
LIKE APPROVAL
BY STATE**

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	9 5/8"	36#	1500'	1150 s Circulate
8 3/4"	7"	23# & 36#	TD	1600 sx Circulate

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formatic. Approximately 1500' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: 0-1500' FW Spud Mud; 1500'-7500' Cut Brine; 7500'-8100' SW Gel/Starch/Drispac

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operational

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

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 Tom Beatty TITLE Landman DATE April 13, 1999

(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 there

CONDITIONS OF APPROVAL, IF ANY:
 APPROVED BY Larry D. Bray TITLE Assistant Field Office Manager, Lands and Minerals DATE 6-23-99

FILE COPY

*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

1 API Number		2 Pool Code		3 Pool Name Indian Basin Upper Penn	
4 Property Code		5 Property Name SMITH FEDERAL GAS COM			6 Well Number 3
7 OGRID No. 025575		8 Operator Name YATES PETROLEUM CORPORATION			9 Elevation 3940.

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
F	12	22-S	23-E		1797	NORTH	2159	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 280	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

17 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: April 13, 1999

18 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.

APRIL 9, 1999

Date of Survey: R. REDD

Signature and Seal of Professional Surveyor: *R. REDD*

REGISTERED LAND SURVEYOR
NEW MEXICO
5412
CERTIFICATE NUMBER
NM PROFESSIONAL SURVEYOR

**YATES PETROLEUM CORPORATION
SMITH FEDERAL GAS COM. #3
1797' FNL AND 2159' FWL
Section 12 T22S-R23E
Eddy County, New Mexico**

H2S Drilling Operations Plan

Personnel employed at the rig site shall receive training in H2S detection, safe drilling procedures and contingency plans. H2S safety equipment shall be installed and functional 500 feet prior to encountering known or probable H2S zone at 7400' feet.

Submitted with the APD is a well site diagram showing:

- 1) Drilling rig orientation, location of flare pit.
- 2) Location of access road.

Primary briefing area will be established 150' from wellbore and up wind of prevailing wind direction. Secondary briefing area will be established 180 degrees from primary briefing area.

A H2S warning sign will be posted at the entrance of the location. Depending on conditions, a green, yellow, or red flag will be displayed.

Green - Normal conditions

Yellow - Potential danger

Red - Danger H2S present

Wind indicators will be placed on location at strategic, highly visible areas. H2S monitors (a minimum of three) will be positioned on location for best coverage and response. H2S concentrations of 10 ppm will trigger a flashing light and 20 ppm will trigger an audible siren.

H2S breathing equipment will consist of:

- 1) 30 minute "pressure demand" type working unit for each member of rig crew on location.
- 2) 5 minute escape packs for each crew member.

Breathing equipment will be stored in weather proof cases or facilities. They will be inspected and maintained weekly.

YATES PETROLEUM CORPORATION
Smith Federal Gas Com. #3
1797' FNL & 2159' FWL
Section 12-T22S-R23E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

San Andres	750'
Glorietta	2200'
Bone Spring	2750'
Wolf Camp	6800'
Canyon	7550'
TD	8100'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 250' - 350'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1500'	1500'
8 3/4"	7.0"	23#	J-55	LT&C	0-5500'	5500'
8 3/4"	7.0"	26#	J-55	LT&C	5500'-7600'	2100'
8 3/4"	7.0"	26#	N-80	LT&C	7600'-8100'	500'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

B. Cementing Program:

Surface casing: 850 sx Lite (YLD 2.0 WT 12.6), tail in with 300 sx "C" + 2% CaCL2 (YLD 1.33 WT 15.6).

Production Casing: Stage I: 650 sx "H" + 5# Gilsonite + 5# CSE, DV tool @ 5000' (YLD 1.32 WT 15.1).

Stage II: 850 sx Lite (YLD 2.0 WT 15.6), tail in with 100 sx "C" (YLD 1.33 WT 15.6).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1500'	FW Spud Mud	8.4	28	N/C
1500'-7500'	Cut Brine	8.9-9.6	29	N/C
7500'-8100'	SW Gel/Starch/ Drispac	8.9-9.6	34-36	< 12cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.
Logging: CNL/LDT, DLL w/RXO TD to casing.
Coring: None
DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0	TO: 1500'	Anticipated Max. BHP:	655	PSI
From: 1500'	TO: 8100'	Anticipated Max. BHP:	3800	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface and intermediate holes.

H2S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 150 F

3. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

**Yates Petroleum Corporation
Smith Federal Gas Com. #3
1797' FNL & 2159' FWL
Section 12-T22S-R23E
Eddy County, New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 30 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 to Highway 137. Turn west on Highway 137 and go approximately 14.3 miles to caliche road. Turn west on the caliche road and go approximately .03 of a mile. Turn south and go approximately 1/4 of a mile to the well location.

2. PLANNED ACCESS ROAD: None Needed.

- A. There will be no new access road.
The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. One traffic turnout will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate closest pit and obtain any permits and material needed for construction.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Ken Beardemphl, Landman
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

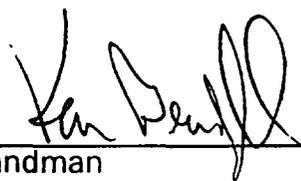
B. Through Drilling Operations,
Completions and Production:

Brian Collins, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

4/13/99

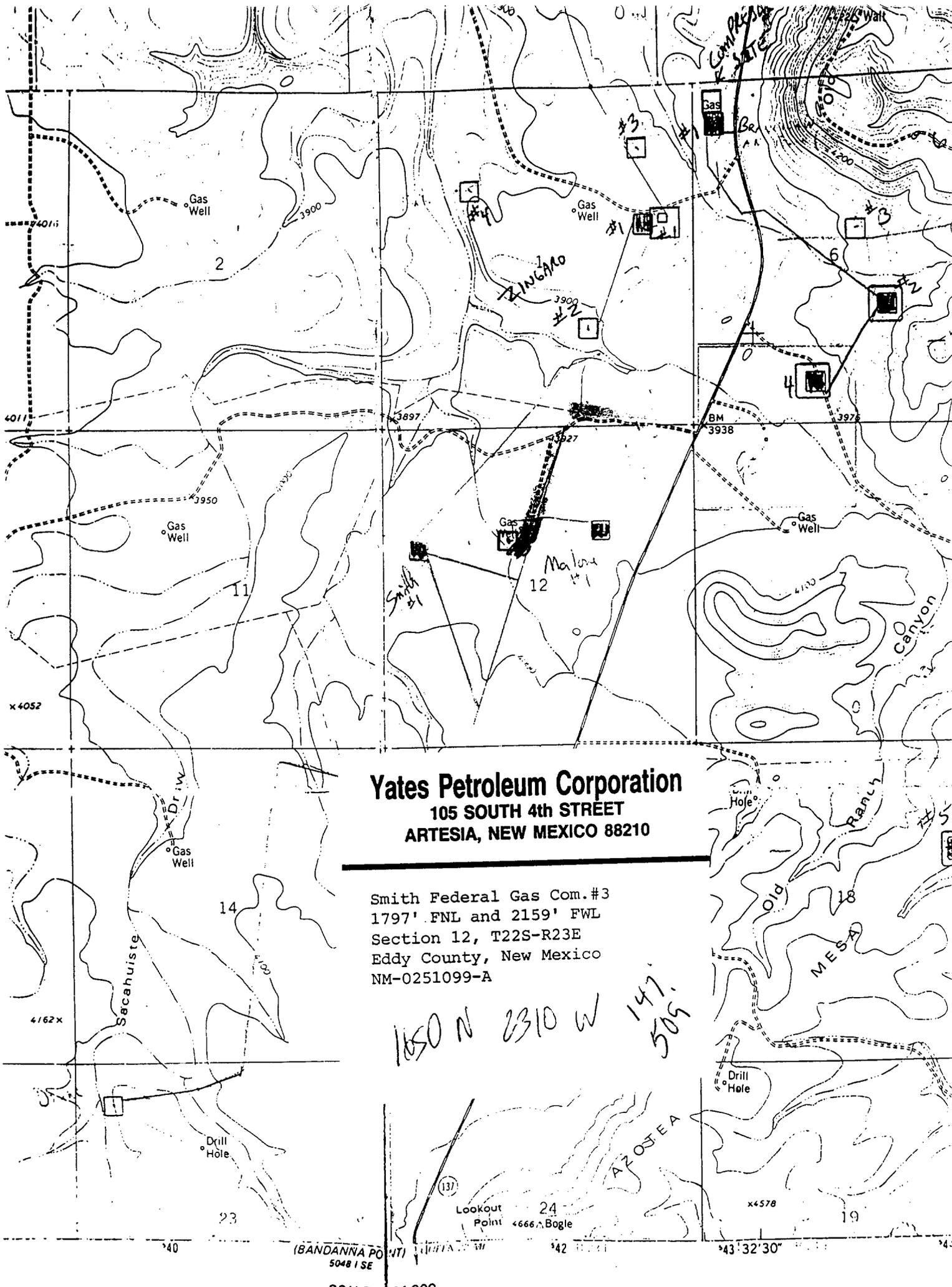


Landman

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

Smith Federal Gas Com. #3
 1797' FNL and 2159' FWL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0251099-A

1850 N 2310 W 147.
 509.

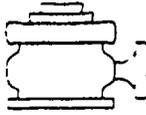


(BANDANNA POINT)
 5048 / SE

SCALE 1:24,000

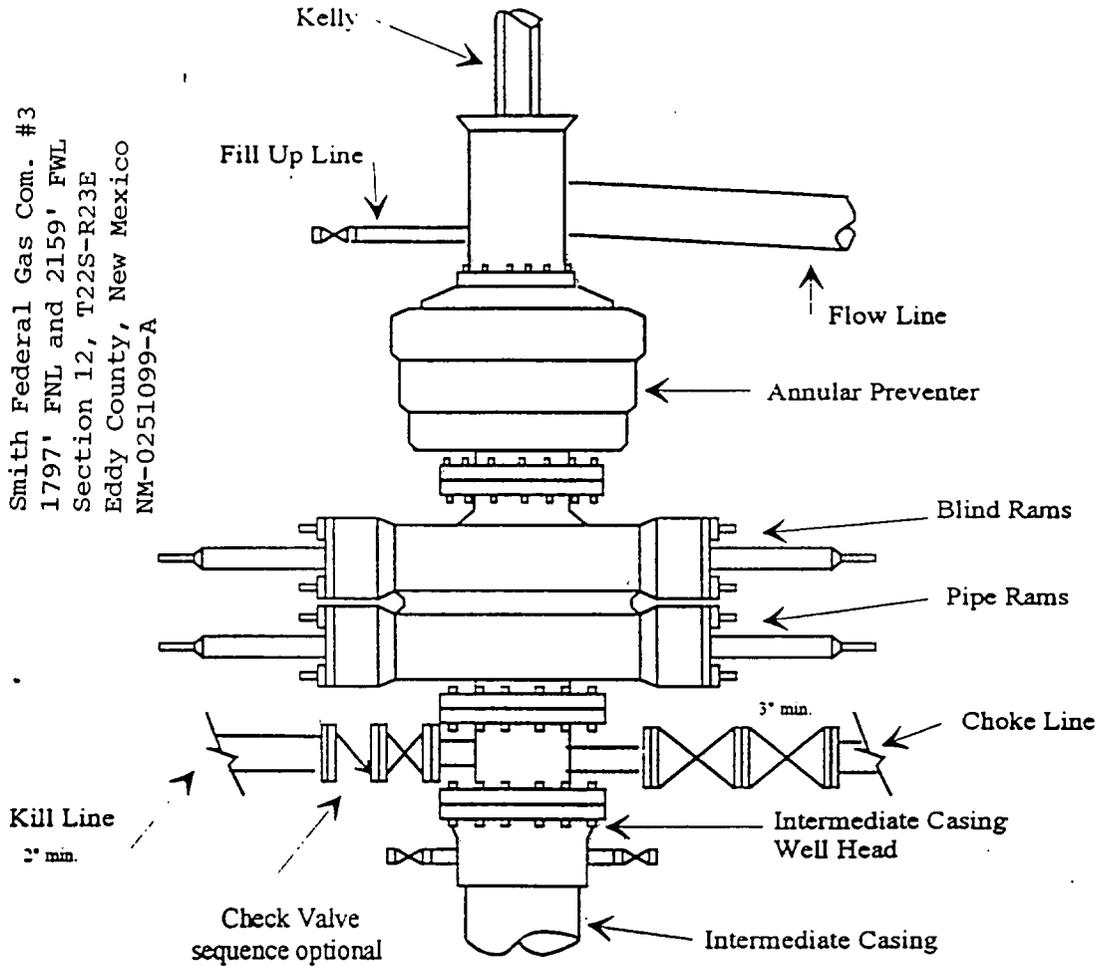
Yates Petroleum Corporation

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

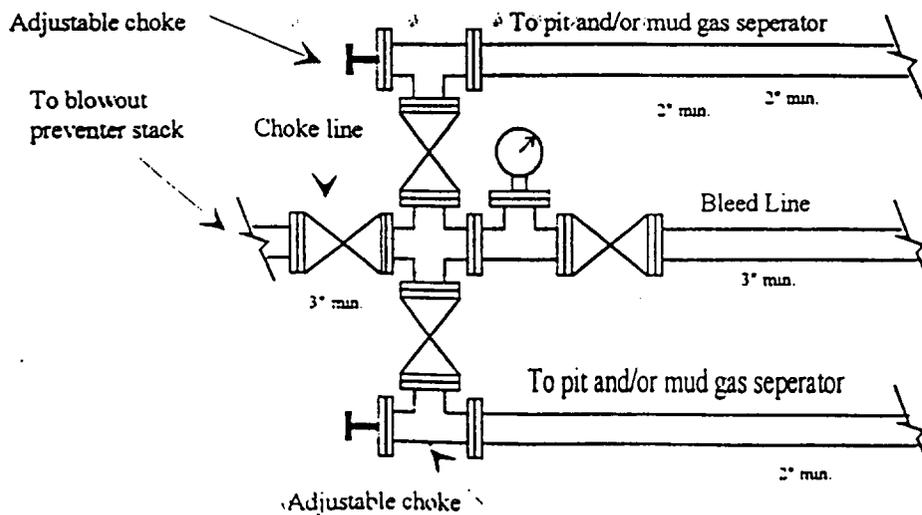


Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Smith Federal Gas Com. #3
1797' FNL and 2159' FWL
Section 12, T22S-R23E
Eddy County, New Mexico
NM-0251099-A



Typical 3,000 psi choke manifold assembly with at least these minimum features



Yates Petroleum Corporation

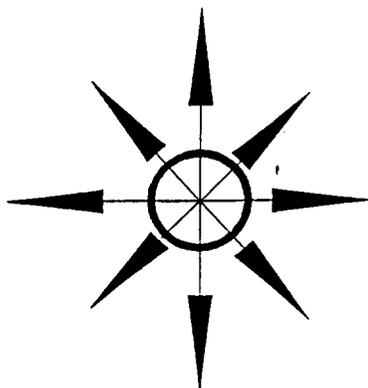
Location Layout for Permian Basin

Up to 12,000'

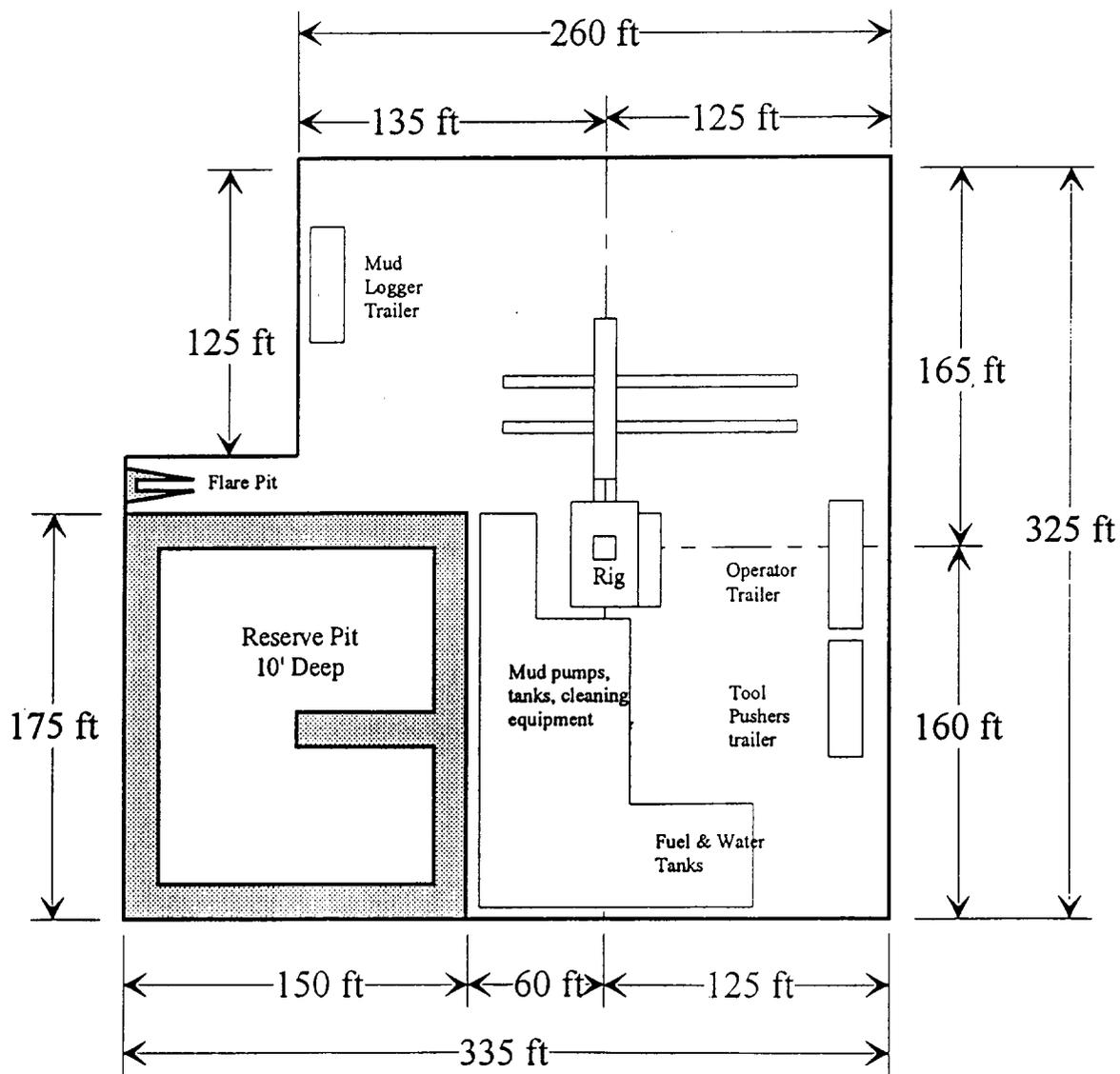
Yates Petroleum Corporation

105 SOUTH 4th STREET

ARTESIA, NEW MEXICO 88210

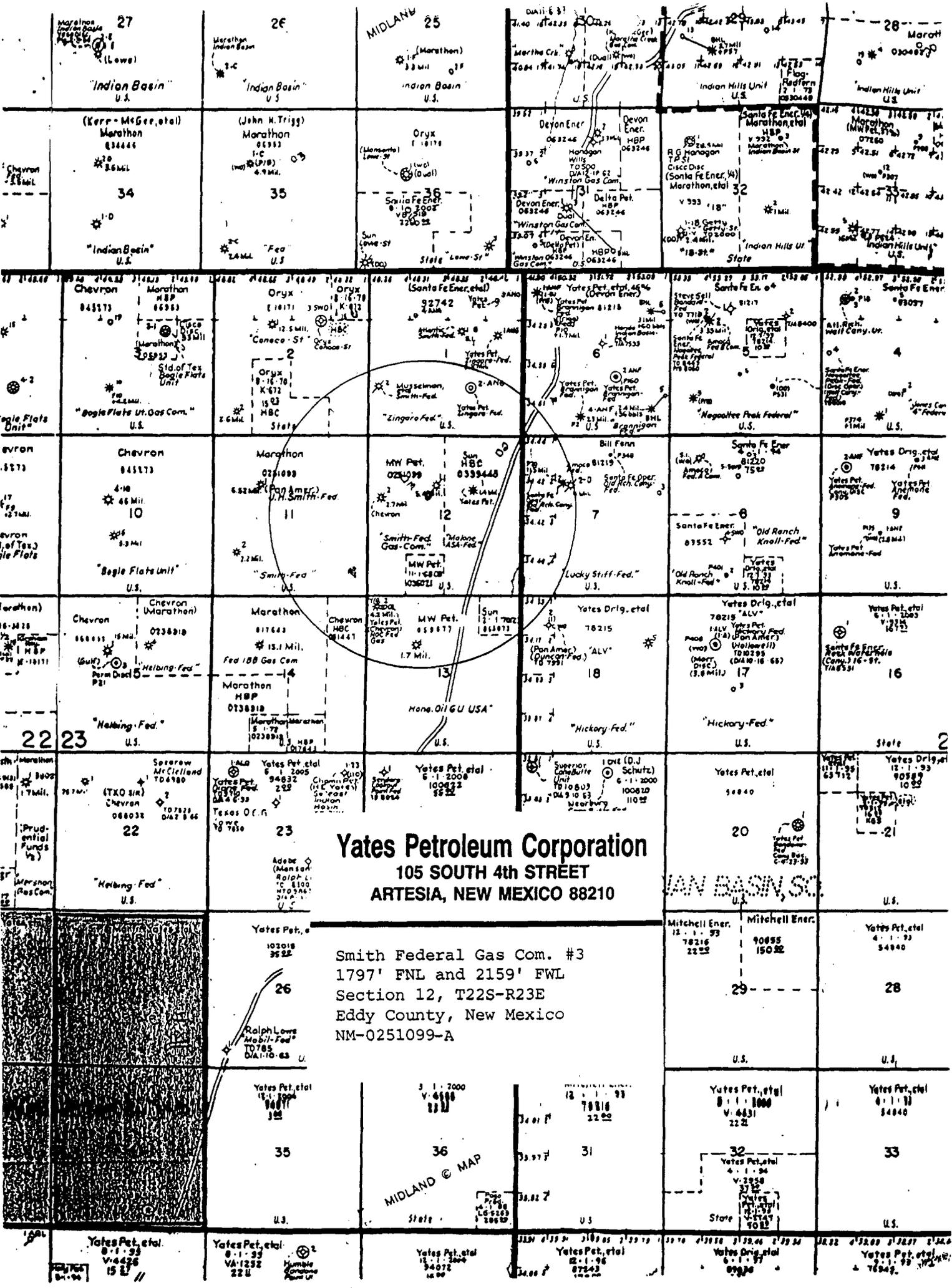


Smith Federal Gas Com. #3
 1797' FNL and 2159' FWL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0251099-A



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



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

Smith Federal Gas Com. #3
 1797' FNL and 2159' FWL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0251099-A

Yates Pet. et al.
 102018
 3622

26

Ralph Lowe
 Mobil-Fed
 10785
 DIA-10-63 U.

INDIAN BASIN, N.M.

Mitchell Ener.
 15-1-93
 78216
 2225

90855
 15022

29

Yates Pet. et al.
 4-1-93
 54840

28

Yates Pet. et al.
 15-1-93
 94011
 32

35

U.S.

J. I. 2000
 V. 4588
 111

36

MIDLAND © MAP

State

Yates Pet. et al.
 8-1-1000
 V. 4631
 222

32

Yates Pet. et al.
 4-1-94
 V. 2358
 2722

33

State

Yates Pet. et al.
 8-1-93
 V. 4426
 1521

Yates Pet. et al.
 8-1-93
 V. 1232
 224

Yates Pet. et al.
 15-1-96
 94072
 1400

36

Yates Pet. et al.
 8-1-96
 872-03

31

Yates Pet. et al.
 8-1-97
 89920

32

Yates Pet. et al.
 8-1-93
 V. 1649

33

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATOR'S NAME YATES PETROLEUM CORPORATION WELL NO. & NAME #3 SMITH FEDERAL GAS COM
 LOCATION 1797' F N L & 2159' F W L SEC. 12, T. 22S., R. 23E.
 LEASE NO. NM-0251099-A COUNTY EDDY STATE NEW MEXICO

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- Lesser Prairie Chicken (Stips attached)
- Floodplain (Stips attached)
- San Simon Swale (Stips attached)
- Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

The BLM will monitor construction of this drill site. Notify the Carlsbad Resource Area Office at (505) 887-6544 Hobbs Office at (505) 393-3612, at least 3 working days prior to commencing construction.

Roads and the drill pad for this well must be surfaced with ⁴ inches of compacted caliche.

All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

Other V-Door East.

III. WELL COMPLETION REQUIREMENTS

A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|--|--|
| <p><input type="checkbox"/> A. Seed Mixture 1 (Loamy Site)</p> <p>Side Oats Grass (Eragrostis lehmanniana) 1.0</p> <p>Side Oats Grass (Bouteloua curtipendula) 5.0</p> <p>Sand Dropseed (Sporobolus cryptandrus) 1.0</p> | <p><input type="checkbox"/> B. Seed Mixture 2 (Sandy Sites)</p> <p>Sand Dropseed (Sporobolus cryptandrus) 1.0</p> <p>Sand Lovegrass (Eragrostis trichodes) 1.0</p> <p>Plains Bristlegrass (Setaria magrostachya) 2.0</p> |
| <p><input checked="" type="checkbox"/> C. Seed Mixture 3 (Shallow Sites)</p> <p>Sideoats Grama (Bouteloua curtipendula) 1.0</p> <p>Side Oats Grass (Eragrostis lehmanniana) 1.0</p> <p>or Boar Lovegrass (E. chloromalas)</p> | <p><input type="checkbox"/> D. Seed Mixture 4 ("Gyp" Sites)</p> <p>Alkali Sacaton (Sporobolus airoides) 1.0</p> <p>Four-Wing Saltbush (Atriplex canescens) 5.0</p> |

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

Other PAINT - All permanent surface facilities not otherwise excepted for safety considerations will be finished in a flat, (dull, non-reflective) SHALE GREEN - MUNSELL SOIL COLOR CHART Number 5Y 4/2.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.'

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- 1) Lined as specified above and,
- 2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and is capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to proceed by BLM.

TRASH PIT STIPS

All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corporation Well No. 3 - Smith Federal Gas Com
Location: 1797' FNL & 2159' FWL sec. 12, T. 22 S., R. 23 E.
Lease: NM-0251099-A

ROSWELL CONTROLLED WATER BASIN

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 887-6544 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 9-5/8 inch 7 inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the Canyon formation. A copy of the plan shall be posted at the drilling site.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. 9-5/8 inch surface casing should be set at approximately 1500 feet, below usable water and circulate cement to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the 7 inch production casing is sufficient to tie back 600 feet above the top of the Wolfcamp at approximately 6800 feet.

III. PRESSURE CONTROL:

1. Before drilling below the 9-5/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

CONDITIONS OF APPROVAL - DRILLING (CONTINUED)

Operator's Name: Yates Petroleum Corporation Well No. 3 - Smith Federal Gas Com
Location: 1797' FNL & 2159' FWL sec. 12, T. 22 S., R. 23 E.
Lease: NM-0251099-A

.....

ROSWELL CONTROLLED WATER BASIN

3. After setting the 9-5/8 inch surface casing and before drilling into the Wolfcamp formation, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The BLM Carlsbad Resource Area office shall be notified at (505) 887-6544 in sufficient time for a representative to witness the tests.

B. The tests shall be done by an independent service company.

C. The results of the test shall be reported to the BLM Carlsbad Resource Area office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

D. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

E. Testing must be done in a safe workman like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

A. Recording pit level indicator to indicate volume gains and losses.

B. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

EXHIBIT A

BLM Serial Number: NM-0251099-A

Company Reference: #3 SMITH FEDERAL GAS COM

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES	
Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

- 400 foot intervals.
- ___ foot intervals.
- locations staked in the field as per spacing intervals above.
- locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

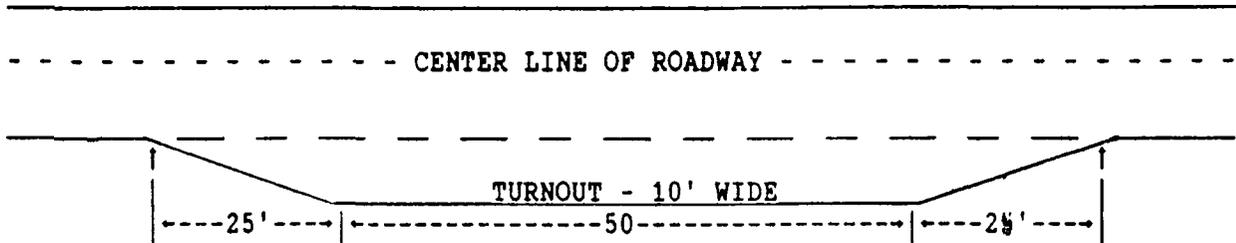
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = $\frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

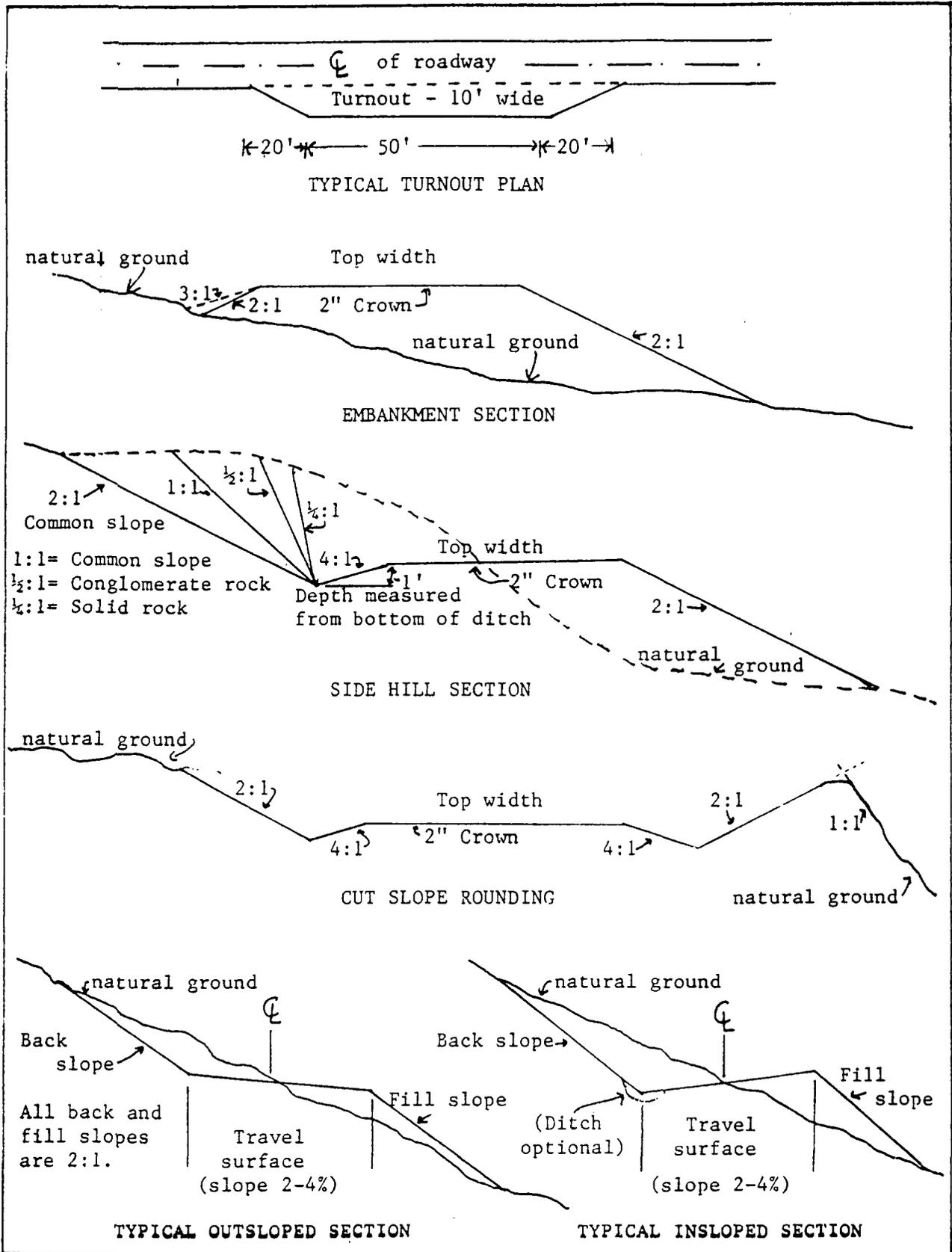
9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS: *None*.

FIGURE 1: CROSS-SECTIONS AND PLANS FOR TYPICAL ROAD CONSTRUCTION REPRESENTATIVE OF BLM RESOURCE, AND HIGHER CLASS, ROADS.

(Travel way, top width, driving surface, and travel surface are synonymous.)



DISTRICT I
1608 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elia Brazos Rd., Artesia, NM 87410

DISTRICT IV
2646 South Pacheco, Santa Fe, NM 87506

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

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

2

AMENDED REPORT

AMENDED PLAT
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Indian Basin Upper Penn Gas
Property Code	Property Name	Well Number
	Smith Federal Gas Com.	3
OGED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3940'

Surface Location

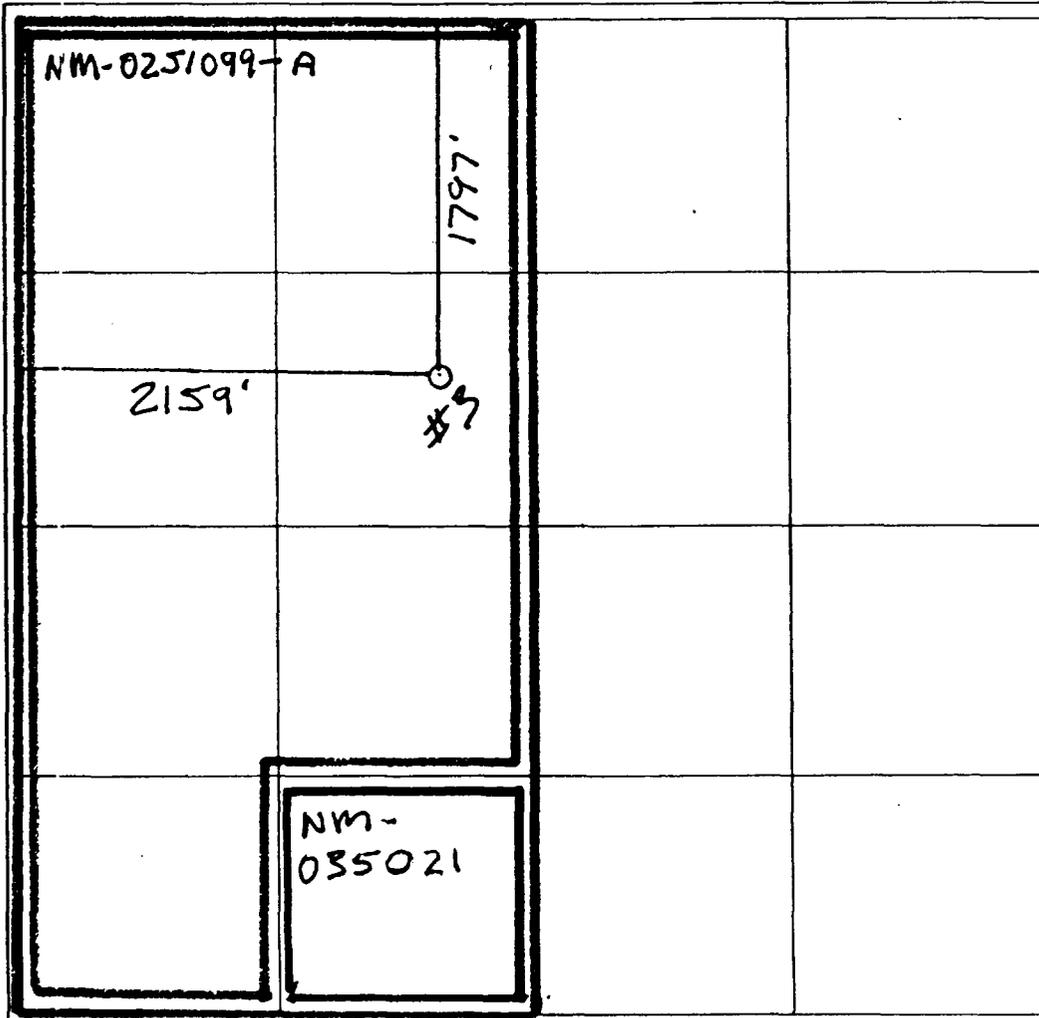
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
?	12	22S	23E		1797'	North	2159'	West	Eddy

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.
320			R-9922-D

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.

[Signature]
Signature

By Cowan
Printed Name

Regulatory Agent
Title

October 12, 2001
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 364

GENERAL SURVEYING COMPANY

2

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505
AMENDED PLAT

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
				Indian Basin Upper Penn Gas	
⁴ Property Code		⁵ Property Name			⁶ Well Number
		Smith Federal Gas Com.			2
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation
025575		Yates Petroleum Corporation			3971.5

¹⁰ Surface Location

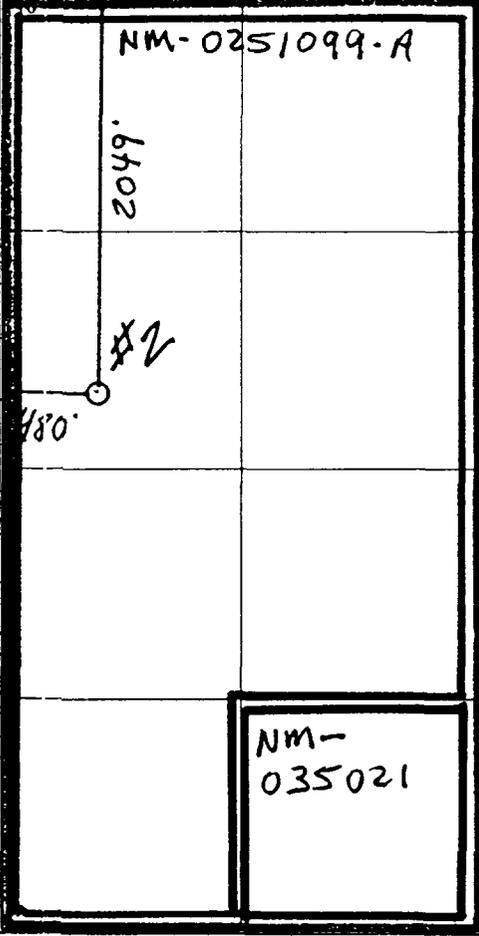
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	22S	23E		2049'	North	480'	West	Eddy

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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320			R-9922-D

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



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Cy Cowan*
Printed Name: Cy Cowan
Title: Regulatory Agent
Date: October 12, 2001

¹⁸ 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 of Survey
Signature and Seal of Professional Surveyor.

Certificate Number

Submit to Appropriate
District Office
with Lease - 4 copies
no Lease - 3 copies

Minerals and Natural Resources Department

Revised 1-1-89

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

2

DISTRICT I
P.O. Box 1982, Hobbs, NM 88240

DISTRICT II
P.O. Denver CO, Artesia, NM 88210

DISTRICT III
600 Rio Bravo Rd., Aztec, NM 87410

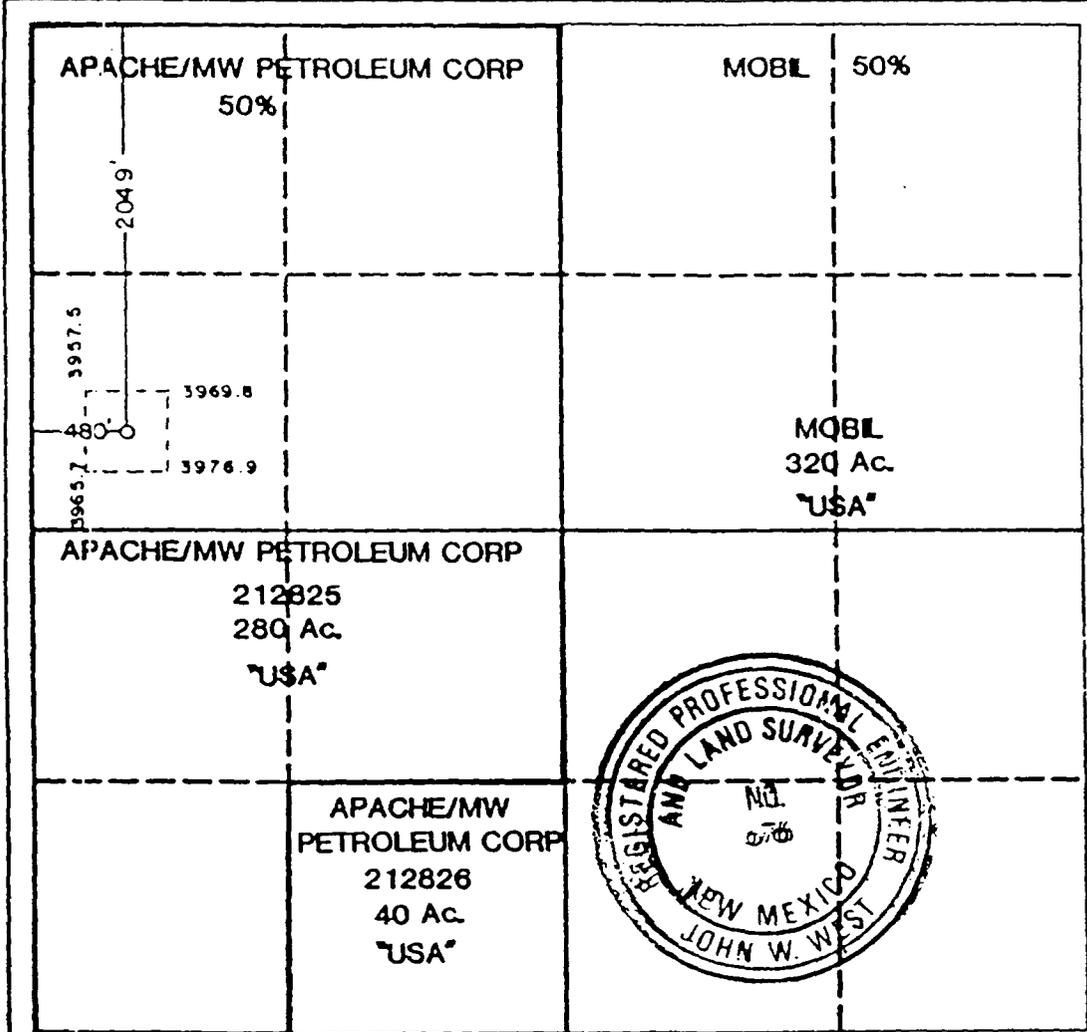
WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator APACHE/MW PETROLEUM CORPORATION			Lease SMITH FEDERAL GAS COM.		Well No. 2
Unit Letter E	Section 12	Township 22 SOUTH	Range 23 EAST	County EDDY	

Actual Footage Location of Well:
480 feet from the WEST line and 2049 feet from the NORTH line

Ground level Elev. 3971.5	Producing Formation Upper Penn	Pool Indian Basin Upr. Penn (Pro Gas)	Dedicated Acreage: 640 Acres
------------------------------	-----------------------------------	--	---------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or black ink marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation Communitization
 - If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
- No allowables 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 interest, has been approved by the Division.



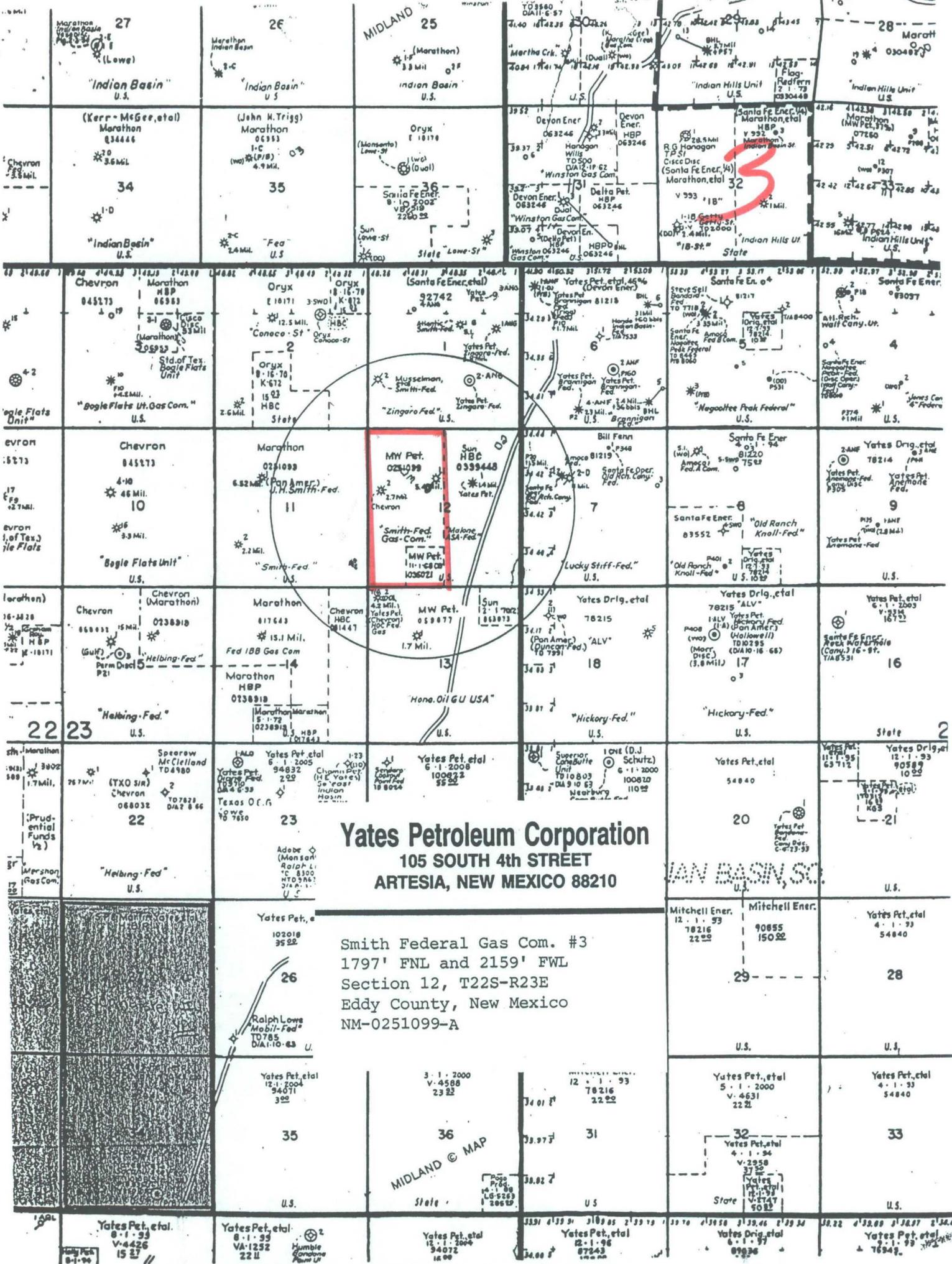
OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *C. J. Pavlich*
Printed Name: C. J. Pavlich
Position: Drilling Manager
Company: Apache/MW Petroleum Corp.
Date: 8/8/91

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes actual surveys made by me or under supervision, and that the same is true correct to the best of my knowledge and belief.

Date Surveyed: 7-23-91
Signature & Seal of Professional Surveyor: *John W. West*
Licenses No. JOHN W. WEST, RONALD J. EIDSON,

128830



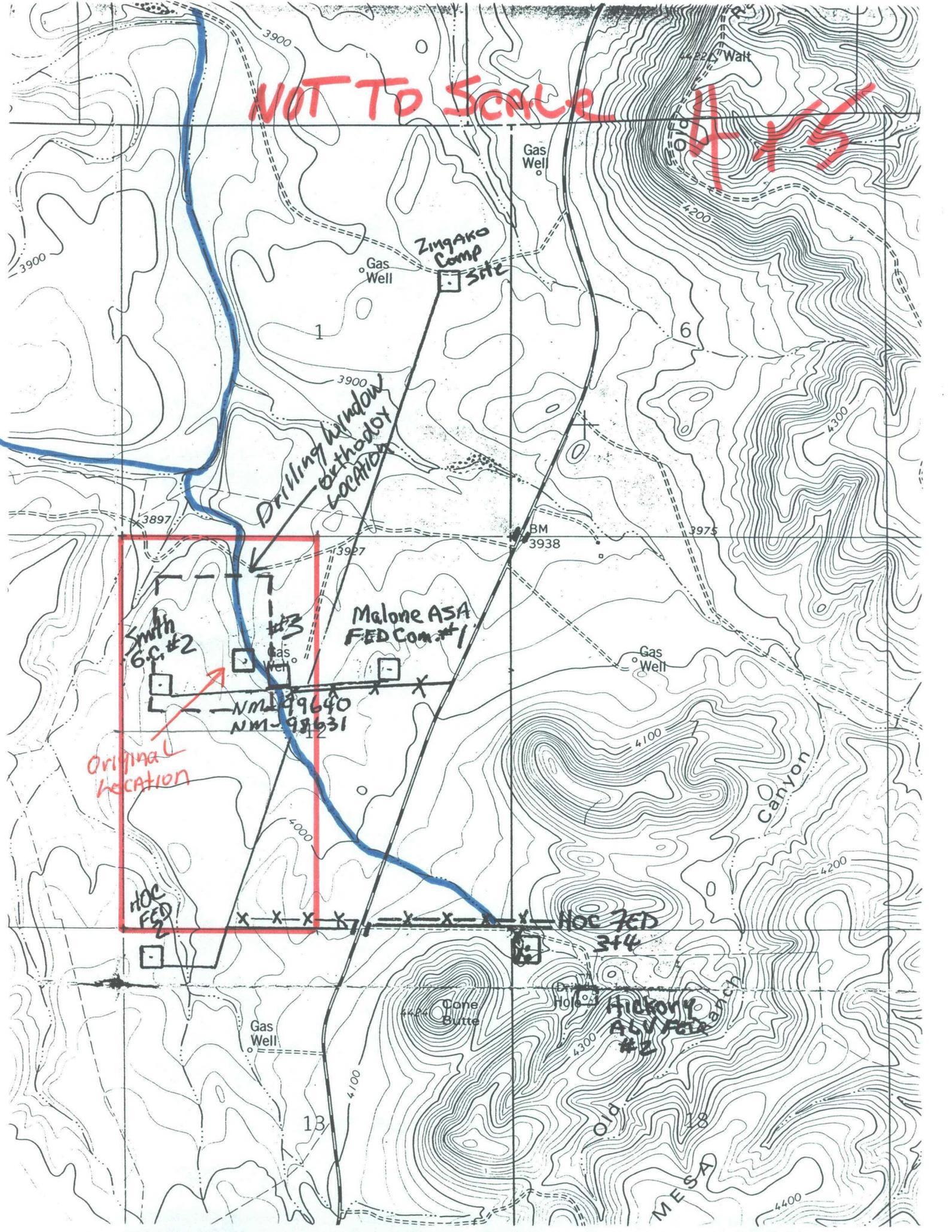
Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

Smith Federal Gas Com. #3
 1797' FNL and 2159' FWL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0251099-A

MIDLAND © MAP

NOT TO SCALE

HYS



Zingako Comp Site

Drilling Window orthodoxy location

Malone ASA FED Com #1

Smith G.C. #2

Hickory ALV FED #2

Original Location

NM-99640
NM-98631

HOE FED

HOE FED 314

Cone Butte

MESA

Canyon

Walt

Gas Well

Gas Well

BM 3938

Gas Well

Gas Well

Dry Hole

13

18

3900

3900

3897

3927

3975

4000

4100

4200

4100

4300

4400

4225

4200

4300

4200

4400

#6

N/A

7

● Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM. I have talked with Mr. Hunt and from what he could remember from this onsite the well was originally stake at 1650' FNL and 1650' FWL of Section 12. The eastern portion of the well location fell in close proximity to a large draw which runs in a NW/SE direction. Therefore it was up to Mr. Hunt's discretion to move the location. I have personally seen the original location as the survey stakes were in place when I permitted the current location. When the BLM wants us to move a location the discussion generally takes place in the field between the parties and there is not any paperwork. My experience in dealing with the BLM I can understand why the location was moved to the east. As for Yates' response Management did approve the move. We do not have any written material from the BLM relating to this matter.

7

To: Ken Beardemphl
Cc: Doug Hurlbut
From: Brent May
Subject: Smith & Malone
Date: 4/6/99 Time: 1:50PM

Ken, I talked to John A. and he did not object to moving the Smith #3 and the Malone #2 location was OK with him (100-150' south of the original location).

Called Dan to
move 4-7-99
early AM
will do gth

7

DAN R. REDDY PE&PS
P.O. BOX 597
CARLSBAD, NEW MEXICO 88221-0597

STATEMENT
ORIGINAL

DATE NO. 11899
APRIL 12, 1999

TERMS

15 DAYS

TO • YATES PETROLEUM CORPORATION
• 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
• ATTN: ACCOUNTS PAYABLE
• P.O. #5-1659 KEN BEARDEMPHL

AMOUNT ENCLOSED \$ _____

PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE.

DATE	CHARGES AND CREDITS	BALANCE
3/25/99	Y2 SURVEY STAKE AND PLAT MALONE "ASA" FEDERAL COM #2, SEC 12, T22S, R23E, EDDY COUNTY, NM 660' FNL, 660' FEL	XXXXXXXXXX
	Y2 SURVEY, STAKE AND PLAT SMITH FEDERAL GAS COM #3, SEC. 12, T22S, R23E, EDDY COUNTY, NM 1650' FNL, 1650' FWL	XXXXXXXXXX
	RELOCATE SMITH FEDERAL GAS COM #3, TO: 1797' FNL, 2159' FWL	XXXXXXXXXX
	RELOCATE MALONE ASA FED. COM #2 TO: 810' FNL, 860' FEL	XXXXXXXXXX
	OK Ken 4-13-99	
	6.1875% TAX	XXXXXXXXXX
	TOTAL DUE	XXXXXXXXXX
NOTE: PLEASE TAKE 5% DISCOUNT IF PAID WITHIN 15 DAYS OF INVOICE DATE:		
THANK YOU!!		

 **Wilson Jones**
WHITE - ORIGINAL

YOUR CHECK IS YOUR RECEIPT
CANARY - DUPLICATE

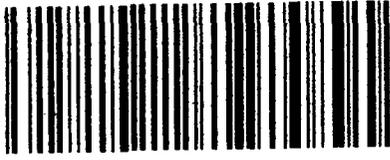
44-501 • Carbonless
Snap-A-Way® Forms
©1993 ACCO USA, Inc

#8

N/A

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL



101 0320 0001 3353 3887

101 0320 0001 3353 3887

Sent To
Street, Apt. No.,
or PO Box No. **Chevron U.S.A., Inc.**
P.O. Box 1635

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here

OFFICIAL USE

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL



7001 0320 0001 3353 3859
7001 0320 0001 3353 3859

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE
Smith Federal Gas Com. #3

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here

Sent To
Kerr-McGee
Street, Apt. No.,
or PO Box No. **P.O. Box 25861, Suite 1903**
City, State, ZIP+4
Oklahoma City, OK 73125

PS Form 3800, January, 2001 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL



7001 0320 0001 3353 3893
7001 0320 0001 3353 3893

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE
Smith Federal Gas Com. #3

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here

Sent To
Devon SFS Operating, Inc.
Street, Apt. No.,
or PO Box No. **P.O. Box 6021**
City, State, ZIP+4
Midland, Texas 7-79711-0210

PS Form 3800, January, 2001 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL



7001 0320 0001 3353 3870
7001 0320 0001 3353 3870

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE
Smith Federal Gas Com. #3

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here

Sent To
Marathon Oil Company
Street, Apt. No.,
or PO Box No. **P.O. Box 100400**
City, State, ZIP+4
Houston, Texas 77216-0408

PS Form 3800, January, 2001 See Reverse for Instructions

9

Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL and 2159' FWL
Eddy County, New Mexico

Kerr-McGee
P.O. Box 25861, Suite 1903
Oklahoma City, OK 73125

Devon SFS Operating, Inc.
P.O. Box 6021
Midland, Texas 79711-0210

Marathon Oil Company
P.O. Box 100400
Houston, Texas 77216-0408

Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 3, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: *Administrative application for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Cowan:

This letter acknowledges the receipt of your administrative application dated August 16, 2001 of an unorthodox Canyon (Upper Penn) and Morrow gas well location for Yates Petroleum Corporation's existing Smith Federal Gas Com. Well No. 3 (API No. 30-015-30687), located 1797 feet from the North line and 2159 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico. The Division received your application on August 16, 2001, and assigned it NMOCD application reference No. *pKRV0-123339590*. Please refer to this number in future correspondence with the Division.

Our preliminary review indicates that the information provided in the application is not sufficient to process an administrative order. The following information is necessary:

- (1) An amended NMOCD Form C-102 for this well showing the correct and proper acreage dedication for this well [W/2, 320 acres, being a standard 320-acre gas spacing unit for the Morrow formation and the existing 320-acre GPU in the Indian Basin-Upper Pennsylvanian Gas Pool that is currently dedicated to Yates's Smith Federal Gas Com. Well No. 2 (API No. 30-015-26834), located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12 (see Ordering Paragraph No. (3) of Division Order No. R-9922-D]; and
- (2) Proof of proper notification pursuant to Division Rule 1207.A (2) (a) 3, where the operator of the proposed unorthodox well is also the operator of the adjoining unit and ownership is not common.
- (3) A detailed report of the field trip that resulted in the BLM requiring Yates to crowd another unit, Yates's response at that time, and any written material from the BLM related to this matter;
- (4) A copy of the NMOCD Form C-102 on Yates's Smith Federal Gas Com. Well No. 2 rededicating this acreage from a 640-acre unit to its approved 320-acre, W/2 of Section 12, unit approved by Division Order No. R-9922-D.

Since the submitted information is insufficient to review, the application was ruled incomplete on October 3, 2001. Please submit the above stated information by Wednesday, October 10, 2001.

Yates Petroleum Corporation

October 3, 2001

Page 2

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for your cooperation

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Randy Patterson, Yates Petroleum Corporation - Santa Fe

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

Form C-102
 Revised February 10, 1994

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

Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Indian Basin Upper Penn Gas	
4 Property Code		5 Property Name SMITH FEDERAL GAS COM			6 Well Number 3
7 OGRID No. 025575		8 Operator Name YATES PETROLEUM CORPORATION			9 Elevation 3940.

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
F	12	22-S	23-E		1797	NORTH	2159	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 280 320	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



17 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: April 13, 1999

18 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.

APRIL 9, 1999
 Date of Survey: R. REDD
 Signature and Seal of Professional Surveyor:
 DAN R. REDD
 REGISTERED LAND SURVEYOR
 NEW MEXICO
 5412
 NM PROFESSIONAL SURVEYOR

District I
 1625 N. French Dr., Hobbs, NM 88240
District II
 1301 W. Grand Avenue, Artesia, NM 88210
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 15, 2000
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name		
⁴ Property Code		⁵ Property Name			⁶ Well Number	
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation	

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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

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-------------------------------	-------------------------------	----------------------------------	-------------------------

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	<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>			
	Signature _____			
	Printed Name _____			
	Title _____			
	Date _____			
	¹⁸ SURVEYOR CERTIFICATION			
	<i>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.</i>			
	Date of Survey _____			
	Signature and Seal of Professional Surveyor: _____			
	Certificate Number _____			

New Mexico Oil Conservation Division
C-102 Instructions

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

1. The OCD assigned API number for this well.
2. The pool code for this (proposed) completion.
3. The pool name for this (proposed) completion.
4. The property code for this (proposed) completion.
5. The property name (well name) for this (proposed) completion.
6. The well number for this (proposed) completion.
7. Operator's OGRID number.
8. The operator's name.
9. The ground level elevation of this well.
10. The surveyed surface location of this well measured from the section lines. NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
11. Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre.
13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage.
14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:

C	Communitization
U	Unitization
F	Forced pooling
O	Other
P	Consolidation pending

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Show all lots, lot numbers, and their respective acreage.

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17. The signature, printed name, and title of the person authorized to make this report, and the date this document was signed.
18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 3, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: *Administrative application for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.*

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Yates Petroleum Corporation
October 3, 2001
Page 2

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Sincerely,

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Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Randy Patterson, Yates Petroleum Corporation - Santa Fe

District I
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District III
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 15, 2000
 Submit to Appropriate District Office
 State Lease - 4 Copies
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name			
⁴ Property Code		⁵ Property Name				⁶ Well Number	
⁷ OGRID No.		⁸ Operator Name				⁹ Elevation	

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

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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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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					¹⁸ SURVEYOR CERTIFICATION <i>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.</i> <hr/> Date of Survey Signature and Seal of Professional Surveyor:
					<hr/> Certificate Number

New Mexico Oil Conservation Division
C-102 Instructions

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18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.

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

Form C-10
 Revised February 10, 1991
 Instructions on back
 Submit to Appropriate District Office
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OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Indian Basin Upper Penn Gas
Property Code	Property Name SMITH FEDERAL GAS COM		Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3940.

¹⁰ Surface Location

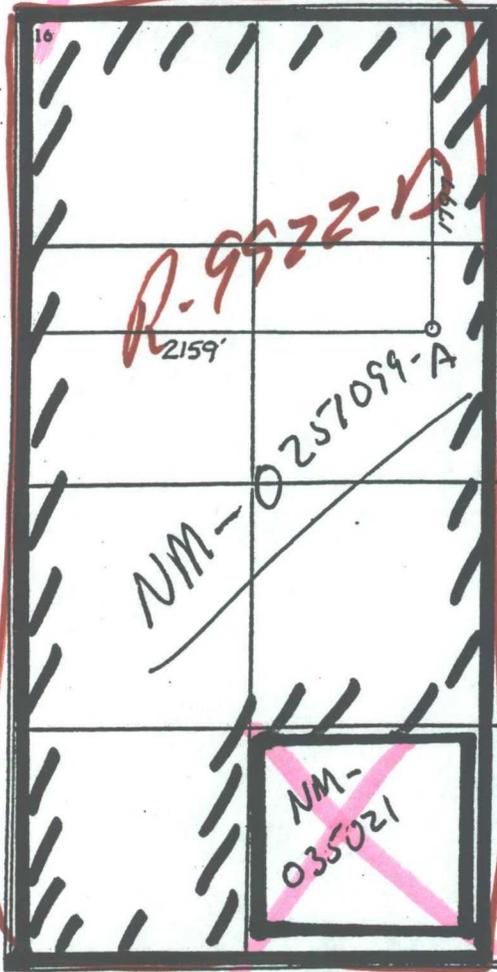
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	22-S	23-E		1797	NORTH	2159	WEST	EDDY

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 280	¹³ Joint or Infill 220	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



¹⁷ 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: April 13, 1999

¹⁸ 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.

APRIL 9, 1999
 Date of Survey: APRIL 9, 1999
 Signature and Seal of Professional Surveyor:
 DAN R. R-E-D-D-K
 REGISTERED LAND SURVEYOR
 5412
 NM PROFESSIONAL SURVEYOR 5412

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



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

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

Fax Cover Sheet

OCT 15 2001

To: Mike Stogner
Company: NMEM + NRD
Phone: (505) 476-3440
Fax: (505) 476-3462

From: Cy Cowan
Company: Yates Petroleum Corporation
Phone: 505-748-1471
Fax: 505-748-4572

Date: 10/12/01
Pages including this
cover page: 12

Comments: HARD Copy to Follow this
! Pm J
Thank you.
Cy Cowan

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Ed., Asteo, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

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

AMENDED PLAT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Indian Basin Upper Penn Gas
Property Code	Property Name	Well Number
	Smith Federal Gas Com.	3
OGED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3940'

Surface Location

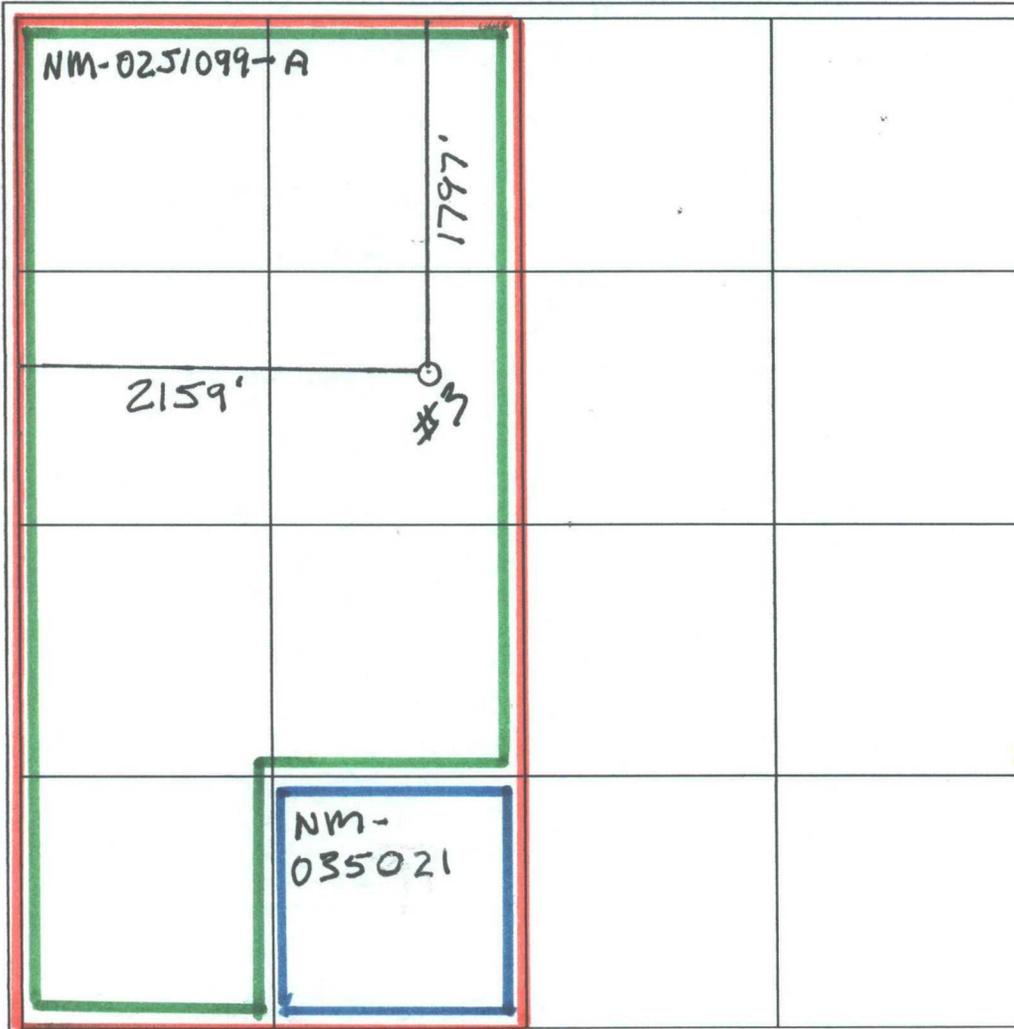
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	22S	23E		1797'	North	2159'	West	Eddy

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.
320			R-9922-D

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.

Cy Cowan
Signature

Cy Cowan
Printed Name

Regulatory Agent
Title

October 12, 2001
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

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
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State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 10, 1994
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OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Indian Basin Upper Penn Gas
Property Code	Property Name SMITH FEDERAL GAS COM		Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3940.

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
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¹⁶

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Signature: *Ken Beardemphl*

Printed Name: Ken Beardemphl

Title: Landman

Date: April 13, 1999

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Date of Survey: APRIL 9, 1999

Signature and Seal of Professional Surveyor:

Certificate Number: NM 5412

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 12, 2001

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

**RE: *Offset Operator/Leasehold Notification
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico***

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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 returning 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.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent

Company: _____

Name: _____

Title: _____

Date: _____

Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL and 2159' FWL
Eddy County, New Mexico

Kerr-McGee
P.O. Box 25861, Suite 1903
Oklahoma City, OK 73125

Devon SFS Operating, Inc.
P.O. Box 6021
Midland, Texas 79711-0210

Marathon Oil Company
P.O. Box 100400
Houston, Texas 77216-0408

Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251

3. Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM. I have talked with Mr. Hunt and from what he could remember from this onsite the well was originally stake at 1650' FNL and 1650' FWL of Section 12. The eastern portion of the well location fell in close proximity to a large draw which runs in a NW/SE direction. Therefore it was up to Mr. Hunt's discretion to move the location. I have personally seen the original location as the survey stakes were in place when I permitted the current location. When the BLM wants us to move a location the discussion generally takes place in the field between the parties and there is not any paperwork. My experience in dealing with the BLM I can understand why the location was moved to the east. As for Yates' response Management did approve the move. We do not have any written material from the BLM relating to this matter.

To: Ken Beardemphl
Cc: Doug Hurlbut
From: Brent May
Subject: Smith & Malone
Date: 4/6/99 Time: 1:50PM

Ken, I talked to John A. and he did not object to moving the Smith #3 and the Malone #2 location was OK with him (100-150' south of the original location).

Called Dan to
move 4-7-99
early AM
will do gsh

DAN R. REDDY PE&PS
 P.O. BOX 597
 CARLSBAD, NEW MEXICO 88221-0597

STATEMENT
 ORIGINAL

DATE NO. 11899
 APRIL 12, 1999

TERMS
 15 DAYS

- TO
- YATES PETROLEUM CORPORATION
 - 105 SOUTH FOURTH STREET
 - ARTESIA, NEW MEXICO 88210
 - ATTN: ACCOUNTS PAYABLE
 - P.O. #5-1659 KEN BEARDEMPHL

AMOUNT ENCLOSED \$ _____

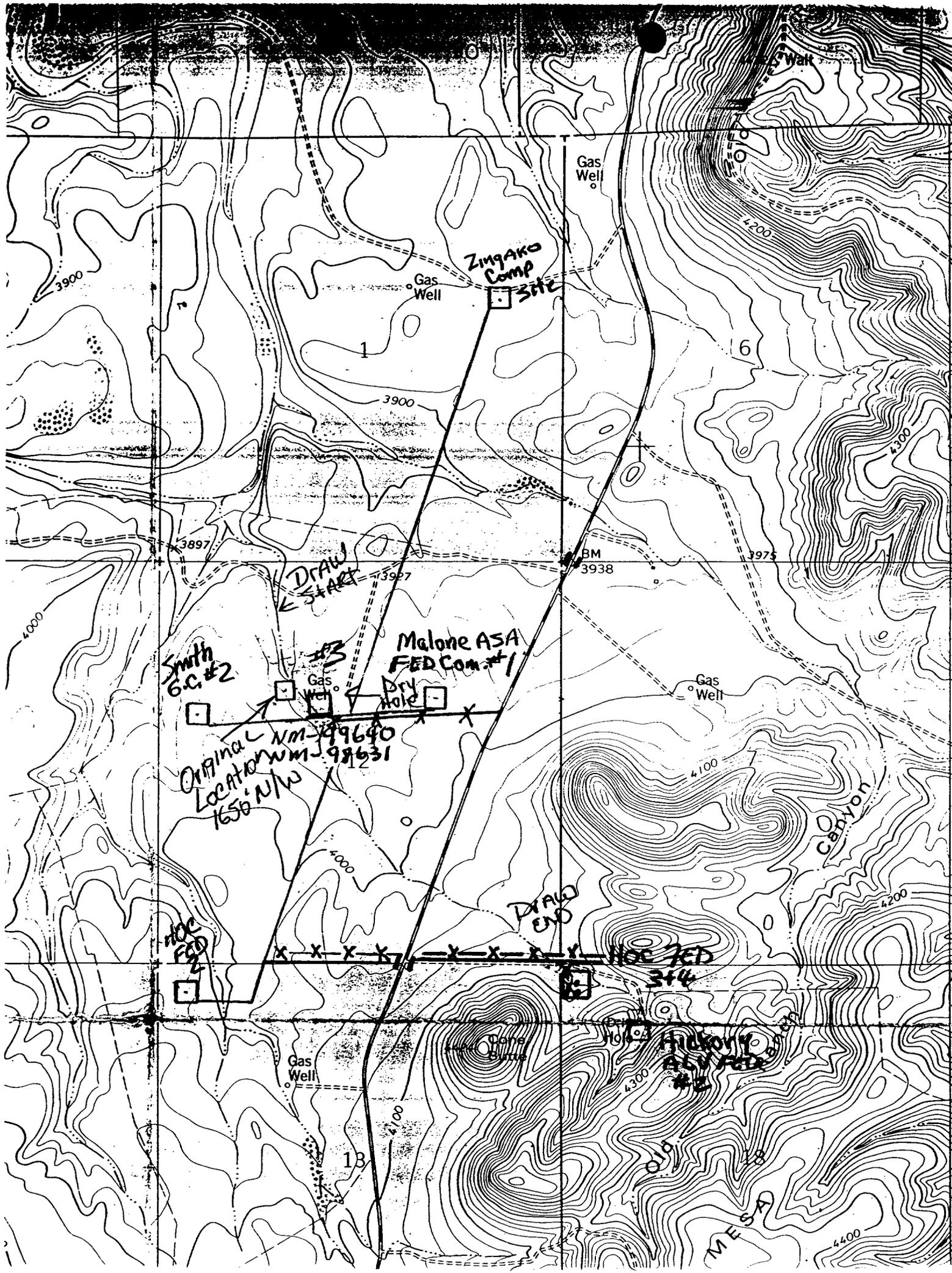
PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE.

DATE	CHARGES AND CREDITS	BALANCE
3/25/99	<p><i>Y2</i> SURVEY STAKE AND PLAT MALONE "ASA" FEDERAL COM #2, SEC 12, T22S, R23E, EDDY COUNTY, NM 660' FNL, 660' FEL</p>	_____
	<p><i>Y2</i> SURVEY, STAKE AND PLAT SMITH FEDERAL GAS COM #3, SEC. 12, T22S, R23E, EDDY COUNTY, NM 1650' FNL, 1650' FWL</p>	_____
	<p>RELOCATE SMITH FEDERAL GAS COM #3, TO: 1797' FNL, 2159' FWL</p>	_____
	<p>RELOCATE MALONE ASA FED. COM #2 TO: 810' FNL, 888' FEL.</p>	_____
	<p><i>OK</i> <i>Ken</i> <i>4-13-99</i></p>	
	6.1875% TAX	_____
	TOTAL DUE	_____
	NOTE: PLEASE TAKE 5% DISCOUNT IF PAID WITHIN 15 DAYS OF INVOICE DATE:	
	THANK YOU!!	

 **Wilson Jones**
 WHITE - ORIGINAL

YOUR CHECK IS YOUR RECEIPT
 CANARY - DUPLICATE

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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED PLAT

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Indian Basin Upper Penn Gas
⁴ Property Code	⁵ Property Name Smith Federal Gas Com.	⁶ Well Number 2
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3971.5

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
E	12	22S	23E		2049'	North	480'	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 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-9922-D
--------------------------------------	-------------------------------	----------------------------------	-------------------------------------

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>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan Printed Name Regulatory Agent Title October 12, 2001 Date</p>
	<p>¹⁸ 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.</p> <p>REFER TO ORIGINAL PLAT</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

Submit to Appropriate
District Office
200 Leases - 4 copies
200 Leases - 3 copies

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

DISTRICT I
P.O. Box 1900, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

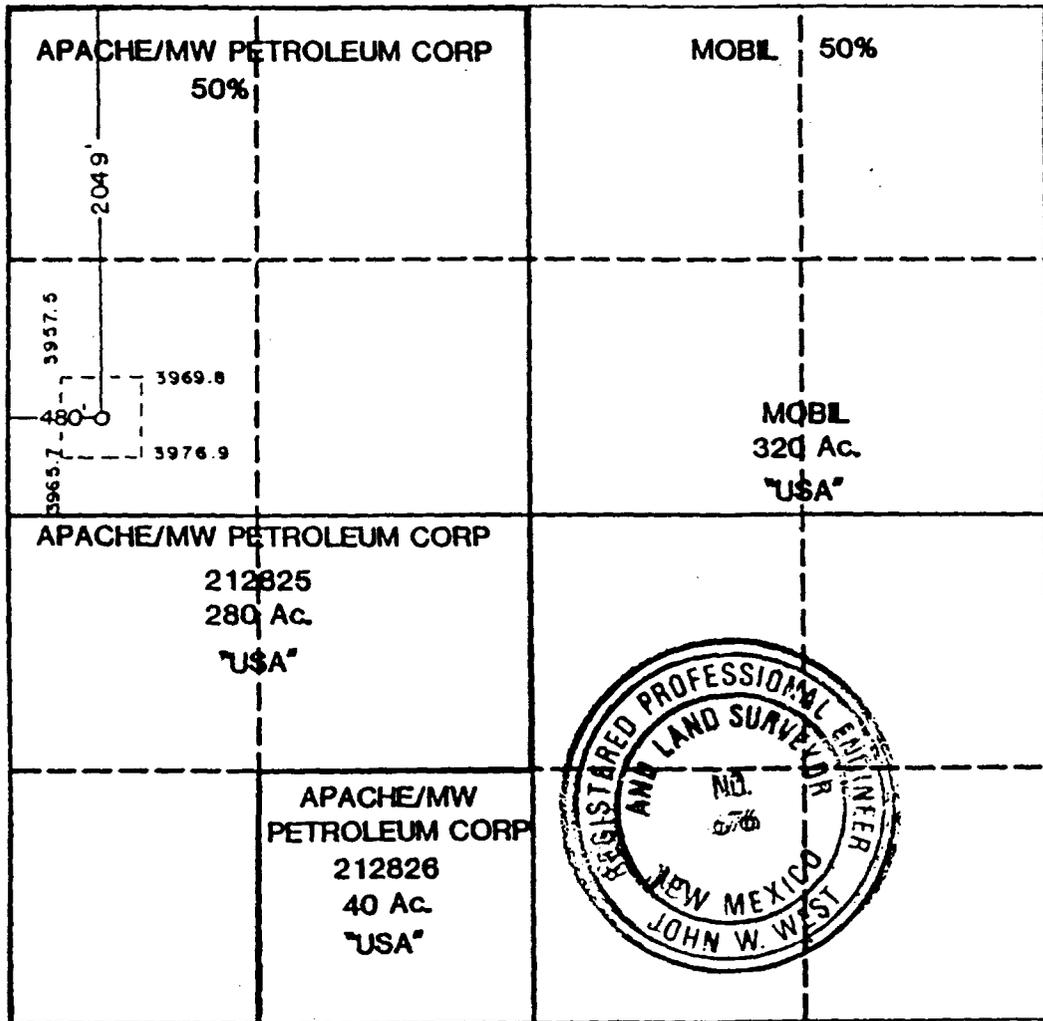
WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator APACHE/MW PETROLEUM CORPORATION			Leases SMITH FEDERAL GAS COM.		Well No. 2
Unit Letter E	Section 12	Township 22 SOUTH	Range 23 EAST	County EDDY	

Actual Footage Location of Well:
480 feet from the WEST line and 2049 feet from the NORTH line

Ground level Elev. 3971.5	Producing Formation Upper Penn	Pool Indian Basin Upr. Penn (Pro Gas)	Dedicated Acreage: 640 Acres
------------------------------	-----------------------------------	--	---------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or black ink marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation Communitization
 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 interest, 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.

Signature: *C. J. Pavlich*
 Printed Name: C. J. Pavlich
 Position: Drilling Manager
 Company: Apache/MW Petroleum Corp.
 Date: 8/8/91

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 knowledge and belief.

Date Surveyed: 7-23-91
 Signature & Seal of Professional Surveyor: *John W. West*
 Certificate No. JOHN W. WEST, 676
 RONALD J. EIDSON, 3259

121826

MARTIN YATES, III
1912 - 1988
FRANK W. YATES
1936 - 1966



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 C. KINSEY
TREASURER

Fax Cover Sheet

To: Mike Sfogner
Company: NM E.M. + NRD
Phone: (505) 476-3440
Fax: (505) 476-3462

From: Cy Cowan
Company: Yates Petroleum Corporation
Phone: 505-748-1471
Fax: 505-748-4572

Date: 10/12/01
Pages including this cover page: 12

Comments: HARD Copy to Follow this
1 Pm J
Thank you.
Cy Cowan

DISTRICT I
2000 N. French St., Hobbs, NM 88240

DISTRICT II
611 South Plant, Artesia, NM 88210

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

DISTRICT IV
2000 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 - 2 Copies

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

AMENDED REPORT

AMENDED PLAT
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Indian Basin Upper Penn Gas
Property Code	Property Name	Well Number
	Smith Federal Gas Com.	3
OCED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3940'

Surface Location

TL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
F	12	22S	23E		1797'	North	2159'	West	Eddy

Bottom Hole Location if Different From Surface

TL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County

Dedicated Acres	Joint or Inter	Consolidation Code	Order No.
320			R-9922-D

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>NM-0251099-A</p> <p>1797'</p> <p>2159'</p> <p>034</p> <p>NM-055021</p>	<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><i>[Signature]</i> Signature By Cowan Printed Name Regulatory Agent Title October 12, 2001 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>REFER TO ORIGINAL PLAT</p> <p>Date Surveyed Signature & Seal of Professional Surveyor</p>	
<p>Certificate No. Herschel L. Jones RLS 3540</p> <p>GENERAL SURVEYING COMPANY</p>		

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Grande Rd., Alamogordo, NM 87418
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
Revised February 10,
Instructions on
Submit to Appropriate District C
State Lease - 4 C
Fee Lease - J C

AMENDED REF

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number		* Pool Code		* Pool Name Indian Basin Upper Penn Gas	
* Property Code	* Property Name SMITH FEDERAL GAS COM			* Well Number 3	
* OGAID No. 025575	* Operator Name YATES PETROLEUM CORPORATION			* Elevation 3940.	

¹⁰ Surface Location

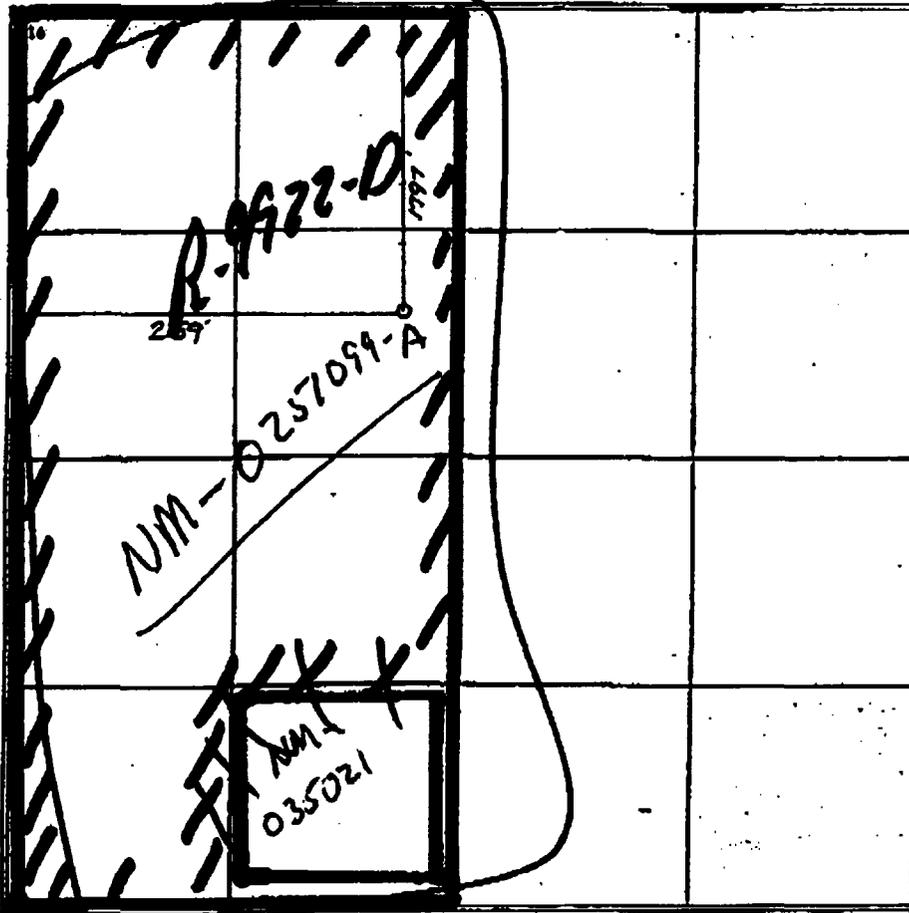
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	22-S	23-E		1797	NORTH	2159	WEST	EDDY

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 Dedication term 750	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



¹⁷ 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: April 13, 1999

¹⁸ SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was placed 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.

APRIL 9, 1999
Date of Survey: APRIL 9, 1999
Signature: *W. R. E. O. P. K.*
Title: Registered Professional Surveyor

NEW MEXICO
5412
REGISTERED PROFESSIONAL SURVEYOR
LAND SURVEYOR

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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

October 12, 2001

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

**RE: Offset Operator/Leasehold Notification
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico**

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. ~~This location does not comply with existing special rules for the Miller Basin Upper Pool Gas Pool which state that no well shall be located closer than 600' feet from an outer boundary of a 320 acre spacing unit.~~ Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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 returning 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.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent

Company: _____

Name: _____

Title: _____

Date: _____

**Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL and 2159' FWL
Eddy County, New Mexico**

**Kerr-McGee
P.O. Box 25861, Suite 1903
Oklahoma City, OK 73125**

**Devon SFS Operating, Inc.
P.O. Box 6021
Midland, Texas 79711-0210**

**Marathon Oil Company
P.O. Box 100400
Houston, Texas 77216-0408**

**Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251**

3. Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM. I have talked with Mr. Hunt and from what he could remember from this onsite the well was originally stake at 1650' FNL and 1650' FWL of Section 12. The eastern portion of the well location fell in close proximity to a large draw which runs in a NW/SE direction. Therefore it was up to Mr. Hunt's discretion to move the location. I have personally seen the original location as the survey stakes were in place when I permitted the current location. When the BLM wants us to move a location the discussion generally takes place in the field between the parties and there is not any paperwork. My experience in dealing with the BLM I can understand why the location was moved to the east. As for Yates' response Management did approve the move. We do not have any written material from the BLM relating to this matter.

To: Ken Beardemphl
Cc: Doug Hurlbut
From: Brent May
Subject: Smith & Malone
Date: 4/6/99 Time: 1:50PM

Ken, I talked to John A. and he did not object to moving the Smith #3 and the Malone #2 location was OK with him (100-150' south of the original location).

Called Dan to
move 4-7-99
early AM
with dog

DAN R. REDDY PE&PS
P.O. BOX 597
CARLSBAD, NEW MEXICO 88221-0597

STATEMENT
ORIGINAL

DATE NO. 11899
APRIL 12, 1999

TERMS
15 DAYS

TO • YATES PETROLEUM CORPORATION
• 105 SOUTH FOURTH STREET
• ARTESIA, NEW MEXICO 88210
• ATTN: ACCOUNTS PAYABLE
• P.O. #5-1659 KEN BEARDEMPHL

AMOUNT ENCLOSED \$ _____

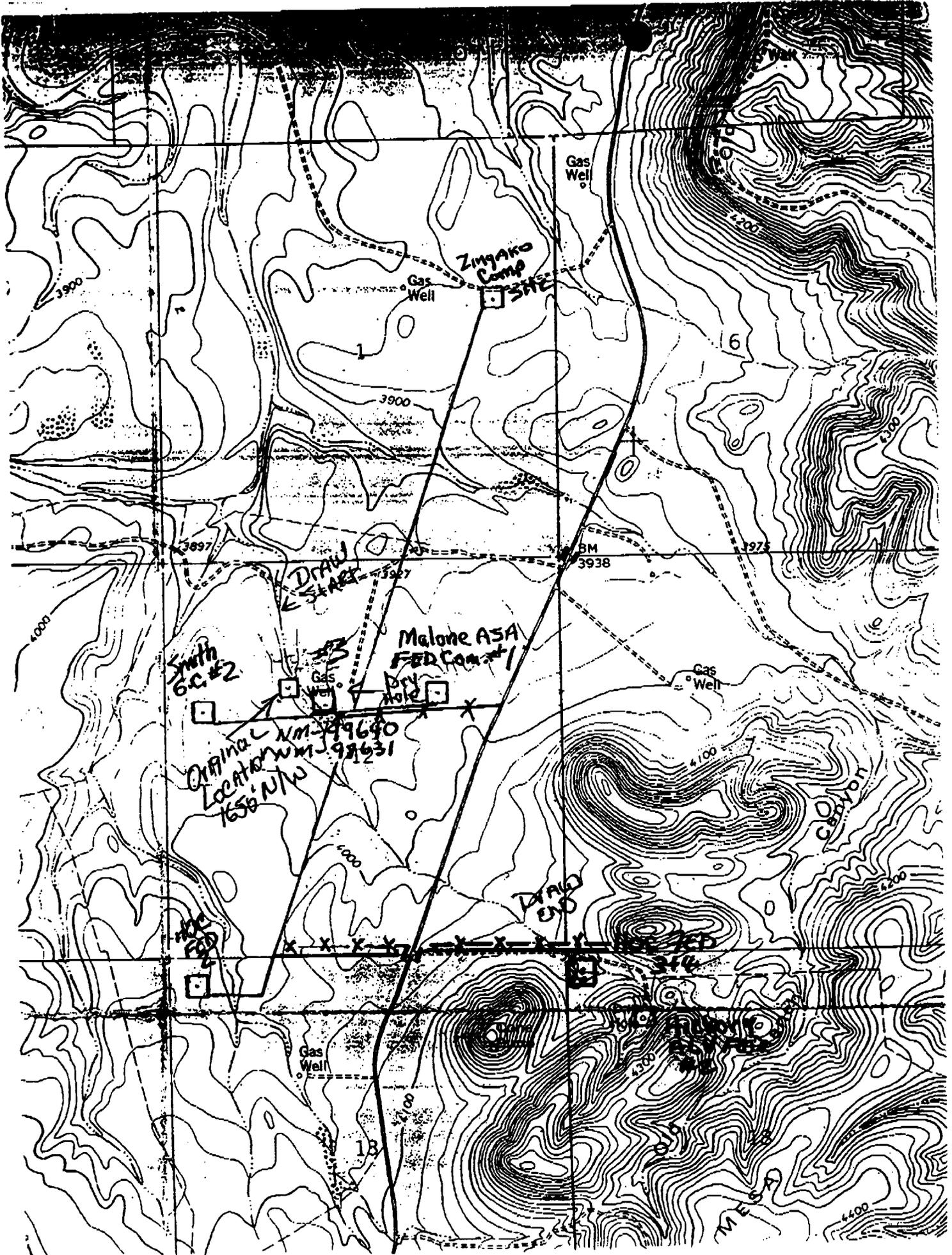
PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE.

DATE	CHARGES AND CREDITS	BALANCE
3/25/99	Y ₂ SURVEY STAKE AND PLAT MALONE "ASA" FEDERAL COM #2, SEC. 12, T22S, R23E, EDDY COUNTY, NM 660' FNL, 660' FWL	XXXXXXXXXX
	Y ₂ SURVEY, STAKE AND PLAT SMITH FEDERAL GAS COM #3, SEC. 12, T22S, R23E, EDDY COUNTY, NM 1650' FNL, 1650' FWL	XXXXXXXXXX
	RELOCATE SMITH FEDERAL GAS COM #3, TO: 1797' FNL, 2159' FWL	XXXXXXXXXX
	RELOCATE MALONE ASA FNL, COM #2 TO: 610' FNL, 660' FWL	XXXXXXXXXX
	OK Kew 4-13-99	
	6.1875% TAX	XXXXXXXXXX
	TOTAL DUE	XXXXXXXXXX
NOTE: PLEASE TAKE 5% DISCOUNT IF PAID WITHIN 15 DAYS OF INVOICE DATE:		
THANK YOU!!		

Wilson Jones
WHITE - ORIGINAL

YOUR CHECK IS YOUR RECEIPT
CANARY - DUPLICATE

44-501 - Carbonless
Snap-A-WaySM Forms
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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505
AMENDED PLAT

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number		2 Pool Code		3 Pool Name Indian Basin Upper Penn Gas	
4 Property Code		5 Property Name Smith Federal Gas Com.			6 Well Number 2
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3971.5

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
E	12	22S	23E		2049'	North	480'	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: 320
13 Joint or Infill
14 Consolidation Code
15 Order No.: R-9922-D

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>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>Cy Cowan</i> Signature</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>October 12, 2001 Date</p>
<p>NM-035021</p>	

Send to Appropriate
Mining Office
see Lease - 4 copies
see Lease - 3 copies

State of New Mexico
E. Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2083
Santa Fe, New Mexico 87504-2083

ILLEGIBLE

SUBJECT I
O. Box 2083, Hobbs, NM 88240

SUBJECT II
O. Dunbar DCI, Aztec, NM 88210

SUBJECT III
600 Rio Grande Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

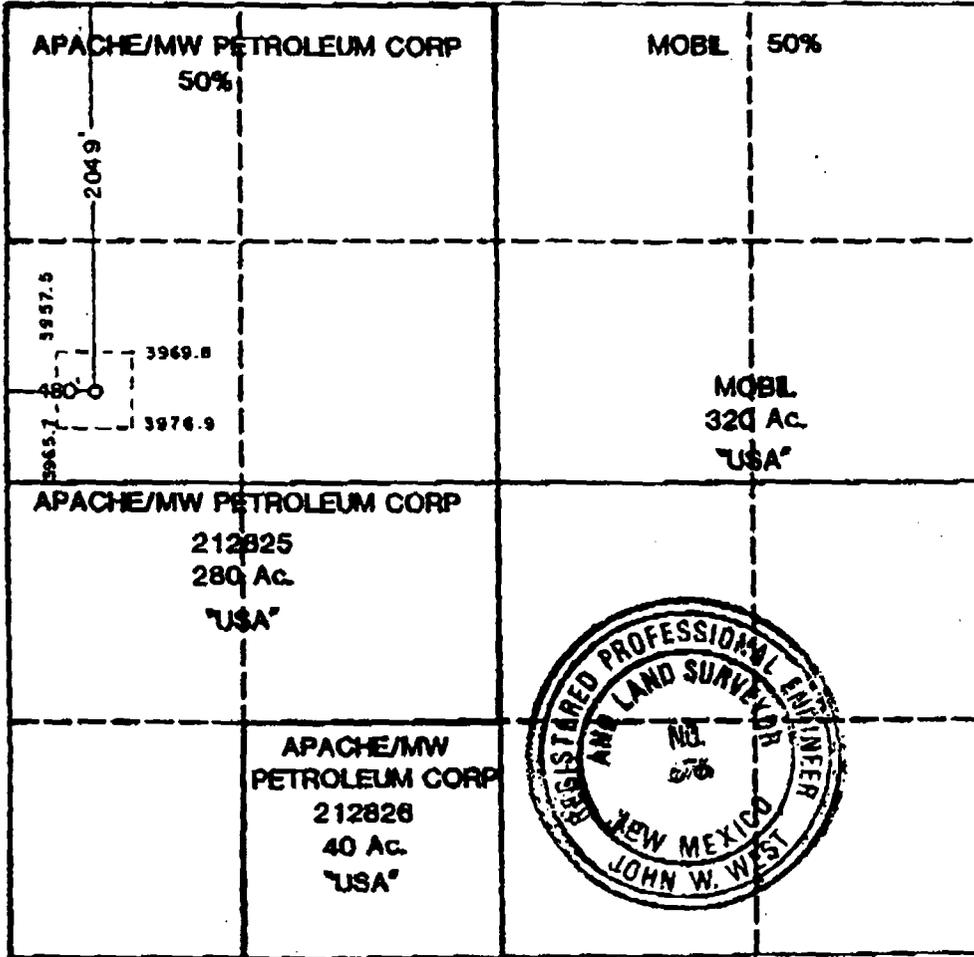
All Distances must be from the outer boundaries of the section

Operator APACHE/MW PETROLEUM CORPORATION			Lease SMITH FEDERAL GAS COM.		Well No. 2
Unit Letter E	Section 12	Township 22 SOUTH	Range 23 EAST	County EDDY	

Actual Fourche Location of Well:
 480 feet from the **WEST** line and 2049 feet from the **NORTH** line

Ground level Elev. 3971.5	Producing Formation Upper Penn	Pool Indian Basin Upr. Penn (Pro Gas)	Dedicated Acreage: 640 Acres
-------------------------------------	--	---	--

- Outline the acreage dedicated to the subject well by colored pencil or machine marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation **Communitization**
 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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Signature: *[Signature]*
 Printed Name: **C. J. Pavlich**
 Position: **Drilling Manager**
 Company: **Apache/MW Petroleum Corp.**
 Date: **8/8/91**

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes a 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: **7-23-91**
 Signature & Seal of Professional Surveyor: *[Signature]*
 License No. **JOHN W. WEST, 61**
RONALD J. EBDON, 32

100438



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 15, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: Administrative application initially dated August 16, 2001 (application reference No. pKRV0-123339590) for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool." as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

Dear Mr. Cowan:

This letter acknowledges the receipt of your telefax transmission of October 12, 2001, which is a response to my letter dated October 3, 2001 concerning the subject administrative application.

My review of this supplementary data, in particular your notification, has caused some confusion and concern. Your October 12, 2001 letter to offset operators/leasehold interest owners shows the well to be unorthodox only in the Indian Basin-Upper Pennsylvanian Gas Pool while your application includes the Morrow interval. Does Yates still wish to include the Morrow interval in this application? Further, Division Rule 104.F (4) requires that a "copy of the application" be sent to all affected interests. Were the four parties identified as recipients to your October 12, 2001 notification letter provided a copy of Yates's "complete" application in this matter?

Since the submitted information is insufficient to review, the application was ruled incomplete again on October 15, 2001. Please submit the above stated information by Monday, October 22, 2001.

The Division cannot precede any further with your application until correct notice is submitted. Upon receipt that corrected notice has been provided, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Randy Patterson, Yates Petroleum Corporation - Artesia

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

October 12, 2001

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

**RE: Offset Operator/Leasehold Notification
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico**

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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 returning 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.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent

Company: _____

Name: _____

Title: _____

Date: _____

**Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL and 2159' FWL
Eddy County, New Mexico**

**Kerr-McGee
P.O. Box 25861, Suite 1903
Oklahoma City, OK 73125**

**Devon SFS Operating, Inc.
P.O. Box 6021
Midland, Texas 79711-0210**

**Marathon Oil Company
P.O. Box 100400
Houston, Texas 77216-0408**

**Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 15, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: *Administrative application initially dated August 16, 2001 (application reference No. pKRV0-123339590) for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Cowan:

This letter acknowledges the receipt of your telefax transmission of October 12, 2001, which is a response to my letter dated October 3, 2001 concerning the subject administrative application.

My review of this supplementary data, in particular your notification, has caused some confusion and concern. Your October 12, 2001 letter to offset operators/leasehold interest owners shows the well to be unorthodox only in the Indian Basin-Upper Pennsylvanian Gas Pool while your application includes the Morrow interval. Does Yates still wish to include the Morrow interval in this application? Further, Division Rule 104.F (4) requires that a "copy of the application" be sent to all affected interests. Were the four parties identified as recipients to your October 12, 2001 notification letter provided a copy of Yates's "complete" application in this matter?

Since the submitted information is insufficient to review, the application was ruled incomplete again on October 15, 2001. Please submit the above stated information by Monday, October 22, 2001.

The Division cannot precede any further with your application until correct notice is submitted. Upon receipt that corrected notice has been provided, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for your cooperation

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Randy Patterson, Yates Petroleum Corporation - Artesia

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1988



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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

October 12, 2001

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

RE: **Offset Operator/Leasehold Notification**
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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 returning 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.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

Company: _____

Name: _____

Title: _____

Date: _____

**Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL and 2159' FWL
Eddy County, New Mexico**

**Kerr-McGee
P.O. Box 25861, Suite 1903
Oklahoma City, OK 73125**

**Devon SFS Operating, Inc.
P.O. Box 6021
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**Marathon Oil Company
P.O. Box 100400
Houston, Texas 77216-0408**

**Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251**

Note to File!

10-12-2001



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

*Re: Voice mail message left by
C. Cowan on Wednesday, October 10,
2001 @ 9:16 AM:*

*Want the additional week
offered to gather and submit the
necessary data.*

New deadline date Wed. 10-17-2001

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

October 18, 2001

Re: pKRVO-123339590

Mr. Michael Stogner
Fax: (505) 746-3462

OCT 22 2001

Mr. Stogner:

Regarding your question in your October 15, 2001 letter I am faxing you a copy of the completion report for the Smith Federal Gas Com. #3. This well is producing from the Undian Basin Upper Penn Gas Pool. We do not wish to include the Morrow interval in this application.

Also, I am faxing you a copy of our letter to the off set operators verifying we did send them a complete copy of the APD on October 18, 2001, as required by Division Rule 104.F (4). Hard copies of these faxed documents will be sent to you this PM.

I apologize for the confusion and any inconvenience this matter may have caused you.

Should you need anything further please advise.

Thank you,



Cy Cowan
Permit Agent

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 18, 2001

TO: Addressee List Attached
RE: Offset Operator/Leasehold Notification
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico

Certified Mail
Return Receipt Requested

Gentlemen:

Enclosed please find a copy of the Application for Permit to Drill and the Sundry Notice on the captioned well. We did not include these forms in our letter dated October 12, 2001. Please excuse our oversight in this matter.

Should you have any questions, please do not hesitate contacting Cy Cowan at 505-748-4372.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Darlene Chavarria

Darlene Chavarria
Regulatory Technician

/dc
Enclosure

OCT 22 2001

OCT 22 2001

Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL and 2159' FWL
Eddy County, New Mexico

Kerr-McGee
P.O. Box 25861, Suite 1903
Oklahoma City, OK 73125

Devon SFS Operating, Inc.
P.O. Box 6021
Midland, Texas 79711-0210

Marathon Oil Company
P.O. Box 100400
Houston, Texas 77216-0408

Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251

OCT 22 2001

Unorthodox Location
Smith Federal Gas Com. #3
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Houston, Texas 77216-0408

Chevron U.S.A., Inc.
P.O. Box 1635
Houston, Texas 77251

7001 0320 0001 3353 7106

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Smith Federal Gas Com #3 OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To
Devon SFS Operating, Inc
 Street, Apt. No.;
 or PO Box No. **P.O. Box 6021**
 City, State, ZIP+4
Midland, Texas 79711-0210

7001 0320 0001 3353 7083

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Smith Federal Gas Com #3 OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To
Chevron U.S.A., Inc.
 Street, Apt. No.;
 or PO Box No. **P.O. Box 1635**
 City, State, ZIP+4
Houston, TX 77251

7001 0320 0001 3353 7090

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Smith Federal Gas Com #3 OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To
Marathon Oil Company
 Street, Apt. No.;
 or PO Box No. **P.O. Box 100400**
 City, State, ZIP+4
Houston, TX 77216-0408

7001 0320 0001 3353 7113

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Smith Federal Gas Com #3 OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To
Kerr-McGee
 Street, Apt. No.;
 or PO Box No. **P.O. Box 25861, Suite 1903**
 City, State, ZIP+4
Oklahoma City, OK 73122

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See Other
Instructions on
reverse side)

FORM APPROVED

OMB NO. 1004-0137

Expires: February 28, 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____
 b. TYPE OF COMPLETION: NEW WELL WORKOVER DEEPEN PLUG BACK DIFF RESVR. Other _____

2. NAME OF OPERATOR
Yates Petroleum Corporation

3. ADDRESS AND TELEPHONE NO.
105 South Fourth St. - Artesia, NM 88210 505-748-1471

4. LOCATON OF WELL (Report location clearly and in accordance with any State requirements)*
 At surface
1797' FNL and 2159' FWL
 At top prod. Interval reported below
 At total depth

14. PERMIT NO. _____ DATE ISSUED _____

15. DATE SPUNDED **1/29/01** 16. DATE T.D. REACHED **2/18/01** 17. DATE COMPL. (Ready to prod.) **3/13/01** 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* **3940' GR**

20. TOTAL DEPTH, MD & TVD **8010'** 21. PLUG BACK T.D., MD & TVD **7970'** 22. IF MULTIPLE COMPL. _____ 23. INTERVALS DRILLED BY ROTARY TOOLS **40-8010'** CABLE TOOLS _____

24. PRODUCTION INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)*
7434-7662'

26. TYPE ELECTRIC AND OTHER LOGS RUN
CNL/LDC, Laterolog

28 CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
20"		40'	26"	cement to surface	
9-5/8"	36#	1484'	14-3/4"	1660 sxs circ	
7"	26#	8010'	8-3/4"	1025 sxs	

29 LINER RECORD					30 TUBING RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	SIZE	DEPTH SET (MD)	PACKER SET (MD)
						2-7/8"	7844'	None

31. PERFORATION RECORD (Interval, size and number)		32 ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
See attached		DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
		7566-7612'	5000 gals IC HCL
		7656-7662'	1000 gals IC HCL
		7434-7512'	40,000 gals gelled IC HCL

33 PRODUCTION

DATE FIRST PRODUCTION **3/14/01** PRODUCTION METHOD (Flowing, gaslift, pumping-size and type of pump) **Pumping - Sub pump** WELL STATUS (Producing or shut-in) **Producing**

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PRODN. FOR TEST PERIOD	OIL-BBL	GAS-MCF	WATER-BBL	GAS-OIL RATIO
3/15/01	24	-	→	0	3457	2002	
FLOW. TBG PRESS.	CASING PRESS	CALCULATED 24-HR RATE		OIL-BBL	GAS-MCF	WATER-BBL	OIL GRAVITY-API (CORR.)
190#	220#	→		0	3457	2002	

34. DISPOSTION OF GAS (Sold, used for fuel, vented, etc.)
Sold - Connected to Dagger Draw Gas Processing Plant

TEST WITNESSED BY
Leroy Richards

35. LIST OF ATTACHMENTS
Log

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *Sean M. [Signature]* TITLE **Engineering Technician** DATE **OCT 22 2001** 12/12/00

*(See Instructions and Spaces for Additional Data on Reverse Side)



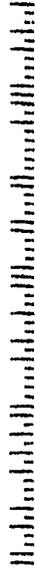
YATES BUILDING - 105 SOUTH FOURTH ST.
ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

OCT 22 2001

Attention: Michael Stogner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

8750534000





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 24, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: *Administrative application initially dated August 16, 2001 (application reference No. pKRV0-123339590) for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Cowan:

The Division is in receipt of your letter dated October 18, 2001 containing: (i) a request that the Morrow interval be withdrawn from this application; and (ii) an amended notification letter to all effected parties to this application.

It is my understanding that Yates interprets Division Rule 104.F (4), which requires a "copy of the application" be sent to all affected interests, to mean the "APD". This is not the case; "application" means just that, a copy of the application provided the Division for the location exception.

This is not a small oversight, especially with the number of applications filed by Yates and the fact that Yates was represented on the committee that changed Rule 104. In the future the Division will expect proof that Division Rule 104.F (4) has been adequately and fully complied with. Failure to do so will subject all request for location exceptions to the Division's hearing process.

Since the submitted information is still insufficient, this application is again ruled incomplete as of October 24, 2001. Please submit the above stated information by Wednesday, October 31, 2001.

The Division cannot precede any further with your application until correct notice is submitted. Upon receipt that corrected notice has been provided, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Randy Patterson, Yates Petroleum Corporation - Artesia

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

October 29, 2001

New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Frances Drive
Santa Fe, New Mexico 87505

Attention: Mr. Michael Stogner

Re: No. pKRVO-123339590
Smith Federal Gas Com. #3

Dear Mr. Stogner:

Please be advised via this Fax that my response to your letter dated October 24, 2001, will be put in the mail this P.M. and should reach you by October 31st.

After reviewing the complete application that has been sent to all of the offset operators should you need anything further please advise.

Thank you, for your concern in this matter and once again, I apologize for any inconvenience this may have caused you.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Permit Agent

/cyc

MARTIN YATES, III
1912 - 1985
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TREASURER

Fax Cover Sheet

To: Michael Stogner
Company: NMEM + NRD
Phone: (505) 476-3465
Fax: (505) 476-3471

From: Cy Cowan
Company: Yates Petroleum Corporation
Phone: 505-748-1471
Fax: 505-748-4572

Date: 10/29/01
Pages including this cover page: 2

Comments:

Thank you!

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



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ARTESIA, NEW MEXICO 88210
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Fax Cover Sheet

To: Michael Stogner
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Fax: (505) 476-3471

From: Cy Cowan
Company: Yates Petroleum Corporation
Phone: 505-748-1471
Fax: 505-748-4572

Date: 11/16/01
Pages including this cover page: 6

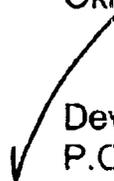
Comments:

Mr. Stogner,
Here are copies of approvals from
Offshore operators for your review
Thank you! Smith Federal Gas Perm #3
Cy Cowan

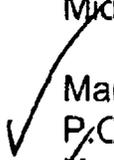
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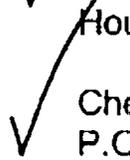
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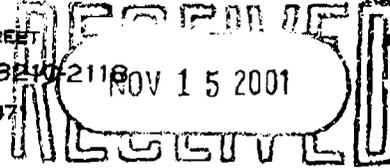
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DENNIS G. KINSEY
TREASURER



October 29, 2001

TO: Addressee List Attached
RE: Offset Operator/Leasehold Notification
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico

Certified Mail
Return Receipt Requested



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The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Cy Cowan
Regulatory Agent

Company: Chevron/Texaco
Name: Scott M. Ingram
Title: Carlisle TR
Date: 11/12/01

K6

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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October 29, 2001

TO: Addressee List Attached
RE: Offset Operator/Leasehold Notification
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Smith Federal Gas Com. #3
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Certified Mail
Return Receipt Requested

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Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

Company: DEVON SFS OPERATING, INC.

Name: Wendray CU

Title: SR. LAND ADVISOR

Date: 11/12/01

RECEIVED

NOV 07 2001

LAND DEPARTMENT

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1966



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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DENNIS G. KINSEY
TREASURER

October 29, 2001

TO: Addressee List Attached
RE: Offset Operator/Leasehold Notification
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico

Certified Mail
Return Receipt Requested

10/29/01
Property Management

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil conservation Division that the Smith Federal Gas Com. #3 well located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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 returning 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.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent

Company: Kerr-McGee Oil & Gas Onshore L.P.
Name: Steve Foerster
Title: Landman
Date: 11/05/01

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 88210-2118
TELEPHONE (505) 748-1471

Land Dept

October 12, 2001

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

**RE: Offset Operator/Leasehold Notification
Unorthodox Location
Smith Federal Gas Com. #3
Township 22 South, Range 23 East
Section 12: 1797' FNL & 2159' FWL
Eddy County, New Mexico**

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The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Cy Cowan
Regulatory Agent

Company: Marathon Oil Company
Name: [Signature]
Title: Indian Basin Manager
Date: 11-12-01

See Also Order Nos.

R-9922

R-9922-A

R-9922-B

R-9922-C

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

NOMENCLATURE
CASE NO. 12006
ORDER NO. R-9922-D

APPLICATION OF MARATHON OIL COMPANY, YATES PETROLEUM CORPORATION, ORYX ENERGY COMPANY, DEVON ENERGY CORPORATION (NEVADA) AND SANTA FE ENERGY RESOURCES, INC. FOR THE EXPANSION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL AND THE CONCOMITANT CONTRACTION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL, APPROVAL OF FOUR NON-STANDARD 320-ACRE GAS PRORATION UNITS, AN UNORTHODOX GAS WELL LOCATION, AND APPORTIONMENT OF GAS ALLOWABLES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of December, 1998, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre spacing and proration units ("GPU") with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The current gas allowable for the Indian Basin-Upper Pennsylvanian Gas Pool is approximately 6.5 MMCFG per day per GPU.

(3) The Indian Basin-Upper Pennsylvanian (Prorated) Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 3:	W/2
Section 4:	All
Sections 8 and 9:	All
Section 10:	W/2
Section 15:	W/2
Sections 16 through 30:	All
Sections 32 through 36:	All

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Sections 19 through 21:	All
Sections 28 through 32:	All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Sections 1 through 5:	All
Sections 8 through 17:	All
Section 21:	N/2
Section 22:	All.

(4) The Indian Basin-Upper Pennsylvanian Associated Pool is currently governed by the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool,*" as promulgated by Division Order No. R-9922, as amended, which require standard 320-acre oil and gas spacing units with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary, and with no more than one well per 80-acre tract to be drilled or produced on a standard proration unit. The special depth bracket allowable for the pool is 1,400 barrels of oil per day. The limiting gas-oil ratio for the pool is 7,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 9.8 MMCFG per day.

(5) The Indian Basin-Upper Pennsylvanian Associated Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 27:	S/2
Sections 33 and 34:	All.

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Sections 2 through 10: All
Section 11: N/2
Sections 16 and 17: All.

(6) The applicants, Marathon Oil Company, Yates Petroleum Corporation, Oryx Energy Company, Devon Energy Corporation (Nevada), and Santa Fe Energy Resources, Inc. seek an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Sections 20 and 21: All
Sections 28 through 32: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 18: All

AND THE concomitant contraction of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Sections 20 and 21: All
Sections 28 through 32: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2.

(7) In conjunction with the proposed adjustment to the boundaries of the two subject pools, the applicants seek to establish the following four 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool within Section 36, Township 21 South, Range 23 East, NMPM, and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico:

(A) the W/2 of Section 36, comprising 320 acres, which is to be dedicated to the existing Lowe State Gas Com Well No. 1 (API No. 30-015-10342), located 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 36;

(B) the W/2 equivalent of Section 1, comprising 336.57 acres, on which there is currently no well;

(C) the W/2 of Section 12, comprising 320 acres, which is to be dedicated to the existing Smith Federal Gas Com Well No. 2 (API No. 30-015-26834) located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12; and

(D) the W/2 of Section 13, comprising 320 acres, which is to be dedicated to the HOC Federal Gas Com Well No. 2 (API No. 30-015-26939) located 330 feet from the North and West lines (Unit D) of Section 13.

(8) The proposed acreage and pool rededication results in the Lowe State Gas Com Well No. 1 being only 928 feet from the outer boundary of its newly designated 320-acre gas proration unit. The resulting unorthodox gas well location for this well requires proper authorization pursuant to the appropriate rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool.

(9) On behalf of the applicants, Marathon Oil Company presented geologic, petroleum engineering, and oil and gas mineral ownership and land evidence, which demonstrates that this application should be granted and which is summarized as follows:

(A) In the Indian Basin area, the Upper Pennsylvanian interval contains multiple compartmentalized reservoirs, which are productive of oil, gas and water from several dolomitized horizons from the top of the Cisco formation to

the base of the Canyon formation.

(B) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Gas Pool, including the extension area, and the Indian Basin-Upper Pennsylvanian Associated Pool were originally developed with flowing gas wells on 640-acre gas spacing such that, once the gas wells stopped flowing as a result of water encroachment, the wells were abandoned.

(C) The Indian Basin-Upper Pennsylvanian Gas Pool attained its maximum extension in the 1970s and, since then, water encroachment has advanced from east to west slowly watering out the flowing gas wells. Currently, flowing gas production occurs west of a structural contour line at minus 3300 feet subsea elevation.

(D) In 1992, Yates Petroleum Corporation reentered and recompleted the Hickory "ALV" Federal Well No 1 (API No. 30-015-10566), located 1650 feet from the North and West lines (Unit F) of Section 17, Township 22 South, Range 24 East, NMPM. Using the same high capacity pumps used in the nearby South Dagger Draw-Upper Pennsylvanian Associated Pool, Yates was able to achieve rates of 400 BOPD, 500 MCFGPD and 1200 BWPD in a former Indian Basin-Upper Pennsylvanian Gas Pool well which had previously been depleted. Thereafter the Division entered Order No. R-9922 and created the Indian Basin-Upper Pennsylvanian Associated Pool.

(E) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are in a structural feature separated from the Indian Basin-Upper Pennsylvanian Gas Pool by a structural saddle at the top of the Cisco at a subsea elevation of minus 3500 feet. New wells located within 320-acre spacing units in the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are now producing or have the potential to produce oil and gas that was not previously recovered when this area was originally developed as part of the Indian Basin-Upper Pennsylvanian Gas Pool.

(F) Current oil and gas production from the Cisco/Canyon formations in the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area required extensive formation "de-watering." Hydrocarbons are mobilized by continuous movement of large volumes of water with artificial lift.

(G) Pressure data demonstrates that:

(i) the Indian Basin-Upper Pennsylvanian Associated Pool, with a pressure on average of 1600 psi, is not in pressure communication with the Indian Basin-Upper Pennsylvanian Gas Pool, which has a current pressure on average of 500 psi; and

(ii) wells in the extension area of Township 21 South, Range 24 East, NMPM, have a pressure related to the Indian Basin-Upper Pennsylvanian Associated Pool.

(H) Production data demonstrates that:

(i) there are no flowing gas wells in the extension area; and

(ii) old flowing gas wells in the extension area were abandoned when they watered out and new wells are attaining oil and gas production by using high capacity pumps.

(I) The division of Section 36, Township 21 South, Range 23 East, NMPM and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM (the transition area) into non-standard 320-acre, more or less, gas proration and spacing units will provide an equitable "buffer" between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool because:

(i) wells have been located or can be located such that drainage by wells in the Indian Basin-Upper Pennsylvanian Associated Pool can be met with counter drainage from wells located or to be located on the eastern side of each of the four 320-acre, more or less, non-standard gas spacing and proration units in the Indian Basin-Upper Pennsylvanian Gas Pool provided that wells located on the eastern side of these units can be no closer than 660 feet from the eastern boundary, which is also the setback requirement for wells in the Indian Basin-Upper Pennsylvanian Associated Pool; and

(ii) wells located in the Indian Basin-Upper Pennsylvanian Gas Pool will not suffer unfair competition from wells located or to be located in these four, non-standard gas proration units because allowables will be apportioned based upon the gas proration system adopted for the Indian Basin-Upper Pennsylvanian Gas Pool.

(J) The granting of this application should not impair the correlative rights:

(i) of any working interest owner within any of the existing 640-acre GPUs because there are voluntary joint operating agreements requiring that all those owners continue to share in production and pay costs from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit;

(ii) of any overriding royalty interest owner or the federal royalty under a federal oil and gas lease within any of the existing 640-

acre GPUs because there are federal communitization agreements requiring that all those owners continue to share in production from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit;

(iii) under Section 32, Township 21 South, Range 24 East, NMPM, which consists of two 320-acre State of New Mexico leases and is operated by Marathon Oil Company, because there are no overriding royalty owners and the State Land Office desires that the communitization agreement for the existing 640-acre proration unit terminate and be replaced by two 320-acre proration units co-extensive with the two State leases; and,

(iv) under Section 36, Township 21 South, Range 23 East, NMPM, which consists of two State of New Mexico leases and is operated by ORYX Energy Company, because there are no overriding royalty owners and the State Land Office desires that the existing 640-acre communitization agreement terminate and be replaced by two 320-acre communitization agreements.

(10) The evidence and testimony presented at the hearing further indicate that:

(A) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are a single structural feature such that wells located in this area should be subject to the same special rules and regulations.

(B) Geologic and petroleum engineering evidence demonstrate that substantial volumes of oil and gas, which otherwise would not be produced, can be economically recovered from the extension area if that area is subject to the

current rules applicable to the Indian Basin-Upper Pennsylvanian Associated Pool, thereby preventing waste.

(C) Making the extension area part of the Indian Basin-Upper Pennsylvanian Associated Pool will afford the opportunity to increase the de-watering process in the reservoir and improve recovery efficiencies for both oil and gas.

(D) The adoption of the four 320-acre, more or less, non-standard gas proration and spacing units will establish a temporary "buffer" or transition area between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool, which at this time will establish equity and protect correlative rights.

(11) The applicants are all of the operators of wells in the extension area and they have met and unanimously agreed upon this application.

(12) In accordance with Division notification rules, notification of this application and request for hearing has been sent to the owners within the proposed expansion area and to the offset operators to each non-standard gas proration and spacing unit and no objections have been received by either the Division or Marathon Oil Company, which sent out these notices.

(13) In order to prevent waste, to prevent the drilling of unnecessary wells, to protect correlative rights and provide for a more orderly development of the Cisco/Canyon formations, it is necessary to do the following:

(A) contract the Indian Basin-Upper Pennsylvanian Gas Pool and expand the Indian Basin-Upper Pennsylvanian Associated Pool as described in Finding Paragraph No. 6;

(B) approve the four non-standard 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool as described in Finding Paragraph No. 7; and,

(C) approve an unorthodox gas well location for the Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line (Unit K) of said Section

36.

(14) Marathon Oil Company, Santa Fe Energy Resources, Inc. and ORYX Energy Corporation were present at the hearing and Marathon Oil Company, on behalf of the applicants, provided technical land, geologic and engineering testimony concerning the reservoir and, these pools.

(15) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(16) Approval of the applicant's request will allow the interest owners the opportunity to economically recover their share of the oil and gas in the subject pools, will not reduce ultimate recovery from the subject pools, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 21 SOUTH RANGE 23 EAST NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH RANGE 24 EAST NMPM

Sections 20 and 21: All

Sections 28 through 32: All

TOWNSHIP 22 SOUTH RANGE 23 EAST NMPM

Section 1: E/2

Section 12: E/2

Section 13: E/2.

(2) Concomitantly, the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein the following described area:

TOWNSHIP 21 SOUTH RANGE 23 EAST NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Sections 20 and 21: All
Sections 28 through 32: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2.

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 18: All.

(3) ~~The following non-standard GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool within Section 36, Township 21 South, Range 24 East, and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, are hereby approved:~~

(A) the W/2 of Section 36, comprising 320 acres, which is to be dedicated to the existing Lowe State Gas Com Well No. 1 (API No. 30-015-10342), located at an unorthodox gas well location for the 320-acre GPU, 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 36;

(B) the W/2 of Section 1, comprising 336.57 acres, on which there is currently no well;

~~(C) the W/2 of Section 12, comprising 320 acres, which is to be dedicated to the existing Smith Federal Gas Com Well No. 2 (API No. 30-015-26934), located 330 feet from the North and 480 feet from the West lines (Unit E) of Section 12; and~~

(D) the W/2 of Section 13, comprising 320 acres, which is to be dedicated to the HOC Federal Gas Com Well No. 2 (API No. 30-015-26939) located 330 feet from the North line and 330 feet from the West line (Unit D) of Section 13.

(4) ~~Any future well located in any of these four non-standard gas production and spacing units no closer than 660 feet to the eastern boundary of the unit shall be considered~~

~~to be at a standard location.~~

(5) ~~The apportionment of gas allowables for the four non-standard GPU's shall be accomplished by applying a 0.5 acreage factor to each of the non-standard GPU's.~~

(6) An unorthodox gas well location for the following well in the Indian Basin-Upper Pennsylvanian Gas Pool, which became unorthodox as a result of the change in pool boundary, is hereby approved: Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line and of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

(7) The locations of all wells presently drilling to or completed in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

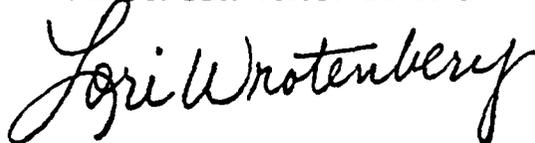
(8) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area shall have dedicated thereto 320 acres; or, pursuant to Paragraph C of Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(9) Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to being shut-in.

(10) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DOFF Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/03/01 11:07:53
OGOMES -TPLC
PAGE NO: 1

Sec : 12 Twp : 22S Rng : 23E Section Type : NORMAL

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

M0002: This is the first page

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/03/01 11:07:58
OGOMES -TPLC
PAGE NO: 2

Sec : 12 Twp : 22S Rng : 23E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

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

CMD : ONGARD 10/03/01 11:08:05
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPLC

API Well No : 30 15 26834 Eff Date : 01-01-1995 WC Status : S
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
OGRID Idn : 25575 YATES PETROLEUM CORPORATION
Prop Idn : 16869 SMITH FEDERAL GAS COM

Well No : 002
GL Elevation: 3971

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: E	12	22S	23E	FTG 2049 F N FTG	480 F W	P

Lot Identifier:

Dedicated Acre: 640.00

Lease Type : F

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 10/03/01 11:08:09
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPLC
Page No : 1

API Well No : 30 15 26834 Eff Date : 04-30-1991
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
Prop Idn : 16869 SMITH FEDERAL GAS COM Well No : 002
Spacing Unit : 37810 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 640.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreeage	L/W	Ownership	Lot	Idn
	A	12	22S	23E	40.00	N	FD			
	B	12	22S	23E	40.00	N	FD			
	C	12	22S	23E	40.00	N	FD			
	D	12	22S	23E	40.00	N	FD			
	E	12	22S	23E	40.00	N	FD			
	F	12	22S	23E	40.00	N	FD			
	G	12	22S	23E	40.00	N	FD			
	H	12	22S	23E	40.00	N	FD			
	I	12	22S	23E	40.00	N	FD			

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 :
OG6ACRE

ONGARD
C102-DEDICATE ACREAGE

10/03/01 11:08:20
OGOMES -TPLC
Page No : 2

API Well No : 30 15 26834 Eff Date : 04-30-1991
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
Prop Idn : 16869 SMITH FEDERAL GAS COM Well No : 002
Spacing Unit : 37810 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 640.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	J	12	22S	23E	40.00	N	FD			
	K	12	22S	23E	40.00	N	FD			
	L	12	22S	23E	40.00	N	FD			
	M	12	22S	23E	40.00	N	FD			
	N	12	22S	23E	40.00	N	FD			
	O	12	22S	23E	40.00	N	FD			
	P	12	22S	23E	40.00	N	FD			

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

CMD :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

10/03/01 11:08:34
OGOMES -TPLC
Page No: 1

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 26834	SMITH FEDERAL GAS CO	01 00 28	43881 24 2788	F
30 15 26834	SMITH FEDERAL GAS CO	02 00 27	36255 14 228	F
30 15 26834	SMITH FEDERAL GAS CO	03 00 31	46821 22 32	F
30 15 26834	SMITH FEDERAL GAS CO	04 00 29	36036 10 3	F
30 15 26834	SMITH FEDERAL GAS CO	05 00 29	43938 4 41	F
30 15 26834	SMITH FEDERAL GAS CO	06 00 30	34546 0 0	F
30 15 26834	SMITH FEDERAL GAS CO	07 00 31	54316 24 19	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 :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

10/03/01 11:08:37
OGOMES -TPLC
Page No: 2

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001

API Well No	Property Name	Prod.	Days	Production Volumes			Well
				MM/YY	Prod	Gas	
30 15 26834	SMITH FEDERAL GAS CO	08 00	31	57799			8 F
30 15 26834	SMITH FEDERAL GAS CO	09 00	30	54175	1		F
30 15 26834	SMITH FEDERAL GAS CO	10 00	30	49467	10	137	F
30 15 26834	SMITH FEDERAL GAS CO	11 00	30	51210	32	2595	F
30 15 26834	SMITH FEDERAL GAS CO	12 00	31	52143	25	2445	F
30 15 26834	SMITH FEDERAL GAS CO	01 01	31	49990	21	1890	F
30 15 26834	SMITH FEDERAL GAS CO	02 01	28	44944		2293	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 10/03/01 11:08:39
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPLC
Page No: 3

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes			Well Stat
			Gas	Oil	Water	
30 15 26834	SMITH FEDERAL GAS CO	03 01 31	45888		2779	F
30 15 26834	SMITH FEDERAL GAS CO	04 01 30	41367		2074	F
30 15 26834	SMITH FEDERAL GAS CO	05 01 31	41575		1682	F
30 15 26834	SMITH FEDERAL GAS CO	06 01 30	38824		1559	F
30 15 26834	SMITH FEDERAL GAS CO	07 01 31	37693	1	1454	F

Reporting Period Total (Gas, Oil) : 860868 188 22027

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

P/DWIGHTS PLUS DRILLING WIRE™
NEW MEXICO
Section II - 09/10/2001

DRILLING PROGRESS

NEW MEXICO DISTRICT 1,2,4-EDDY COUNTY CONTINUED

<p>YATES PETROLEUM CORPORATION 4 WALT CANYON 'AMA' FEDERAL API 30-015-28361 IC 30015793862001</p>	<p>3-22S-24E E NW NE 860 FNL 1780 FEL SEC</p>	<p>EDDY COUNTY UNDESIGNATED; 10330 MORROW (PMT APP'D 19960224) (FR:19940927 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 3869 GR LOCATION DATA: FORMERLY ABND LOC 6/27/97 UNDER SAME API 32 MI NW CARLSBAD, NM; VERTICAL;</p>	<p>D</p>
<p>CONTR: UTI DRILLING, RIG # 306; SPUD:20010308 CSG: 9 5/8 IN @ 1613 W/1150 SACK, 7 IN @ 8800 W/180 SACK, 4 1/2 IN @ 10300 W/150 SACK; RIG REL: 20010422 10300 TD, 10300 DTDWELL DRLD, NO FURTHER DETAILS (LDIR:20010621) \$\$\$\$</p>			

<p>SANTA FE SNYDER CORPORATION 6 NAGOOLTEE PEAK '5' FEDERAL COM API 30-015-31397 IC 30015793702000</p>	<p>5-22S-24E NE NE SW 2460 FSL 3593 FWL SEC</p>	<p>INDIAN BASIN; PENNSYLVANIAN UPPER PROJ TVD: 8600; (PMT APP'D 20001023) (FR:20000614 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 4328 GR LOCATION DATA: 17 MI W CARLSBAD, NM DIRECTIONAL; PBHL: 1320 FNL 925 FEL SEC 5-22S-24E W2 NE NE</p>	<p>D</p>
<p>....LOC CHGD FROM 2516 FSL 2575 FEL OF SEC (LDIR:20001030) LOC; \$\$\$\$</p>			

<p>SANTA FE SNYDER CORPORATION 4 OLD RANCH CANYON '7' FEDERAL API 30-015-31151 IC 30015790982000</p>	<p>7-22S-24E NE SW NW 1599 FNL 1248 FWL SEC</p>	<p>INDIAN BASIN; 8500 PENNSYLVANIAN UPPER (PMT APP'D 20000417) (FR:20000308 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 3996 GR LOCATION DATA: 16 MI W CARLSBAD, NM DIRECTIONAL; PBHL: MD 8500 1360 FSL 990 FWL SEC 7-22S-24E SE NW SW</p>	<p>D</p>
<p>CONTR: MCVAY DRILLING, RIG # 8; SPUD:20000510 RIG REL: 20000603 8650 TD, (PENNSYLVANIAN) (TD REACHED:20000601) 8650 DTDLAST RPTD WOCT, NO FURTHER DETAILS (LDIR:20010823) \$\$\$\$</p>			

<p>SANTA FE SNYDER CORPORATION 5 OLD RANCH KNOLL '8' FEDERAL API 30-015-31326 IC 30015791022000</p>	<p>8-22S-24E SW NE SW 1822 FSL 1903 FWL SEC</p>	<p>INDIAN BASIN; 8500 PENNSYLVANIAN UPPER (PMT APP'D 20000829) (FR:20000308 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 4293 GR LOCATION DATA: 16 MI W CARLSBAD, NM DIRECTIONAL; PBHL: MD 8500 2300 FNL 1900 FWL SEC 8-22S-24E SW SE NW</p>	<p>D</p>
<p>LOC; \$\$\$\$</p>			

<p>SANTA FE SNYDER CORPORATION 6 OLD RANCH KNOLL '8' FEDERAL API 30-015-31161 IC 30015790972000</p>	<p>8-22S-24E N2 SE NE 1905 FNL 660 FEL SEC</p>	<p>INDIAN BASIN; 8500 PENNSYLVANIAN UPPER (PMT APP'D 20000519) (FR:20000308 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 4233 GR LOCATION DATA: FORMERLY ABANDONED LOCATION 11/17/99 BY SANTA FE ENERGY OPERATING PARTNERS LO #3 OLD RANCH KNOLL '8' FEDERAL UNDER API 30-015-28242 & IC 30-015-70541-94 16 MI W CARLSBAD, NM; VERTICAL;</p>	<p>D</p>
<p>....API NUMBER ADDED (LDIR:20000606) LOC; \$\$\$\$</p>			

<p>YATES PETROLEUM CORPORATION 4 ANEMONE 'ANE' FEDERAL API 30-015-28133</p>	<p>9-22S-24E S2 NW SE 1650 FSL 1980 FEL SEC</p>	<p>WILDCAT; 10600 MORROW (FR:20010405 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: O&G; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 3995 GR LOCATION DATA: FORMERLY ABND LOC 12/1/1997 UNDER SAME API 31 MI NW CARLSBAD, NM; 1.25 MI SW/7942 (CNYN) OIL PROD IN INDIAN BASIN FIELD; VERTICAL;</p>	<p>WD</p>
<p>CONTR: PATTERSON-UTI ENERGY INCORPORATED, RIG # 506; SPUD:20010323 CSG: 9 5/8 IN @ 1621 W/1150 SACK, 7 IN @ 8745 W/550 SACK, 5 1/2 IN @ 10450 W/115 SACK; RIG REL: 20010601 10450 TD, 10450 DTDWOCT (LDIR:20010606) \$\$\$\$</p>			

<p>YATES PETROLEUM CORPORATION 5 ANEMONE 'ANE' FEDERAL API 30-015-31323 IC 30015772902000</p>	<p>9-22S-24E C NE NE 660 FNL 660 FEL SEC</p>	<p>WILDCAT; 10600 (PMT APP'D 20000828) (FR:20000218 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4078 GR LOCATION DATA: 31 I NW CARLSBAD, NM 1/4 MI E/8106 (CNYN) OIL PROD IN INDIAN BASIN FLD; VERTICAL;</p>	<p>WD</p>
<p>CONTR: UTI DRILLING, RIG # 166; SPUD:20000922 CSG: 9 5/8 IN @ 1790 W/400 SACK, 7 IN @ 10600 W/1470 SACK; DRLG COMMENTS: DRLD TO 40 FT W/SPUDDER SPUD 10/12/2000 W/ROTARY RIG; RIG REL: 20001114 10600 TD, 10600 DTDWELL DRLD, NO FURTHER DETAILS (LDIR:20010601) \$\$\$\$</p>			

PI/DWIGHTS PLUS DRILLING WIRE™
NEW MEXICO
Section II - 09/10/2001

DRILLING PROGRESS

NEW MEXICO DISTRICT 1,2,4-EDDY COUNTY CONTINUED

<p>MARATHON OIL COMPANY 3 SMITH FEDERAL API 30-015-31342 IC 30015783652000</p>	<p>11-22S-23E NW SE NE 1514 FNL 870 FEL SEC</p>	<p>INDIAN BASIN; 8000 PENNSYLVANIAN UPPER (PMT APP'D 20000913) (FR:20000605 OKC WSN) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: BOX 552, MIDLAND, TX 79702, (915)682-1626 EL: 3933 GR LOCATION DATA: 15 MI NW CARLSBAD, NM VERTICAL;</p>	<p>DG GAS</p>
<p>CONTR: MCVAY DRILLING, RIG # 4; SPUD:20001001 CSG: 9 5/8 IN @ 1210,7 IN @ 8370; 8370 TD, (PENNSYLVANIAN INTERPRETED) (TD REACHED:20001025) PRODUCING INTERVALS DATA: # 01 PERF (PENNSYLVANIAN) 7364-7964; UNREPORTED TREATMENT U GAS: UG IP NOT RPTD; 1ST SALES DEC 2000, CUM PROD FOR 28 DAYS DURING DEC 2000 13263 MCFG 18 BO 18618 BW 8370 DTD COMP:20001115 (EST), # 01 IPU GAS: UG PROD ZONE: PERF (PENNSYLVANIAN) 7364-7964 ; HOLDING FOR DATA(LDIR:20010709) \$\$\$\$</p>			
<p>YATES PETROLEUM CORPORATION 3 MALONE 'ASA' FEDERAL API 30-015-31701 IC 300157022699</p>	<p>12-22S-23E S2 NW SE 1650 FSL 1980 FEL SEC</p>	<p>INDIAN BASIN; 8300 PENNSYLVANIAN UPPER (PMT APP'D 20010409) (FR:19991118 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 4007 GR LOCATION DATA: 30 MI NW CARLSBAD, NM VERTICAL;</p>	<p>D</p>
<p>....FTG CHGD FROM 1980 FSL, 1980 FEL SEC (LDIR:20010423) LOC; \$\$\$\$</p>			
<p>YATES PETROLEUM CORPORATION 2 MALONE 'ASA' FEDERAL COM API 30-015-30769 IC 300157010299</p>	<p>12-22S-23E NE NE 810 FNL 660 FEL SEC</p>	<p>INDIAN BASIN; 8100 PENNSYLVANIAN UPPER (PMT APP'D 19990927) (FR:19990421 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 3963 GR LOCATION DATA: 20 MI SW LAKEWOOD, NM VERTICAL; PREV LEASE: MALONE 'ASA' FEDERAL COM</p>	<p>D</p>
<p>CONTR: PATTERSON DRILLING COMPANY, RIG # 78; SPUD:19991123 CSG: 16 IN @ 40,9 5/8 IN @ 1476 W/1045 SACK,7 IN @ 8000 W/950 SACK; RIG REL: 19991225 (TD REACHED:19991223)WELL DRLD & PERFED, NO FURTHER DETAILS (LDIR:20010621) \$\$\$\$</p>			
<p>YATES PETROLEUM CORPORATION 3 SMITH FEDERAL GAS COM API 30-015-30687 IC 300157010199</p>	<p>12-22S-23E SE NW 1797 FNL 2159 FWL SEC</p>	<p>INDIAN BASIN; 8100 PENNSYLVANIAN UPPER (PMT APP'D 19990623) (FR:19990421 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 3940 GR LOCATION DATA: 20 MI SW LAKEWOOD, NM VERTICAL;</p>	<p>D</p>
<p>CONTR: UTI DRILLING, RIG # 306; SPUD:20010129 CSG: 9 5/8 IN @ 1484 W/400 SACK,7 IN @ 8010 W/1025 SACK; RIG REL: 20010220 8010 TD, 8010 DTDWELL DRLD, NO FURTHER DETAILS (LDIR:20010621) \$\$\$\$</p>			
<p>MARATHON OIL COMPANY 2 MERSHON GAS COM API 30-015-31404 IC 30015763692000</p>	<p>21-22S-23E NE NW NW 415 FNL 1201 FWL SEC</p>	<p>INDIAN BASIN; 8200 PENNSYLVANIAN UPPER PERMIT: 10/25/00 (FR:20000808 OKC WSN) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: BOX 552, MIDLAND, TX 79702, (915)682-1626 EL: 4245 GR LOCATION DATA: 15 MI NW CARLSBAD, NM VERTICAL;</p>	<p>D</p>
<p>LOC; \$\$\$\$</p>			
<p>YATES PETROLEUM CORPORATION 2 WALT CANYON 'AMA' FEDERAL API 30-015-28129</p>	<p>3-22S-24E SE NW SW 1450 FSL 790 FWL SEC</p>	<p>INDIAN BASIN; 8700 PENNSYLVANIAN UPPER (FR:20000329 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4027 GR LOCATION DATA: FORMERLY ABANDONED LOCATION 11/17/99 UNDER SAME API NUMBER 32 MI NW CARLSBAD, NM; HORIZONTAL;</p>	<p>D</p>
<p>CONTR: PATTERSON DRILLING, RIG # 47; SPUD:20000320 CSG: 9 5/8 IN @ 1616 W/1200 SACK,7 IN @ 8975 W/750 SACK; LNR: 4 1/2 IN @ 8572 W/195 SACK; DRLG COMMENTS: SPD MARCH 20 W/RT RESUMED OPERATIONS W/UTI DRILLING #165 ON OCT 6, SET WHIPSTOCK, DRLD TO 8041 IN HORIZ HOLE & RAN 7 CSG; LOG TYPES: CBND, GR, CCL; RIG REL: 20001103 10391 TD, (TD REACHED:20001102) PROD TEST(S): # 01 PERF (MORROW) 10096-10103 10136-10146 10208-10214 10217-10224 10226-10234 10249-10256 10336-10340 W/ 336 SHOTS ; ACID (10096-10340) W/ 3500 GAL ACID 7 1/2% FE; FRACTURING (10096-10340) W/ 45000 GAL FOAM 195809 LB SAND BRIDGE PLUG 10096-10340; 10391 DTDWELL DRLD, NO FURTHER DETAILS (LDIR:20010601) \$\$\$\$</p>			
<p>YATES PETROLEUM CORPORATION 3 WALT CANYON 'AMA' FEDERAL API 30-015-28319</p>	<p>3-22S-24E SE NW NW 1115 FNL 810 FWL SEC</p>	<p>INDIAN BASIN; 8700 PENNSYLVANIAN UPPER (FR:20000211 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4076 GR LOCATION DATA: 32 MI NW CARLSBAD, NM FORMERLY ABANDONED LOCATION 11-17-99 UNDER SAME API AND IC 30-015-70401-94; VERTICAL;</p>	<p>D</p>
<p>CONTR: PATTERSON DRILLING, RIG # 47; SPUD:20000208 CSG: 20 IN @ 40,9 5/8 IN @ 1654 W/2712 SACK,7 IN @ 10480 W/1450 SACK; DRLG COMMENTS: SPD 2/10/00 W/RT; LOG TYPES: CBND, GR, CCL; RIG REL: 20000319 10484 TD, (MORROW) (TD REACHED:20000316) PROD TEST(S): # 01 PERF (MORROW) 10133-10140 10154-10158 10178-10188 10200-10208 10226-10230 10241-10243 10268-10276 W/ 200 SHOTS ; ACID (10133-10276) W/ 150 GAL ACID 7 1/2% FE HCL; FRACTURING (10133-10276) W/ 77000 GAL FOAM 208273 LB SAND CO2 & N2; TREATMENT (10133-10276) W/ 252 TON TREATMENT PLUGGED OFF 10050 FT 10133-10276; # 02 PERF (CANYON SERIES) 7976-7994 8008-8016 8022-8033 W/ 40 SHOTS ; ACID (7976-8033) W/ 32000 GAL ACID 20% FE HCL ADDITIVE: GELA 10484 DTDWELL RELEASED TO PRODUCTION DEPT AUG 29 2000 (LDIR:20010621) \$\$\$\$</p>			

COUNTY *Eddy*

POOL

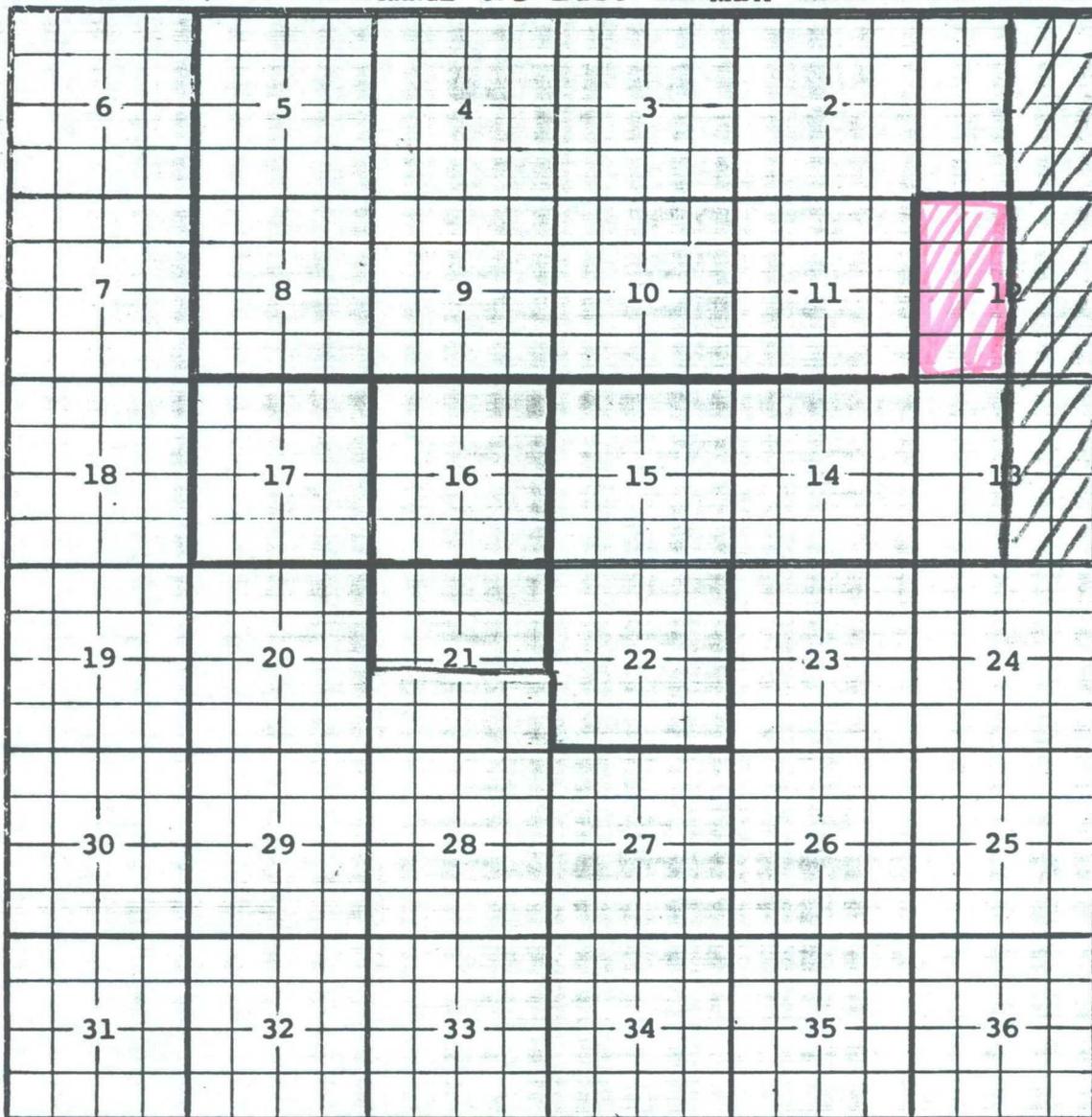
Indian Basin - Upper Pennsylvania Go:

TOWNSHIP *22 South*

RANGE

23 East

NMPM



Ext: All Sec. 1 thru 5; All Sec. 8 thru 11 (R-2911, 6-1-65) - All Sec. 12 & 16 (R-3030, 2-1-66)
- All Secs. 13, 14 & 15 (R-3051, 4-1-66) - All Sec. 17 (R-3104, 9-1-66) -
- $\frac{N}{2} \& \frac{N}{2} \frac{N}{2} \frac{N}{2} \frac{S}{2}$ Sec. 21 (R-4014, 9-1-70) - All Sec 22 (R-4258, 3-1-72)
Dist. $\frac{E}{2}$ Sec. 1, $\frac{E}{2}$ Sec. 12, $\frac{E}{2}$ Sec. 13 (R-4922-A, 12-7-98)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

OCD - Artesia 51

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.
NM-0251099-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Smith Federal Gas Com. #3

9. API Well No.
30-015-30687

10. Field and Pool, or Exploratory Area
Indian Basin Upper Penn

11. County or Parish, State
Eddy County, New Mexico

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3a. Address 105 South Fourth Street
Artesia, New Mexico 88210

3b. Phone No. (include area code)
(505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1797' FNL and 2159' FWL
Section 12, T22S-R23E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>EXTEND APD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to extend the captioned well's APD expiration date for one (1) year to June 23, 2001.

Thank you.



Approved For 12 Month Period
Ending 6/23/2001

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Jamie Savoie Title Regulatory Technician

Signature Jamie Savoie Date 5/16/00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SEC.) JOE G. LARA Title Petroleum Engineer Date 1/3/2001

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CFO

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 25575

3. ADDRESS AND TELEPHONE NO.
 105 South Fourth Street, Artesia, New Mexico 88210 (505) 748-2471

4. LOCATION OF WELL (Report location clearly and in accordance with all State requirements.)
 At surface: 1797' FNL and 2159 FWL
 At proposed prod. zone: Same Unit F

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 3940' GR

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 1797'

16. NO. OF ACRES IN LEASE
 280

17. NO. OF ACRES ASSIGNED TO THIS WELL
 280

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

19. PROPOSED DEPTH
 8100'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3940' GR

22. APPROX. DATE WORK WILL START*
 ASAP

5. LEASE DESIGNATION AND SERIAL NO.
 NM-0251099-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 16869

8. FARMOR/LEASE NAME, WELL NO.
 Smith Federal Gas Com. #3

9. API WELL NO.
 30-015-30687

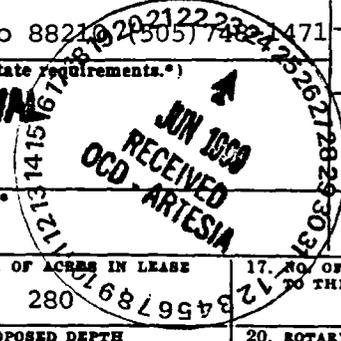
10. FIELD AND POOL, OR WILDCAT
 Indian Basin Upper Penn 79040

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
 Section 12, T22S-R23E

12. COUNTY OR PARISH
 Eddy County

13. STATE
 New Mexico

SUBJECT TO
LIKE APPROVAL
BY STATE



PROPOSED CASING AND CEMENTING PROGRAM CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	9 5/8"	36#	1500'	1150 sx Circulate
8 3/4"	7"	23# & 36#	TD	1600 sx Circulate

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formations. Approximately 1500' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: 0-1500' FW Spud Mud; 1500'-7500' Cut Brine; 7500'-8100' SW Gel/Starch/Drispac.

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operational.

NSL-

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 Ken Beardsley TITLE Landman DATE April 13, 1999

(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 Larry D. Bray TITLE Acting Assistant Field Office Manager, Lands and Minerals DATE 6-23-99

*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 Indian Basin Upper Penn	
Property Code		Property Name SMITH FEDERAL GAS COM			Well Number 3
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3940.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	12	22-S	23-E		1797	NORTH	2159	WEST	EDDY

11 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

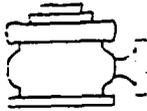
12 Dedicated Acres 280	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

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

	<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>Signature: <i>Ken Beardemphl</i></p> <p>Printed Name: Ken Beardemphl</p> <p>Title: Landman</p> <p>Date: April 13, 1999</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>APRIL 9, 1999</p> <p>Date of Survey: APRIL 9, 1999</p> <p>Signature and Seal of Professional Surveyor: <i>Ken R. Redd</i></p> <p>NEW MEXICO REGISTERED LAND SURVEYOR 5412</p> <p>Certificate Number: NM 5412</p>

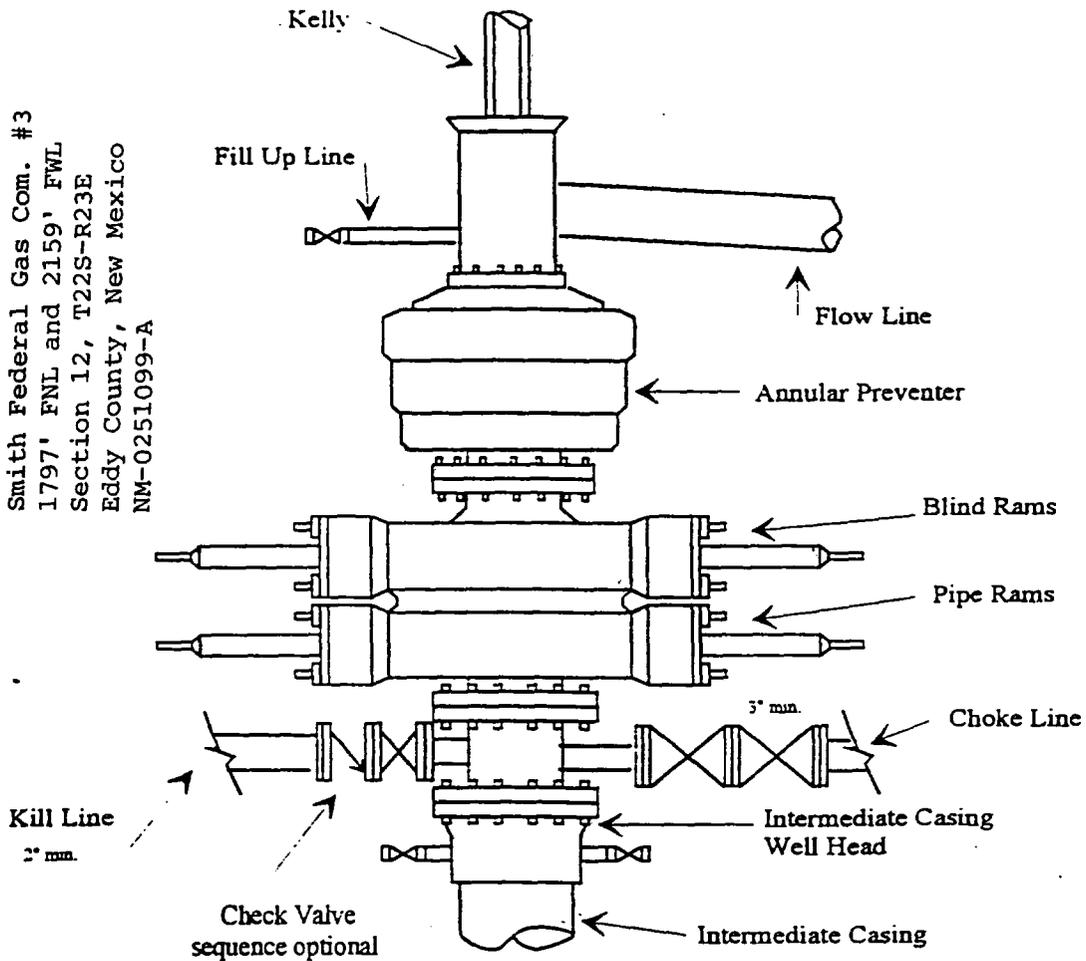
Yates Petroleum Corporation

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

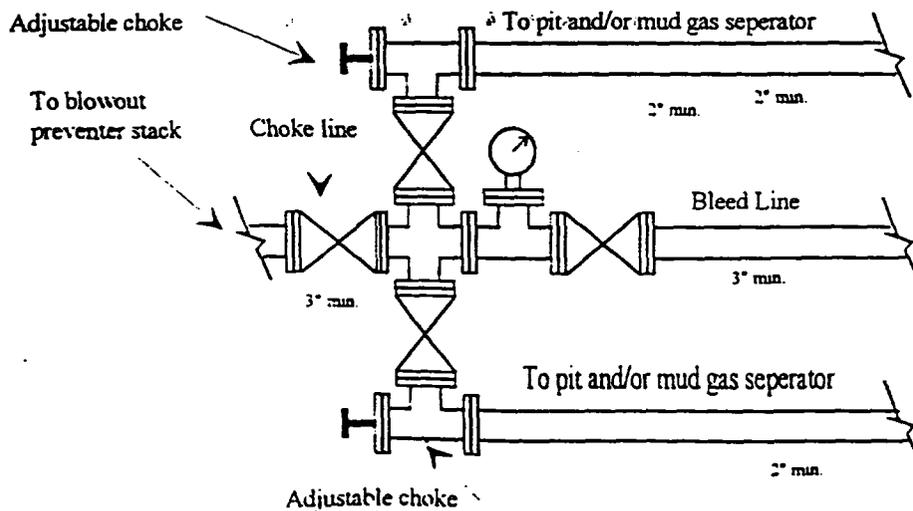


Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Smith Federal Gas Com. #3
1797' FNL and 2159' FWL
Section 12, T22S-R23E
Eddy County, New Mexico
NM-0251099-A



Typical 3,000 psi choke manifold assembly with at least these minimum features



CMD : ONGARD 10/03/01 11:00:40
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPLC

API Well No : 30 15 26834 Eff Date : 01-01-1995 WC Status : S
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
OGRID Idn : 25575 YATES PETROLEUM CORPORATION
Prop Idn : 16869 SMITH FEDERAL GAS COM

Well No : 002
GL Elevation: 3971

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: E	12	22S	23E	FTG 2049 F N FTG	480 F W	P

Lot Identifier:

Dedicated Acre: 640.00

Lease Type : F

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 10/03/01 11:00:48
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPLC
Page No : 1

API Well No : 30 15 26834 Eff Date : 04-30-1991
Pool Idn : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
Prop Idn : 16869 SMITH FEDERAL GAS COM Well No : 002
Spacing Unit : 37810 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 640.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreeage	L/W	Ownership	Lot	Idn
	A	12	22S	23E	40.00	N	FD			
	B	12	22S	23E	40.00	N	FD			
	C	12	22S	23E	40.00	N	FD			
	D	12	22S	23E	40.00	N	FD			
	E	12	22S	23E	40.00	N	FD			
	F	12	22S	23E	40.00	N	FD			
	G	12	22S	23E	40.00	N	FD			
	H	12	22S	23E	40.00	N	FD			
	I	12	22S	23E	40.00	N	FD			

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 :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

10/03/01 11:01:00
OGOMES -TPLC
Page No: 1

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001

API Well No	Property Name	Prodn. MM/YY	Days Prod	Production Volumes			Well Stat
				Gas	Oil	Water	
30 15 26834	SMITH FEDERAL GAS CO	01 00	28	43881	24	2788	F
30 15 26834	SMITH FEDERAL GAS CO	02 00	27	36255	14	228	F
30 15 26834	SMITH FEDERAL GAS CO	03 00	31	46821	22	32	F
30 15 26834	SMITH FEDERAL GAS CO	04 00	29	36036	10	3	F
30 15 26834	SMITH FEDERAL GAS CO	05 00	29	43938	4	41	F
30 15 26834	SMITH FEDERAL GAS CO	06 00	30	34546			F
30 15 26834	SMITH FEDERAL GAS CO	07 00	31	54316	24	19	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 :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

10/03/01 11:01:02
OGOMES -TPLC
Page No: 2

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001

API Well No	Property Name	Prod.	Days	Production Volumes			Well
				MM/YY	Prod	Gas	
30 15 26834	SMITH FEDERAL GAS CO	08 00	31		57799		8 F
30 15 26834	SMITH FEDERAL GAS CO	09 00	30		54175	1	F
30 15 26834	SMITH FEDERAL GAS CO	10 00	30		49467	10	137 F
30 15 26834	SMITH FEDERAL GAS CO	11 00	30		51210	32	2595 F
30 15 26834	SMITH FEDERAL GAS CO	12 00	31		52143	25	2445 F
30 15 26834	SMITH FEDERAL GAS CO	01 01	31		49990	21	1890 F
30 15 26834	SMITH FEDERAL GAS CO	02 01	28		44944		2293 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 10/03/01 11:01:04
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPLC
Page No: 3

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS)
API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes			Well Water Stat
			Gas	Oil		
30 15 26834	SMITH FEDERAL GAS CO	03 01 31	45888		2779	F
30 15 26834	SMITH FEDERAL GAS CO	04 01 30	41367		2074	F
30 15 26834	SMITH FEDERAL GAS CO	05 01 31	41575		1682	F
30 15 26834	SMITH FEDERAL GAS CO	06 01 30	38824		1559	F
30 15 26834	SMITH FEDERAL GAS CO	07 01 31	37693	1	1454	F

Reporting Period Total (Gas, Oil) : 860868 188 22027

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