

DATE 8/21/01	ENGINEER MS	LOGGED IN NW	TYPE NSL	APP NO. 123456082
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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]**

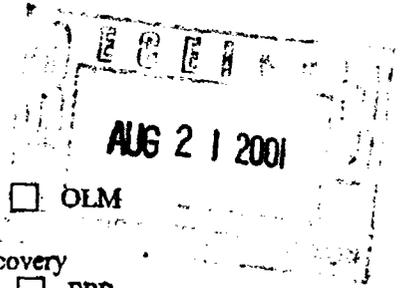
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

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 _____



[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 OF APPLICATION INDICATED ABOVE**



[4] **CERTIFICATION:** I hereby certify that approval is accurate and complete to the best of my knowledge and belief.

Note: Statement must be complete

Robert Bullock
 Print or Type Name

[Signature]
 Signature

Rec Date: 8-21
 10 Day Preliminary Review 8-31
 Supp Date: 9-10
 30 Day Final Review 9-21

Please consult Prescribing Information attached to back of pad ©1997, Novartis printed (9/97)

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 St. Francis Drive
Santa Fe, NM 87505

CERTIFIED MAIL
Return Receipt Requested

RE: Application for Unorthodox Location
Mule Deer "ATU" Fed Com #2
Township 21 South, Range 21 East
Section 11: 2310' FSL & 660' FEL - (E/2 spacing)
Eddy County, New Mexico

01 AUG 21 11:12:58
NEW MEXICO

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Cisco gas well, the Mule Deer ATU Fed Com #2. The well has been drilled and completed on USA minerals at a location 2310' FSL and 660' FEL of Section 11, Township 21 South, Range 21 East, Eddy County, New Mexico. The pool affected by this well is wildcat Cisco. The acreage dedication for the well is the E/2 of Section 11.

This well location does not comply with OCD Rule 104.C.(2)(a) with respect to distance to the outer boundary of the quarter section on which the well is located.

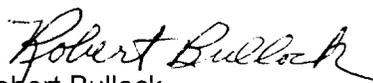
Please find enclosed our geological explanation with Exhibits, justifying our well location. Also enclosed are Forms C-101, C-102 and a land plat. No notification has been given to offset operators as it is not an issue in this situation.

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

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB:bn
enclosure(s)

8-14-2001



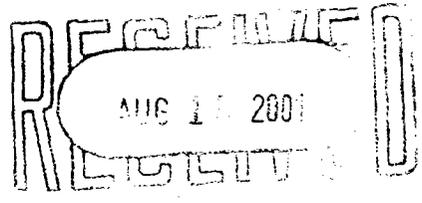
State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Robert Bullock

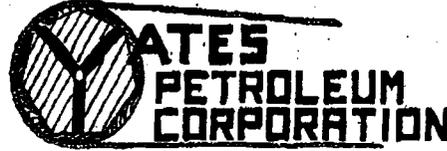


To date I have not received the referenced administrative application sent by Yates on August 2, 2001.

Should it arrive I'll attach a copy of the "Administrative Application Checklist" that you provided me on Aug. 10th.

P.O. BOX 2000
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

MARTIN YATES, III
1912 - 1985
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 G. KINSEY
TREASURER

Fax Cover Sheet

To: Mr. Michael Stogner
Company: NMOCD
Phone:
Fax: 505-476-3462

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

Date: August 10, 2001
Pages including this cover page: 3

Comments:

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

August 10, 2001

SENT BY CERTIFIED MAIL

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

30-015-31223

Re: Application for Non-Standard Location
Mule Deer ATU Fed Com #2
Township 21 South, Range 21 East
Section 11: 2310' FSL & 660' FEL (E/2 Spacing)
Eddy County, New Mexico

Dear Mr. Stogner:

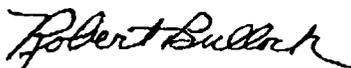
Please find enclosed the Administrative Application checklist, which was not included with the information forwarded to your office by Yates Petroleum Corporation letter dated August 2, 2001 requesting administration approval for the non-standard location referenced above.

Please advise if you need any additional information to process this application.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB/mw

Enclosure

Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

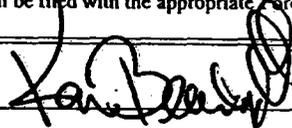
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

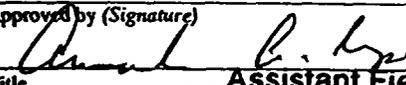
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Mule Deer "ATU" Federal Com
2. Name of Operator Yates Petroleum Corporation		9. API Well No.
3a. Address: 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	10. Field and Pool, or Exploratory Wildcat Morrow
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2310' FSL & 660' FEL At proposed prod. zone same		11. Sec., T., R., M., or Blk. and Survey or Area Section 11, T21S-R21E
14. Distance in miles and direction from nearest town or post office* Approximately 38 miles southwest of Artesia, New Mexico		12. County or Parish Eddy
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of Acres in lease 160	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8500'	20. BLM/BIA Bond No. on file 585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4533'	22. Approximate date work will start* ASAP	23. Estimated duration 38 days
24. Attachments ROSWELL CONTROLLED WATER BASIN		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature:  Name (Printed/Typed): Ken Beardemph1 Date: 5/3/00

Approved by (Signature):  Name (Printed/Typed): (FOR THE SGD.) ARMANDO A. LOPEZ Date: JUN 29 2000

Title: Assistant Field Manager, Lands And Minerals Office: ROSWELL FIELD OFFICE APPROVED FOR 1 YEAR

Application approval does not warrant or certify the 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
SPECIAL STIPULATIONS
ATTACHED

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

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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 Wildcat Morrow
Property Code	Property Name MULE DEER "ATU" FEDERAL COM		Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 4533.

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
I	11	21-S	21-E		2310	SOUTH	660	EAST	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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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

16			17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
			Printed Name Ken Beardemphl Title Landman Date 5/3/00	
			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 12, 2000 Date of Survey 	

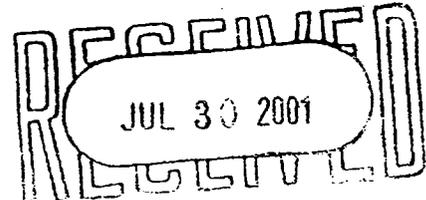


NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 26, 2001



Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Attn: Cy Cowan

RE: Shut In Order for Yates Petroleum Corporations' Mule Deer 'ATU' Federal Com. Well #1, located in Unit I, 2310' FSL & 660' FEL of Section 11, Township 21 South, Range 21 East, Eddy County, New Mexico, NMPM

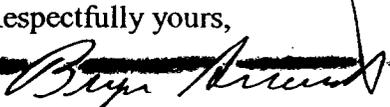
Dear Mr. Cowan,

In regards to the above captioned well, Yates Petroleum Corporation is ordered to shut in said well due to non-compliance to the Oil Conservation Division's rules and regulations, specifically Rule 104.C.(2),(a). According to this rule, this well lies in an unorthodox location.

Please refer to the enclosed rule regarding this matter.

Transporters are to comply with this shut-in order until further notice.

Respectfully yours,


Bryan Arrant
PES
NMOCD-District II

E-Mail Lori Wrotenbery, Division Director, Santa Fe
 Steven Ross, Legal Council, Santa Fe
 Richard Ezeanyim, Chief Hearing Examiner
 Tim Gum, District Supervisor, Artesia

cc: Amoco P/L Int. Trucking
 El Paso Natural Gas Company

Encls.

34

Yates Pet
Box Canyon
Fed.

Exxon
12-1-89
37826

Crooked Canyon
TD 8200
D/A 6-4-81

ARCO
Crooked Canyon
Fed.

"Little Box
St."

4.7 Mil. *
*2.68 Mil.
*10bbbls.
State

2-ATN)

U.S.

01-ATW
Yates Pet
Whitetail
Fed. Com.

U.S.

Green Ribbon
1-1-85 21
61322
34 Yates Pet. et al
3-1-2009
U.S. 101998
13500

Rio Pecos Corp.
etal 2-1-2006
97854
5000
35 Yates Pet.
3-1-2009
U.S. 101999
16400

Yates Pet. et al
3-1-2009
94576
2600
Sweet Thing
State
36 ARCO, et al
3-1-2009
VA-802
35M

F72
+8.2 Mil.
"Swe"

Allar Co 40%
Echo Prod
6-1-2009
102887
16000
3
DRM
Prop.
3-1-2009
U.S.

M.D. Wilson et al
10-1-2002
V-5180
10953
2
State

(ARCO)
27451
(Exxon)
U. Penn.
Disc.
C. 11-2-85
HBP
"HILLTOP"
"FED"
Nasser Fed

Exxon
ARCO
to 7968
ARCO
Stevens
(Tul)
Nasser-
Fed.
Mid. Morrow
Disc.
5.5 Mil.

Gr. West'n
Orig.
94787
7 Yates Pet
etal
94788

Rio Pecos, et al
3-1-2003
90492
900
10 Allar Co, 40%
Echo Prod.
6-1-2009
102889
14000
U.S.

Exxon HBP
27451
HBP
(6-1-2006)
Yates Pet
W. Little
Box Fed.
Mule Deer
Fed. Com.
M. Wilson 3-1-2009
100521, 3500
JATU
Cisco Disc. Yates Pet.
Mule Deer Fed. Com.
TO 8448
F/A 8450

Nearburg Expl
3-1-2005
94577
4500
Nearburg
96804 2900
UB
Nearburg
137-2005
194577
4500
12 Nadel & Gussman
etal 1/4
Yates Pet, et al 3/4
886

(Cit Ser)
Little Box
Canyon
Fed.
T08320 (BHL)
T08654
Nadel & Gussman
etal 1/2
HBP 887
(Cit Ser)
Little
Box Canyon
Fed. Com.
U.S. (3.5 Mil.) 2-16-02

Yates Pet
2241
2-A0)
*
1.2 Mil
Yates Pe
Little Bc
Cany. Ut.
*5
"Little B"

1-AWF
Prod.
2009
105
15 Yates Pet et al
3-1-2009
102004
2900
Yates
Huber-Fed.
T08125
Yates Pet.
Huber-Fed.
2-1A
Dual
U.S.

Rio Pecos et al
3-1-2003
90492
900
14
3.6 Mil *
Yates Pet.
Box Canyon
U.S.

Yates Pet.
(Cities Serv.)
26823
HBP
HBU
9.9 Mil.
+ F70
Box Canyon
Cities Serv
26822
Ameripor,
etal
12-1-79
10766
Ameripor,
etal
HBP
17789

Yates
Pet. et al
8-1-79
70
HBP
HBU
1416
State
Cit. Serv.
WC Disc.
6.4 Mil.
Yates Pet!
Box Canyon-
Fed.
Cit. Serv.
HBC E/2
U.S. HBP

(P/B)*
(5.3M
3.4M
Me:

40%
Prod. Yates Pet. et al

King
Res. 1
10-1-78
*4-A
7.7 Mil

King Resources
HBP

Yates Drig.
etal

Yates Drig.
etal

MARK D. WILSON

Petroleum Geologist
4501 Green Tree Blvd.
Midland, Texas 79707

(915) 697-2206 Office
(915) 697-6153 Fax

GEOLOGIC REPORT

August 1, 2001

Subject: Unorthodox Morrow Drill Site

Yates Petroleum Corporation,
Mule Deer "ATU" Federal Com. #2

Location: 2310' FSL & 660' FEL (Unit I)
E/2 Section 11, T21S, R21E
Eddy Co., NM

INTRODUCTION

This geologic report relates to the subject Morrow test which was drilled through the Morrow, but was completed in a Cisco limestone as a gas well. Before the recent revision in spacing rules to allow for 160-acre drilling, this was an orthodox location. The rules now provide that "the initial well on a 320-acre spacing unit be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary." **The Mule Deer "ATU" Fed. Com. #2** was drilled 330' from the north line of **the southeast quarter section**, not realizing that this was an unorthodox location.

GEOLOGY

A north-south series of four (4) Morrow wells in Sections 11, 14, and 23 of T21S, R21E all penetrated lower Morrow levee sands, being 10 to 12 feet thick (Exhibit 2) and were judged to be very close to a lower Morrow distributary channel sandstone. We therefore supposed that this distributary channel sandstone would be trending north-south, immediately to the west of these four wells with levees. We therefore drilled the Mule Deer "ATU" Fed. Com. #1 Morrow test in the southwest quarter of Section 11. Since the lower Morrow distributary channel sandstone was not present in this well, we concluded that the distributary channel sandstone ran north-south immediately to the east of the previously mentioned wells in Sections 11, 14, and 23. Accordingly, assuming a width similar to the prominent leveed northwest-trending distributary channel to the east, we drilled the Mule Deer "ATU" Fed. Com. #2 Morrow well, 2310' FSL and 660' FEL of Section 11. Again we did not find a lower Morrow distributary channel, but we judge that we were extremely close, because, 1) we found a levee sandstone which was 17 feet thick compared to 10'-12' to the west, and 2) the lower Morrow thickened to 59 feet. Elsewhere in this area, a well 64 feet thick also had a 48-foot distributary channel sandstone. Special well logs on the "ATU" #2 further demonstrate a possible north-south

channel sandstone immediately west of our drill site. This well was completed in a Cisco limestone. There is a strong possibility that we will want to sidetrack this well several hundred feet to the west to try to penetrate a distributary channel sandstone from 45-58 feet thick, and related to the lower Morrow distributary system.

STRUCTURE

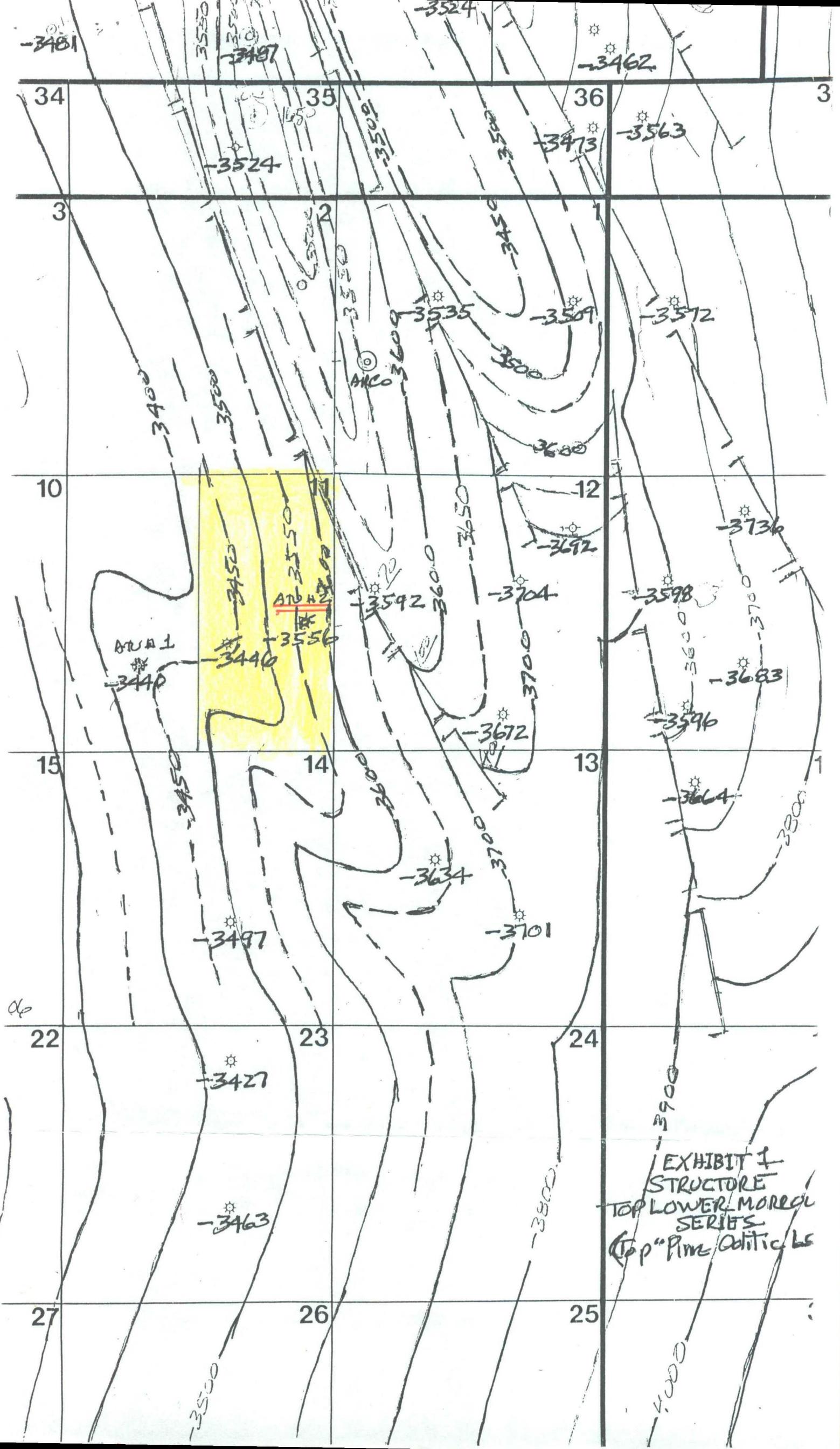
The structure on top of the lower Morrow "Pink Oolitic Ls", about 20' above the several distributary channel sandstones, is shown on Exhibit 1.

The structural contours trend NNW in Sections 2 and 11. A NW-trending structural nose lies just south of the "ATU" #2 drill site. A NW-trending fault (down to the west) lies to the north and east. The position of any gas-water contact has not been established. However, the channel sandstone trends mainly parallel to the structural strike, so that an extensive N-S gas accumulation is possible. Locally the NW-SE structural nose to the south of "ATU" #2 may provide a local trap. So also, there could be a trap on the up-side of the extensive NW-trending fault.

SUMMARY

The available well data showing levees, levee thickness, and the lower Morrow isopach (Exhibit 2), together with certain special well log data, strongly suggests that a north-south lower Morrow distributary channel sandstone lies immediately west of the "ATU" No. 2 well which has strong sidetrack possibilities for penetrating this distributary channel sandstone.

No discernable damage resulted from the drilling of the "ATU" #2 well. But it may point the way to a leveed lower Morrow distributary channel sandstone in very close proximity to the west.



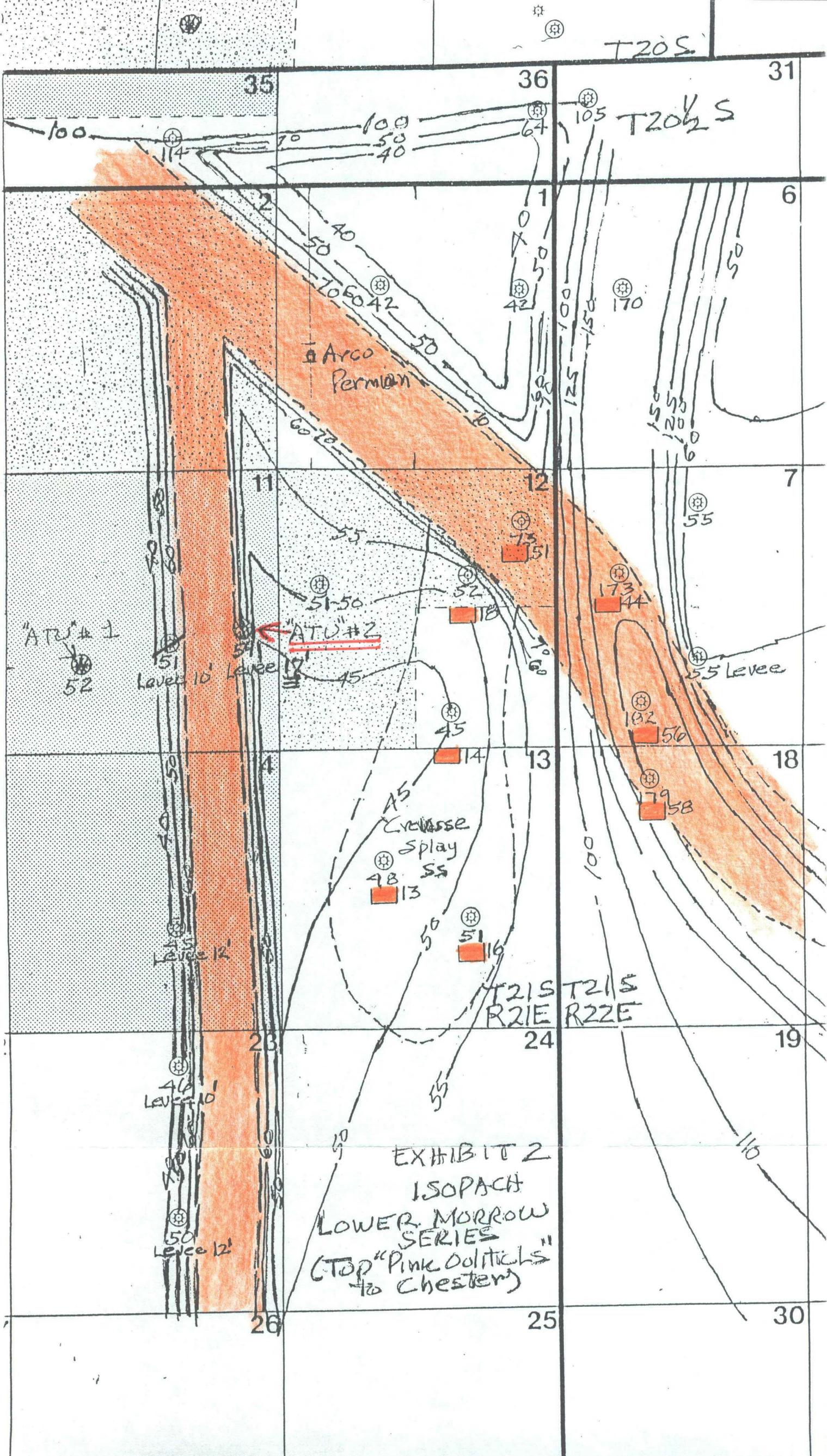


EXHIBIT 2
 ISOPACH
 LOWER MORROW
 SERIES
 (TOP "Pink Dolitics"
 to Chester)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

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

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.

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 S. 4th St. - Artesia, NM 88210

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2310' FSL & 660' FEL of Section 11-T21S-R21E (Unit I, NESE)

5. Lease Serial No.
NM-100521

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Mule Deer ATU Federal Com #2

9. API Well No.
30-015-31223

10. Field and Pool, or Exploratory Area
Wildcat Morrow

11. County or Parish, State
Eddy Co., NM

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>Correct typo</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>on previous</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>sundry</u>

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.)

The production hole size that will be drilled will be a 7-7/8" hole instead of an 8-3/4" hole as was previously indicated on the sundry notice dated August 11, 2000.



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

Name (Printed/Typed) Rusty Klein Title Operations Technician

Signature Rusty Klein Date August 23, 2000

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD.) DAVID F. GLASS **PETROLEUM ENGINEER** Date AUG 25 2000

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

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

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED
OCD - ARTESIA

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Yates Petroleum Corporation

3a. Address
 105 S. 4th St. - Artesia, NM 88210

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 2310' FSL & 660' FEL of Section 11-T21S-R21E (Unit I, NESE)

5. Lease Serial No.
 NM-100521

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
 Mule Deer ATU Federal Com #2

9. API Well No.
 30-015-31223

10. Field and Pool, or Exploratory Area
 Wildcat Morrow

11. County or Parish, State
 Eddy Co., NM

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 type="checkbox"/> Other _____
	<input checked="" 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 respectfully requests permission to change the casing program as follows:

FROM:
 17-1/2" hole with 13-3/8" 48# H-40 ST&C casing set at 350' with 400 sacks of cement, circulated
 12-1/4" hole with 9-5/8" 36# J-55 LT&C casing set at 2050' with 750 sacks of cement, circulated
 8-3/4" hole with 7" 26# L-80 LT&C casing set at 8500' with 500 sacks of cement, with top of cement brought back to 4000'

TO:
 17-1/2" hole with 13-3/8" 48# H-40 ST&C casing set at 350' with 400 sacks of cement, circulated

CONTINUED ON NEXT PAGE:

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

Name (Printed/Typed) Rusty Klein	Title Operations Technician
Signature <i>Rusty Klein</i>	Date August 11, 2000

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by ORIG. SGD LES BABYAK	PETROLEUM ENGINEER	Date AUG 18 2000
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

YATES PETROLEUM CORPORATION
Mule Deer ATU Federal Com #2
Section 11-T21S-R21E
Eddy County, New Mexico

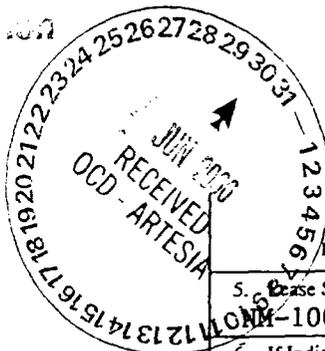
SUNDRY NOTICE CONTINUED:

12-1/4" hole with 8-5/8" 24# J-55 LT&C casing set at 2050' with 750 sacks of cement,
circulated
8-3/4" hole with 5-1/2" 17# & 15.5# casing set at 8500' with 500 sacks of cement, with
top of cement brought back to 4000'

5-1/2" 17# J-55 LT&C casing from 0-100'
5-1/2" 15.5# J-55 LT&C casing from 100-6800'
5-1/2" 17# S-95 LT&C casing from 6800-8530'



Rusty Klein
Operations Technician
August 11, 2000



FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. 100521	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Yates Petroleum Corporation 25575		7. If Unit or CA Agreement, Name and No. 25403	
3a. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Mule Deer "ATU" Federal Com	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-31223	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2310' FSL & 660' FEL Little Box Canyon; At proposed prod. zone same Unit I Morrow		10. Field and Pool, or Exploratory Wildcat Morrow	
14. Distance in miles and direction from nearest town or post office* Approximately 38 miles southwest of Artesia, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Section 11, T21S-R21E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of Acres in lease 160	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8500'	20. BLM/BIA Bond No. on file 585997	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4533'	22. Approximate date work will start* ASAP	23. Estimated duration 38 days	
24. Attachment ROSWELL CONTROLLED WATER BASIN			

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature	Name (Printed/Typed) Ken Beardemphl	Date 5/3/00
Title Landman		
Approved by (Signature)	Name (Printed/Typed) (ORIG. SGD.) ARMANDO A. LOPEZ	Date JUN 23 2000
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

Application approval does not warrant or certify the 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

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

Notify OCD at SPUD & TIME
to witness cementing the
9 5/8" casing.

NSL-

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

State of New Mexico
 Energy, Minerals & Natural Resources

Form C-102
 Revised March 17, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

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 Wildcat Morrow	
⁴ Property Code		⁵ Property Name MULE DEER "ATU" FEDERAL COM			⁶ Well Number 2
⁷ OGRID No. 025575		⁸ Operator Name YATES PETROLEUM CORPORATION			⁹ Elevation 4533.

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
I	11	21-S	21-E		2310	SOUTH	660	EAST	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.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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

¹⁶

¹⁷ OPERATOR CERTIFICATION

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: 5/3/00

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.

Date of Survey: APRIL 12, 2000

Signature and Seal of Professional Engineer: *Ken R. Reddy*

REGISTERED LAND SURVEYOR ENGINEER
 NEW MEXICO
 5412
 NM P.E. REG. NO. 5412

YATES PETROLEUM CORPORATION
Mule Deer "ATU" Federal Com. #2
2310' FSL & 660' FEL
Sec. 11-T21S-R21-E
Eddy County, New Mexico

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

Glorietta	1900'
Abo	3560'
Wolfcamp	4640'
Cisco	6000'
Strawn	7240'
Atoka	7750'
Morrow	8140'
TD	8500'

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

Water: Approx 200' - 300'
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>Thread</u>	<u>Interval</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-350'
12 1/4"	9 5/8"	36#	J-55	LT&C	0-2050'
8 3/4"	7"	26#	L-80	LT&C	0-8500'

WITNESS
WITNESS

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

B. CEMENTING PROGRAM:

Surface casing: 400 sx "C" + 2% CaCl₂ (Yld 1.32 Wt. 15.6).

Intermediate: 550 sx Lite (Yld 2.0 Wt. 12.2); Tail in w/200 sx "C" + 2% CaCl₂ (Yld 1.32 Wt. 15.6)

Production: TOC = 4000, 500 sx Super "C" modified (Yld 1.63 Wt. 13.0)

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW/Air Mist	8.4	28	N/C
350' - 2050'	FW/AirMist	8.4	28	N/C
2050' - 7200'	Cut Brine	8.6-9.2	28	N/C
7200' - TD	Salt Gel/Starch	9.5-10.0	32-38	<10

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 ot from under surface casing.

Logging: CNL/LDT, DLL - w/RXD - TD to casing.

Coring: None anticipated.

DST's: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 350	Anticipated Max. BHP:	175	PSI
From: 350	TO: 2050	Anticipated Max. BHP:	800	PSI
From: 2050	TO: 8500	Anticipated Max. BHP:	4200	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None.

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 38 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Mule Deer "ATU" Federal Com. #2
2310' FSL & 660' FEL
Sec. 11-T21S-R21-E
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 38 miles southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia on Highway 285 to Rock Daisy Road (23). Turn west and go to Armstrong Road (12). Turn South and go to Box Canyon Road (400) and turn south and go approximately 1.2 miles and then turn Northwest to start of new road.

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 no 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 re-enter the proposed well with a salt brine system. The salt brine 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 closet pit and obtain any permits and materials 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: Federal surface, Administered by the 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

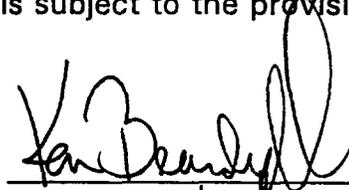
B. Through Drilling Operations,
Completions and Production:

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.

05/03/2000



Landman

19

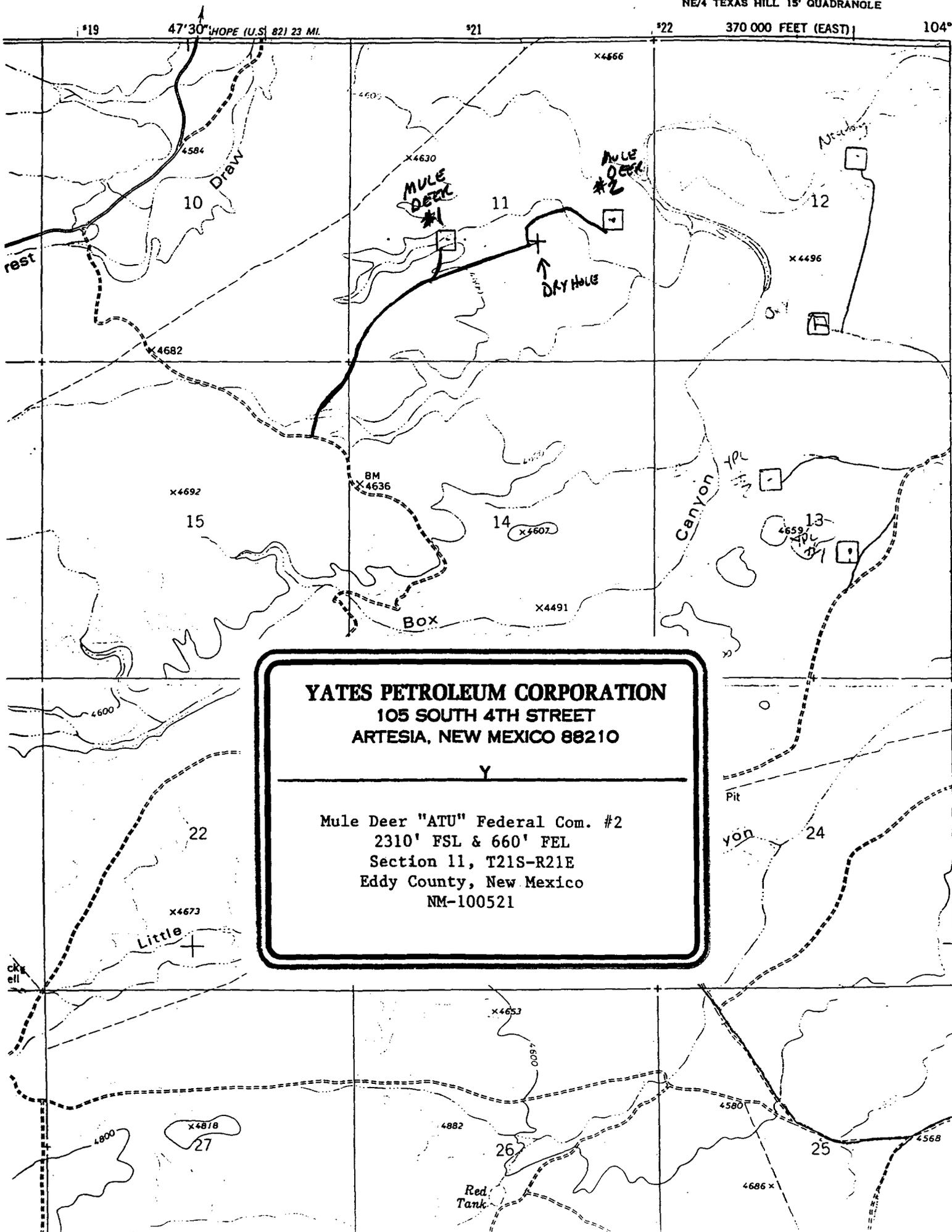
47°30' HOPE (U.S.) 821 23 MI.

21

22

370 000 FEET (EAST)

104°



YATES PETROLEUM CORPORATION
 105 SOUTH 4TH STREET
 ARTESIA, NEW MEXICO 88210

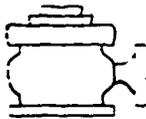
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Mule Deer "ATU" Federal Com. #2
 2310' FSL & 660' FEL
 Section 11, T21S-R21E
 Eddy County, New Mexico
 NM-100521

Yates Petroleum Corporation

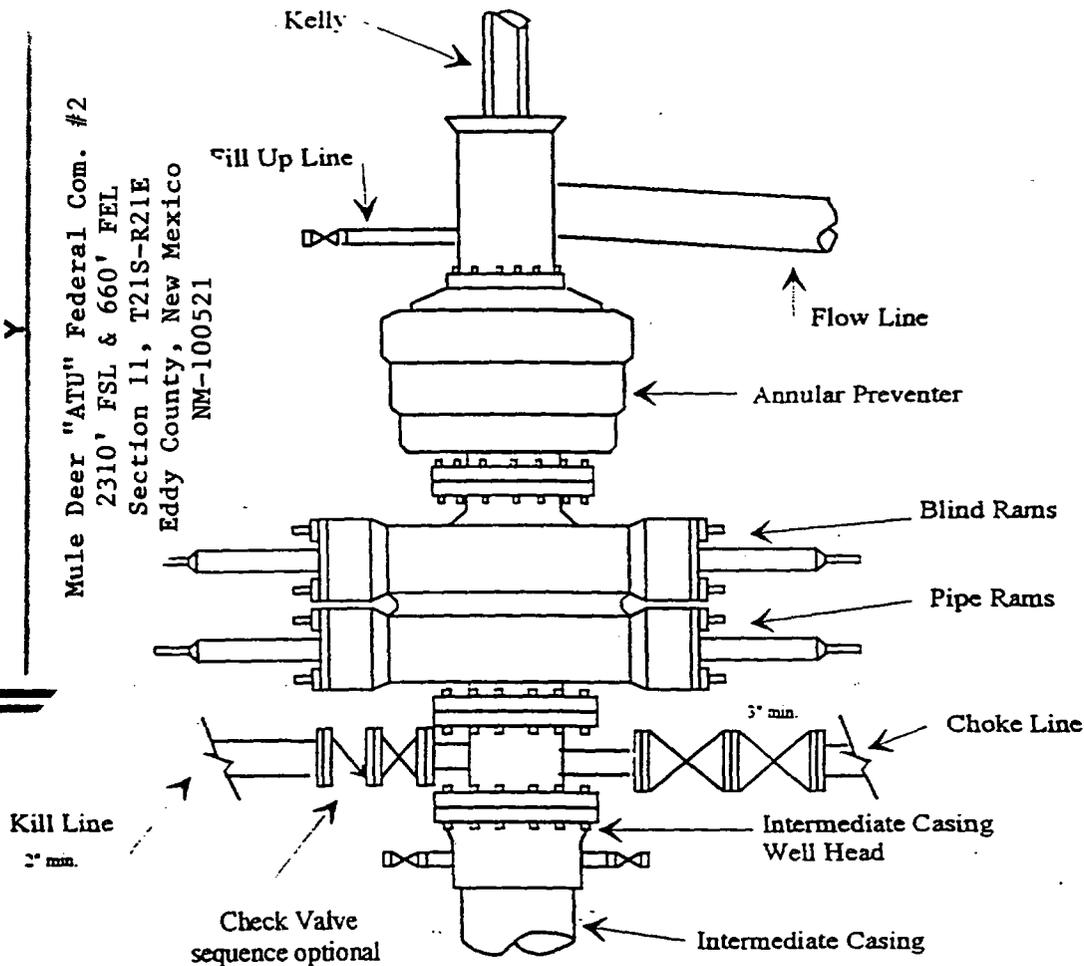
BOP-3

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

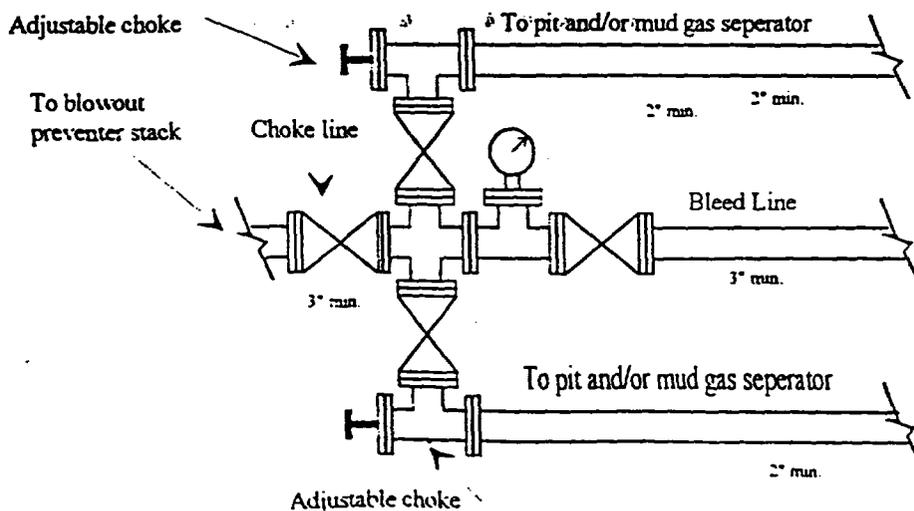


YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

Mule Deer "ATU" Federal Com. #2
2310' FSL & 660' FEL
Section 11, T21S-R21E
Eddy County, New Mexico
NM-100521

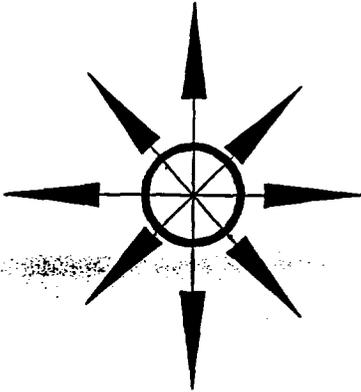


Typical 3,000 psi choke manifold assembly with at least these minimum features



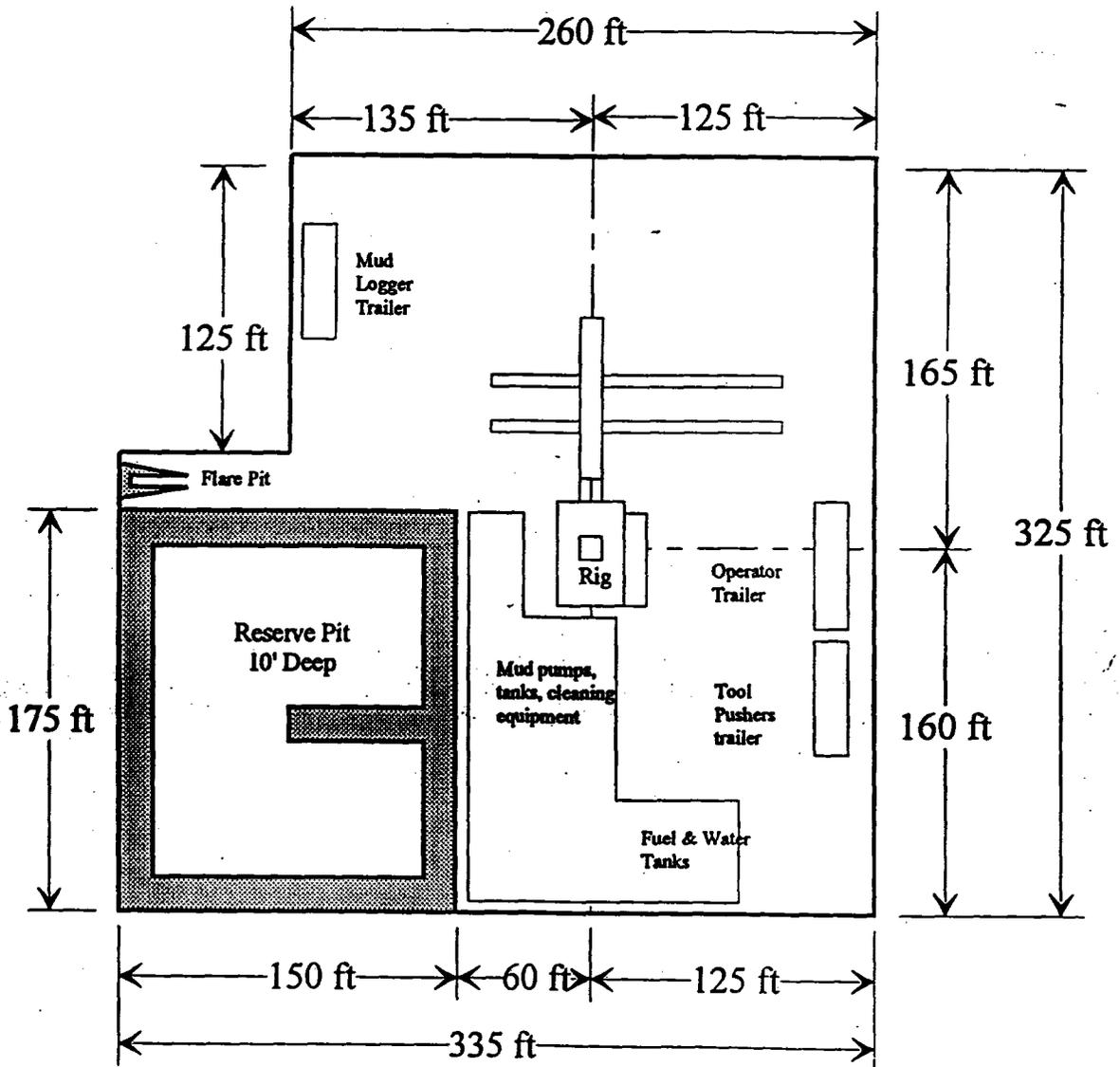
YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

PB - L1



Y

Mule Deer "ATU" Federal Com. #2
2310' FSL & 660' FEL
Section 11, T21S-R21E
Eddy County, New Mexico
NM-100521



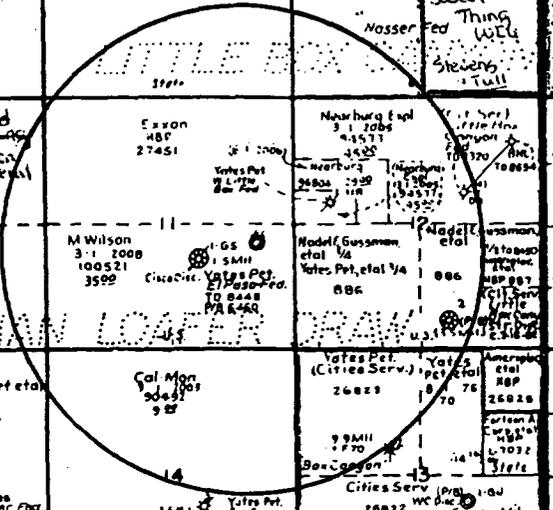
Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	
U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	
32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
State	U.S.																											

YATES PETROLEUM CORPORATION
 105 SOUTH 4TH STREET
 ARTESIA, NEW MEXICO 88210

Mule Deer "ATU" Federal Com. #2
 2310' FSL & 660' FEL
 Section 11, T21S-R21E
 Eddy County, New Mexico
 NM-100521



YATES PETROLEUM CORPORATION
 105 SOUTH 4TH STREET
 ARTESIA, NEW MEXICO 88210

Mule Deer "ATU" Federal Com. #2
 2310' FSL & 660' FEL
 Section 11, T21S-R21E
 Eddy County, New Mexico
 NM-100521

PI/DWIGHTS PLUS DRILLING WIRE™
NEW MEXICO
Section II - 08/27/2001

PAGE 118

DRILLING PROGRESS

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

<p>ELG RESOURCES INC 7 OXY YATES '13' FEDERAL API 30-015-30800 IC 300157017699 LOC; \$\$\$\$</p>	<p>13-20S-28E NW NW 990 FNL 330 FWL SEC</p>	<p>RUSSELL; 850 YATES LOWER (PMT APP'D 19991025) (FR:19990916 MD CLW) LEASE TYPE:FEDERAL TARGET OBJ: OIL: OPER ADD: BOX 371, MIDLAND, TX 79702- , (915)682-7861 EL: 3251 GR LOCATION DATA: 10 NE CARLSBAD, NM VERTICAL;</p>	<p>D</p>
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<p>ELG RESOURCES INC 11 OXY YATES '14' FEDERAL API 30-015-30802 IC 300157018099 LOC; \$\$\$\$</p>	<p>14-20S-28E SE NW 2250 FNL 2100 FWL SEC</p>	<p>RUSSELL; 850 YATES LOWER (PMT APP'D 19991025) (FR:19990916 MIDL CLW) LEASE TYPE:FEDERAL TARGET OBJ: OIL: OPER ADD: BOX 371, MIDLAND, TX 79702- , (915)682-7861 EL: 3242 GR LOCATION DATA: 10 MI NE CARLSBAD, NM VERTICAL;</p>	<p>D</p>
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<p>MARATHON OIL COMPANY 2 YATES FEDERAL COM IC 30015778312001 PROPOSED SPUD:20010301 LOC; \$\$\$\$</p>	<p>8-20S-29E C SE SE 660 FSL 660 FEL SEC</p>	<p>BURTON FLAT EAST; 11500 MORROW (FR:20010227 OKC WSN) LEASE TYPE:FEDERAL TARGET OBJ: GAS: OPER ADD: BOX 552, MIDLAND, TX 79702, (915)682-1626 EL: 3268 GR LOCATION DATA: 15 MI NE CARLSBAD, NM VERTICAL;</p>	<p>D</p>
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<p>V-F PETROLEUM INCORPORATED 3 HALE FEDERAL COM IC 30015770202001 LOC; \$\$\$\$</p>	<p>22-20S-30E S2 NW SW 1450 FSL 660 FWL SEC</p>	<p>DOS HERMANOS; 12300 MORROW (FR:20010629 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS: OPER ADD: P O BOX 1889, MIDLAND, TX 79702, (915)683-3344 EL: 3268 GR LOCATION DATA: 20 MI E CARLSBAD, TX DIRECTIONAL; PBHL: MD 12300 950 FNL 760 FWL SEC 22-20S-30E SE NW NW</p>	<p>D</p>
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<p>ARCO PERMIAN 2 HILLTOP FEDERAL API 30-015-31765 CONTR: NABORS DRILLING USA, RIG # 142; SPUD:20010713 CSG: 13 3/8 IN @ 105,8 5/8 IN @ 1420; DRLG COMMENTS: DRLG PROBLEMS: STUCK DRL PIPE @ 7697;DRLG @ 7903 (LDIR:20010822) \$\$\$\$</p>	<p>1-21S-21E N2 NW SW 2130 FSL 660 FWL SEC</p>	<p>LITTLE BOX CANYON; 8600 CISCO (PMT APP'D 20010511) (FR:20010511 OKC VAC) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: BOX 1610, MIDLAND, TX 79702-1610, (915)688-5200 EL: 4489 GR LOCATION DATA: 35 MI NW CARLSBAD, NM VERTICAL;</p>	<p>D</p>
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<p>YATES PETROLEUM CORPORATION 1 MULE DEER 'ATU' FEDERAL COM API 30-015-30985 CONTR: KEY ENERGY DRILLING, RIG # 11; SPUD:20000415 CSG: 20 IN @ 40,13 3/8 IN @ 310 W/657 SACK,9 5/8 IN @ 2023 W/975 SACK,5 1/2 IN @ 8370 W/1810 SACK; DRLG COMMENTS: SPD APRIL 21 W/RT; RIG REL: 20000531 8370 TD, (MORROW INTERPRETED) (TD REACHED:20000529) 6987 PBTD PROD TEST(S): # 01 PERF (MORROW) 7941-7946 W/ 36 SHOTS ; ACID (7941-7946) W/ 1000 GAL ACID 7% FE; TREATMENT (7941-7946) W/ 1000 CF TREATMENT N2 PER BBL ACID BRIDGE PLUG 7885 FT 7941-7946; # 02 PERF (ATOKA) 7751-7757 7789-7796 7805-7807 W/ 18 SHOTS ; ACID (7751-7807) W/ 1500 GAL ACID 15% FE HCL BRIDGE PLUG 7765 FT 7751-7807; # 03 PERF (CANYON SERIES) 7088-7094 W/ 14 SHOTS ; ACID (7088-7094) W/ 1500 GAL ACID 15% FE HCL BRIDGE PLUG 6987 FT 7088-7094; # 04 PERF (CISCO) 5986-5988 5992-5994 6017-6019 6024-6026 6042-6046 6050-6052 6094-6100 6139-6140 6145-6146 6165-6168 W/ 35 SHOTS ; ACID (5986-6168) W/ 25000 GAL ACID 15% FE HCL ADDITIVE: GELA; ACID (5986-6168) W/ 3000 GAL ACID 15% FE HCL 8370 DTD 6987 PBSHUT IN AS OF JULY 6, 2000 & RELEASED TO PRODUCTION DEPT, NO FURTHER DETAILS (LDIR:20010601) \$\$\$\$</p>	<p>11-21S-21E SW NE SW 1559 FSL 1438 FWL SEC</p>	<p>LITTLE BOX CANYON; 8500 MORROW (PMT APP'D 20000301) (FR:20000306 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4661 GR LOCATION DATA: 35 MI SW ARTESIA, NM VERTICAL;</p>	<p>D</p>
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<p>YATES PETROLEUM CORPORATION 2 MULE DEER 'ATU' FEDERAL COM API 30-015-31223 IC 30015751842000 CONTR: UTI DRILLING, RIG # 306; SPUD:20000814 CSG: 13 3/8 IN @ 347 W/200 SACK,8 5/8 IN @ 2036 W/1200 SACK,5 1/2 IN @ 8450 W/1340 SACK; RIG REL: 20000910 DST # 01 7617-7667, NO DETAILS 8450 TD, 8450 DTDWELL DRILD, NO FURTHER DETAILS (LDIR:20010601) \$\$\$\$</p>	<p>11-21S-21E N2 NE SE 2310 FSL 660 FEL SEC</p>	<p>WILDCAT; 8500 MORROW (PMT APP'D 20000629) (FR:20000508 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4533 GR LOCATION DATA: 38 MI SW ARTESIA, NM 1/4 MI NE/6080 (PVSD) GAS PROD IN EDDY COUNTY UNDESIGNATED FLD; VERTICAL;</p>	<p>D</p>
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<p>YATES PETROLEUM CORPORATION 1 ECHO 'AWF' FEDERAL API 30-015-31547 IC 30015783232000 CONTR: PATTERSON DRILLING COMPANY, RIG # 1; SPUD:20010214 CSG: 20 IN @ 40,13 3/8 IN @ 363 W/475 SACK,8 5/8 IN @ 1370 W/925 SACK,4 1/2 IN</p>	<p>15-21S-21E SW NE NW 1250 FNL 1500 FWL SEC</p>	<p>WILDCAT; 7900 MISSISSIPPIAN (PMT APP'D 20010110) (FR:20001110 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4731 GR LOCATION DATA: 35 MI SW ARTESIA, NM 9/10 MI NW BOX CANYON (SAND) FLD; VERTICAL;</p>	<p>WO</p>
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PI/DWIGHTS PLUS DRILLING WIRE™
NEW MEXICO
Section II - 08/27/2001

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DRILLING PROGRESS

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

<p>DEVON ENERGY PRODUCTION COMPANY L P 2 AVALON '32F' FEDERAL API 30-015-31558 IC 30015716622000</p>	<p>32-20S-27E NW SE NW 1780 FNL 1650 FWL SEC</p>	<p>AVALON; 11000 MORROW (FR:20000919 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 20 N BROADWAY, STE 1500, OKLAHOMA CITY, OK 73102, (405)235-3611 EL: 3197 GR VERTICAL;</p>	D
<p>CONTR: PATTERSON DRILLING, RIG # 5; SPUD:20010205 CSG: 13 3/8 IN @ 454,8 5/8 IN @ 1700,5 1/2 IN @ 10800; LOG TYPES: DI, CDL, CNL, GR; RIG REL: 20010309 10800 TD, (MORROW) (TD REACHED:20010307) PROD TEST(S): # 01 PERF (MORROW) ; 10800 DTDSTILL SI WO SURF EQUIP (LDIR:20010823) \$\$\$\$</p>			
<p>FASKEN OIL AND RANCH LTD 4 MARALO '34' FEDERAL API 30-015-31651 IC 30015727282001</p>	<p>34-20S-27E W2 NE NW 660 FNL 1550 FWL SEC</p>	<p>BURTON FLAT; 11250 MORROW (PMT APP'D 20010307) (FR:20010109 OKC JWG) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 303 W WALL, STE 1800, MIDLAND, TX 79701-5116, (915)687-1777 EL: 3201 GR LOCATION DATA: 8 MI N CARLSBAD, NM VERTICAL;</p>	D
<p>CONTR: PATTERSON DRILLING, RIG # 142; SPUD:20010404 CSG: 13 3/8 IN @ 424 W/440 SACK,9 5/8 IN @ 2297 W/800 SACK,5 1/2 IN @ 11114 W/2225 SACK; LOG TYPES: CNL, LDT, DILL; RIG REL: 20010507 11114 TD, (MORROW) PROD TEST(S): # 01 PERF (MORROW) ; PERFS & TREATMENT NO DETAILS 11114 DTDCOMPLETED GAS WELL, WOPT (LDIR:20010815) \$\$\$\$</p>			
<p>MEWBORNE OIL COMPANY 4 BURTON FLATS '5' FEDERAL API 30-015-31628 IC 30015731462001</p>	<p>5-20S-28E C SE SE 660 FSL 660 FEL SEC</p>	<p>ANGELL RANCH; 11200 MORROW (PMT APP'D 20010226) (FR:20010111 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 6270, HOBBS, NM 88241, (505)393-5905 EL: 3289 GR LOCATION DATA: 14 MI NNE CARLSBAD, NM VERTICAL;</p>	D
<p>CONTR: NOT REPORTED, SPUD:20010308 CSG: 13 3/8 IN @ 475 W/200 SACK,8 5/8 IN @ 3020 W/1200 SACK,5 1/2 IN @ 11290 W/1800 SACK; 11290 TD, 11290 DTDDRLD (LDIR:20010813) \$\$\$\$</p>			
<p>CONCHO RESOURCES INCORPORATED 6 ANGEL '6' FEDERAL API 30-015-31573</p>	<p>6-20S-28E SW SE NW 2395 FNL 1650 FWL SEC</p>	<p>FADEWAY; 9600 CISCO-CANYON (PMT APP'D 20010122) (FR:20010129 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: 110 W LOUISIANA, STE 410, MIDLAND, TX 79701, (915)683-7443 EL: 3357 GR LOCATION DATA: APPROX 11 MI N CARLSBAD, NM VERTICAL;</p>	D
<p>LOC; \$\$\$\$</p>			
<p>CONCHO RESOURCES INCORPORATED 8 ANGEL '6' FEDERAL API 30-015-30364 IC 300157071297</p>	<p>6-20S-28E NW NW 330 FNL 330 FWL SEC</p>	<p>OLD MILLMAN RANCH; 6500 BONE SPRING (PMT APP'D 19980803) (FR:19971110 MD CLW) LEASE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: 110 W LOUISIANA, STE 410, MIDLAND, TX 79701, (915)683-7443 EL: 3371 GR LOCATION DATA: 11 MI N CARLSBAD, NM VERTICAL;</p>	D
<p>LOC; \$\$\$\$</p>			
<p>CONCHO RESOURCES INCORPORATED 5 ANGELL '6' FEDERAL API 30-015-31621</p>	<p>6-20S-28E SE SW NW 2310 FNL 990 FWL SEC</p>	<p>FADEAWAY RIDGE; 9600 CISCO-CANYON (PMT APP'D 20010222) (FR:20010302 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: 110 W LOUISIANA, STE 410, MIDLAND, TX 79701, (915)683-7443 EL: 3374 GR LOCATION DATA: APPROX 11 MI N CARLSBAD, NM VERTICAL;</p>	D
<p>CONTR: PATTERSON-UTI ENERGY INCORPORATED, RIG # 513; SPUD:20010630 CSG: 13 3/8 IN @ 349 W/300 SACK,8 5/8 IN @ 2902 W/600 SACK; RIG REL: 20010731 9000 TD, (CANYON) PROD TEST(S): # 01 PERF (DELAWARE) ; 9000 DTDSTILL COMPLETING (LDIR:20010820) \$\$\$\$</p>			
<p>CHI OPERATING INCORPORATED 2 USA '9' FEDERAL COM API 30-015-30935 IC 300157022399</p>	<p>9-20S-28E NE NE NE 600 FNL 510 FEL SEC</p>	<p>BURTON FLAT; 11500 MORROW (PMT APP'D 20000119) (FR:19991116 MIDL ARF) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: BOX 1799, MIDLAND, TX 79702, (915)685-5001 EL: 3274 GR LOCATION DATA: 15 MI N CARLSBAD, NM FORMERLY ABND LOC UNDER API 30-015-29664 & IC 30-015-70756-97; VERTICAL;</p>	D
<p>LOC; \$\$\$\$</p>			
<p>E G L RESOURCES 13 OXY YATES '13' FEDERAL API 30-015-31428 IC 300157017799</p>	<p>13-20S-28E NW NW 330 FNL 990 FWL SEC</p>	<p>RUSSELL; 850 YATES LOWER (PMT APP'D 20001031) (FR:19990916 MIDL ARF) LEASE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: BOX 371, MIDLAND, TX 79702- , (915)682-3502 EL: 3253 GR LOCATION DATA: 10 MI NE CARLSBAD, NM VERTICAL; PREV OPER: ELG RESOURCES INC</p>	D
<p>LOC; \$\$\$\$</p>			



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 30, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: Robert Bullock

Re: Administrative application for an exception to Division Rule 104.C (2) (a).

Dear Mr. Bullock:

This letter acknowledges the receipt of your administrative application dated August 16, 2001 of an unorthodox Strawn gas well location for Yates Petroleum Corporation's existing Mule Deer "ATU" Federal Com. Well No. 2 (API No. 30-015-31223), located 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 11, Township 21 South, Range 21 East, NMPM, Eddy County, New Mexico. The Division received your application on August 21, 2001, and assigned it NMOCD application reference No. *pKRV0-123456082*. 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:

Further explanation to the statement contained in your application that, *"the Mule Deer "ATU" Fed. Com. #2 was drilled 330' from the north line of the southeast quarter section, not realizing that this location was an unorthodox location"*. This explanation will be most important since Yates had representation on the Division/Industry committee in 1998 to address changes to Rule 104 and that Yates was represented at the hearings in Case No. 12119.

Since the submitted information is insufficient to review, the application was ruled as incomplete on August 30, 2001. Please submit the above stated information by Monday, September 10, 2001.

The Division cannot proceed with your application until the required 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.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

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



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

FAX COVER SHEET

DATE: 9-13-2001

TO: MICHAEL STOGNER

COMPANY: NEW MEXICO OIL CONSERVATION DIVISION

FAX: (505) 476-3462

FROM: ROB BULLOCK

PHONE: 505-748-4351

FAX: 505-748-4572

NUMBER OF PAGES: 2
(including cover page)

COMMENTS: NO. pKRVO-123456082

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

September 12, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87508

CERTIFIED MAIL
Return Receipt Requested

RE: No. Pkrvo-123456082

Dear Mr. Stogner:

With respect to our administrative application dated August 16, 2001 of an unorthodox Strawn gas well location for the Mule Deer ATU Fed Com #2 well Yates Petroleum Corporation would like to make the following clarification.

The statement contained in our application that, "the Mule Deer ATU Fed Com #2 was drilled 330' from the north line of the southeast quarter section, not realizing that this location was an unorthodox location" was an erroneous statement.

As stated in our telephone conversation of today's date the landman and the permit agent on staff at Yates were aware of the fact that this location was unorthodox.

We ask that you accept our apologies for making this erroneous statement and respectfully request that you process this administrative order for this unorthodox location.

Please contact me at (505) 748-4351 if you need any additional information.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/30/01 15:47:22
OGOMES -TQMX
PAGE NO: 1

Sec : 11 Twp : 21S Rng : 21E Section Type : NORMAL

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

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/30/01 15:47:31
OGOMES -TQMX
PAGE NO: 2

Sec : 11 Twp : 21S Rng : 21E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned A	J 40.00 Federal owned A	I 40.00 Federal owned A
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

County Eddy

Pool Box Canyon - Strawn Gas

TOWNSHIP 21 South

Range 21 East

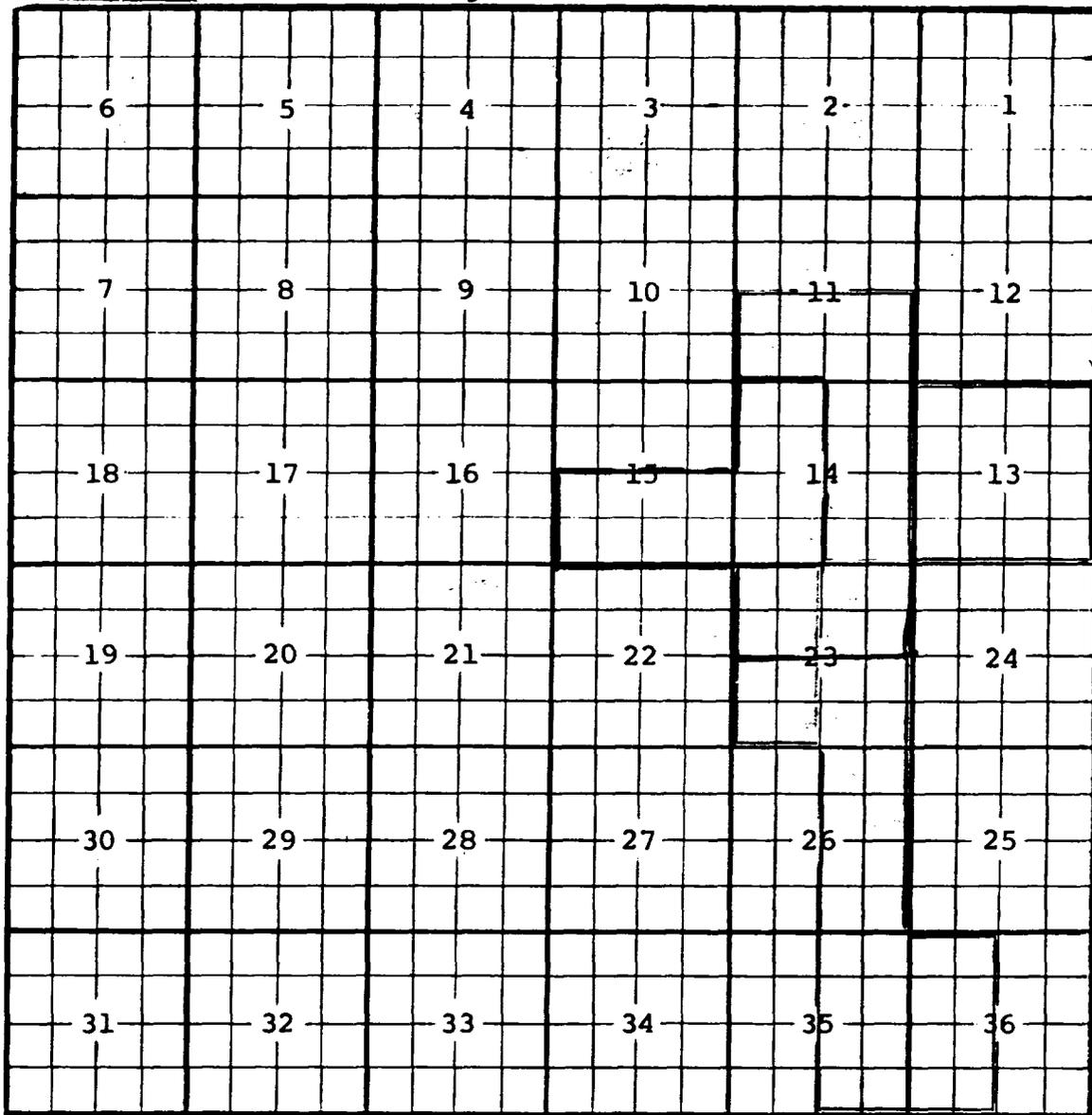
NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: $\frac{1}{2}$ Sec 15 (R-5911, 2-1-79)

County Eddy Pool Box Canyon ^{Permo}~~Upper~~ Pennsylvanian Gas

TOWNSHIP 21 South Range 21 East NMPM



Description: $\frac{5}{2}$ Sec 11, $\frac{5}{2}$ Sec 14 (R-5609, 1-1-78)

Ext: $\frac{N}{2}$ Sec 23 (R-5729, 6-1-78) Ext: All Sec 13, $\frac{5}{2}$ Sec 23, -

- $\frac{E}{2}$ Secs 26 & 35, $\frac{W}{2}$ Sec 36, and vertical limits extended to include Wolfcamp & Canyon. Pool redesignated Box Canyon -

Permo-Pennsylvanian Gas (R-5876, 12-1-78) Ext: $\frac{W}{2}$ Sec 14, $\frac{5}{2}$ Sec 15 (R-5988, 5-1-79)

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6376
Order No. R-5876

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN ORDER
CREATING, EXTENDING VERTICAL LIMITS AND
REDESIGNATING POOL, AND EXTENDING
HORIZONTAL LIMITS OF CERTAIN POOLS IN
CHAVES, EDDY, AND LEA COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 8, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That there is need for the creation of a new gas pool in Chaves County, New Mexico, for the production of gas from the Pennsylvanian formation, said pool to bear the designation of Mescalero Sands-Pennsylvanian Gas Pool. Said Mescalero Sands-Pennsylvanian Gas Pool was discovered by the Petroleum Development Corporation Estelle Federal Well No. 1 located in Unit E of Section 34, Township 12 South, Range 30 East, NMPM. It was completed June 21, 1978, in the Pennsylvanian formation. The top of the perforations is at 9,319 feet.
- (3) That there is need for the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the Yates formation, said pool to bear the designation of Sioux-Yates Pool. Said Sioux-Yates Pool was discovered by the Gifford,

Mitchell and Wisenbaker Tishman Federal Well No. 1 located in Unit N of Section 5, Township 26 South, Range 36 East, NMPM. It was completed July 7, 1978, in the Yates formation. The top of the perforations is at 3,203 feet.

(4) That there is need for the extension of the vertical limits of the Box Canyon-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include the Canyon and Wolfcamp formations and the redesignation of said Box Canyon-Upper Pennsylvanian Gas Pool as the Box Canyon-Permo Pennsylvanian Gas Pool, and the extension of the horizontal limits of said Box Canyon-Permo Pennsylvanian Gas Pool.

(5) That there is need for certain extensions to the Avalon-Strawn Gas Pool, the North Burton Flats-Wolfcamp Gas Pool, the East Carlsbad-Morrow Gas Pool, the South Carlsbad-Morrow Gas Pool, the Eagle Creek-Strawn Gas Pool, the East Empire Yates-Seven Rivers Pool, the Forehand Ranch-Delaware Pool, the West Malaga-Morrow Gas Pool, the Revelation-Morrow Gas Pool, the Rock Tank-Upper Morrow Gas Pool, the Southwest Sulphate-Delaware Pool, the White City-Pennsylvanian Gas Pool, the Winchester-Upper Pennsylvanian Gas Pool, and the Winchester-Wolfcamp Gas Pool, all in Eddy County, New Mexico, the Blinebry Oil and Gas Pool, the Comanche Stateline Tansill-Yates Pool, the Fowler-Tubb Gas Pool, the Jenkins-San Andres Pool, the Kemnitz-Cisco Pool, the East Lusk-Wolfcamp Pool, the South Salt Lake-Morrow Gas Pool, the Wantz-Granite Wash Pool, the Watkins Yates-Seven Rivers-Queen-Grayburg Pool, and the Wilson-Morrow Gas Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production, is hereby created and designated as the Mescalero Sands-Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 30 EAST, NMPM
Section 34: W/2

(b) That a new pool in Lea County, New Mexico, classified as an oil pool for Yates production, is hereby created and designated as the Sioux-Yates Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 31: NE/4
Section 32: W/2

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM

Section 5: W/2

(c) That the Avalon-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 31: N/2

Section 32: N/2

Section 33: All

(d) That the Blinebry Oil and Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 26: SE/4

(e) That the vertical limits of the Box Canyon-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, are hereby extended to include the Canyon and Wolfcamp formations and said Box Canyon-Upper Pennsylvanian Gas Pool is hereby redesignated the Box Canyon-Permo Pennsylvanian Gas Pool and the horizontal limits of said pool are extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM

Section 13: All

Section 23: S/2

Section 26: E/2

Section 35: E/2

Section 36: W/2

TOWNSHIP 22 SOUTH, RANGE 21 EAST, NMPM

Section 1: N/2

(f) That the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 28: S/2

Section 33: E/2

Case No. 6376
Order No. R-5876

(g) That the East Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 27: S/2

(h) That the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 34: E/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 28: N/2

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 10: N/2
Section 21: S/2

(i) That the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 33: NW/4

(j) That the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 29: W/2

(k) That the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 22: SW/4 and W/2 SE/4

(l) That the Forehand Ranch-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 15: NW/4 SE/4

Case No. 6376
Order No. R-5876

(m) That the Fowler-Tubb Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 16: SE/4

(n) That the Jenkins-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 28: S/2

(o) That the Kemnitz-Cisco Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 16: W/2

(p) That the East Lusk-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 10: N/2 and SW/4
Section 15: NW/4

(q) That the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 9: N/2

(r) That the Revelation-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 3: W/2

(s) That the Rock Tank-Upper Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

(t) That the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

(u) That the Southwest Sulphate-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 14: NE/4 NE/4

(v) That the Wantz-Granite Wash Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

(w) That the Watkins Yates-Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4

(x) That the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 8: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 4: All

Case No. 6376
Order No. R-5876

(y) That the Wilson-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 14: S/2

(z) That the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 24: S/2

(aa) That the Winchester-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 26: E/2 and SW/4

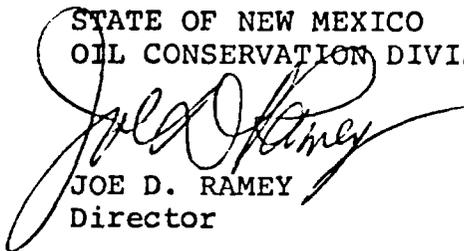
IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order and all creations, extensions, and redesignations included herein shall be December 1, 1978.

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Case No. 6376
Order No. R-5876

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S E A L

fd/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6107
Order No. R-5609

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER CREATING, CONTRACTING, AND EXTENDING
CERTAIN POOLS IN CHAVES, EDDY, LEA, AND
ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 14, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of December, 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That there is need for the creation of a new oil pool in Roosevelt County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of East Allison-San Andres Pool. Said East Allison-San Andres Pool was discovered by the Wainoco, Inc. Ingram "28" Federal Well No. 1 located in Unit O of Section 28, Township 8 South, Range 37 East, NMPM. It was completed in the San Andres formation on December 13, 1976. The top of the perforations is at 4884 feet.
- (3) That there is need for the creation of a new oil pool in Eddy County, New Mexico, for the production of oil from the Yeso formation, said pool to bear the designation of Atoka-Yeso Pool. Said Atoka-Yeso Pool was discovered by the Yates Petroleum Corporation Mallard HM Well No. 2 located in Unit K of Section 28, Township 18 South, Range 26 East, NMPM. It was completed in the Yeso formation on March 29, 1977. The top of the perforations is at 2474 feet.

(4) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Bone Springs formation, said pool to bear the designation of Avalon-Bone Springs Gas Pool. Said Avalon-Bone Springs Gas Pool was discovered by the Coquina Oil Corporation Wagner Federal Well No. 2 located in Unit L of Section 29, Township 20 South, Range 27 East, NMPM. It was completed in the Bone Springs formation on November 5, 1976. The top of the perforations is at 6084 feet.

(5) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Northeast Avalon-Atoka Gas Pool. Said Northeast Avalon-Atoka Gas Pool was discovered by the Gulf Oil Corporation Eddy FT State Well No. 1 located in Unit K of Section 26, Township 20 South, Range 27 East, NMPM. It was completed in the Atoka formation on August 27, 1976. The top of the perforations is at 10573 feet.

(6) That there is need for the creation of a new oil pool in Eddy County, New Mexico, for the production of oil from the Cisco formation, said pool to bear the designation of Box Canyon-Upper Pennsylvanian Pool. Said Box Canyon-Upper Pennsylvanian Pool was discovered by the Yates Petroleum Corporation El Paso GS Federal Well No. 1 located in Unit J of Section 11, Township 21 South, Range 21 East, NMPM. It was completed in the Cisco formation on February 1, 1977. The top of the perforations is at 6080 feet.

(7) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of West Burton Flat-Atoka Gas Pool. Said West Burton Flat-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Stonewall DS Federal Well No. 2 located in Unit J of Section 29, Township 20 South, Range 28 East, NMPM. It was completed in the Atoka formation on November 25, 1975. The top of the perforations is at 10,546 feet.

(8) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of Cottonwood Creek-Wolfcamp Gas Pool. Said Cottonwood Creek-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Terry FU Well No. 1 located in Unit F of Section 21, Township 16 South, Range 25 East, NMPM. It was completed in the Wolfcamp formation on July 21, 1976. The top of the perforations is at 4881 feet.

(9) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of East Cottonwood Creek-Wolfcamp Gas Pool. Said East Cottonwood Creek-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation

Lizzie Howard HK Well No. 1 located in Unit K of Section 13, Township 16 South, Range 25 East, NMPM. It was completed in the Wolfcamp formation on April 28, 1977. The top of the perforations is at 5055 feet.

(10) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of West Cottonwood Creek-Wolfcamp Gas Pool. Said West Cottonwood Creek-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Collins HS Federal Com Well No. 1 located in Unit G of Section 35, Township 16 South, Range 24 East, NMPM. It was completed in the Wolfcamp formation on May 28, 1977. The top of the perforations is at 4765 feet.

(11) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of West Dagger Draw-Morrow Gas Pool. Said West Dagger Draw-Morrow Gas Pool was discovered by the Yates Petroleum Corporation CC Tank Unit Well No. 4 located in Unit J of Section 8, Township 20 South, Range 24 East, NMPM. It was completed in the Morrow formation on August 8, 1976. The top of the perforations is at 8937 feet.

(12) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Happy Valley-Morrow Gas Pool. Said Happy Valley-Morrow Gas Pool was discovered by the Superior Oil Company State Q Com Well No. 1 located in Unit L of Section 34, Township 21 South, Range 26 East, NMPM. It was completed in the Morrow formation on June 8, 1973. The top of the perforations is at 11,086 feet.

(13) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Happy Valley-Strawn Gas Pool. Said Happy Valley-Strawn Gas Pool was discovered by the Morris R. Antweil Mesa Fuerte Com Well No. 1 located in Unit J of Section 33, Township 21 South, Range 26 East, NMPM. It was completed in the Strawn formation on August 1, 1977. The top of the perforations is at 9822 feet.

(14) That there is need for the creation of a new oil pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Herradura Bend-Delaware Pool. Said Herradura Bend-Delaware Pool was discovered by the Orla Petco, Inc. Pardue Well No. 1 located in Unit B of Section 6, Township 23 South, Range 28 East, NMPM. It was completed in the Delaware formation on August 23, 1977. The top of the perforations is at 2466 feet.

(15) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Hoag Tank-Strawn Gas Pool. Said Hoag Tank-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Roden Federal GD Com Well No. 1 located in Unit I of Section 23, Township 19 South, Range 24 East, NMPM. It was completed in the Strawn formation on March 22, 1977. The top of the perforations is at 8357 feet.

(16) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of West Indian Basin-Morrow Gas Pool. Said West Indian Basin-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Hilliard BF Federal Well No. 1Y located in Unit H of Section 14, Township 21 South, Range 22 East, NMPM. It was completed in the Morrow formation on October 21, 1976. The top of the perforations is at 8786 feet.

(17) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Little Box Canyon-Atoka Gas Pool. Said Little Box Canyon-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Federal HQ Well No. 1 located in Unit N of Section 5, Township 21 South, Range 22 East, NMPM. It was completed in the Atoka formation on September 9, 1977. The top of the perforations is at 7967 feet.

(18) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Loafer Draw-Morrow Gas Pool. Said Loafer Draw-Morrow Gas Pool was discovered by the Inexco Oil Company Arroyo Federal Well No. 1 located in Unit K of Section 26, Township 21 South, Range 22 East, NMPM. It was completed in the Morrow formation on July 19, 1977. The top of the perforations is at 9202 feet.

(19) That there is need for the creation of a new gas pool in Lea County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Northwest Lusk-Morrow Gas Pool. Said Northwest Lusk-Morrow Gas Pool was discovered by the C & K Petroleum, Inc. Greenwood "6" Federal Well No. 1 located in Unit N of Section 6, Township 19 South, Range 32 East, NMPM. It was completed in the Morrow formation on August 3, 1976. The top of the perforations is at 12,114 feet.

(20) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Millman-Strawn Gas Pool. Said Millman-Strawn Gas Pool was discovered by the Yates Petroleum Corporation North Millman Unit Well No. 1 located in Unit G of Section 7, Township 19 South, Range 28 East, NMPM. It was completed in the Strawn formation on March 21, 1977. The top of the perforations is at 9792 feet.

(21) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of South Millman-Morrow Gas Pool. Said South Millman-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Millman HD State Com Well No. 1 located in Unit O of Section 17, Township 19 South, Range 28 East, NMPM. It was completed in the Morrow formation on April 30, 1977. The top of the perforations is at 10,848 feet.

(22) That there is need for the creation of a new gas pool in Lea County, New Mexico, for the production of gas from the Queen formation, said pool to bear the designation of North Reeves-Queen Gas Pool. Said North Reeves-Queen Gas Pool was discovered by Harvey E. Yates Company, Inc. Hanlad State Well No. 1 located in Unit K of Section 2, Township 18 South, Range 35 East, NMPM. It was completed in the Queen formation on September 16, 1977. The top of the perforations is at 4212 feet.

(23) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Revelation-Strawn Gas Pool. Said Revelation-Strawn Gas Pool was discovered by the Belco Petroleum Corporation Pennzoil State Well No. 1 located in Unit B of Section 16, Township 22 South, Range 25 East, NMPM. It was completed in the Strawn formation on June 1, 1977. The top of the perforations is at 9615 feet.

(24) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Riverside-Atoka Gas Pool. Said Riverside-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Holden DE Well No. 1 located in Unit J of Section 12, Township 17 South, Range 26 East, NMPM. It was completed in the Atoka formation on January 4, 1974. The top of the perforations is at 8354 feet.

(25) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of North Shugart-Atoka Gas Pool. Said North Shugart-Atoka Gas Pool was discovered by the Gulf Oil Corporation Littlefield EM Federal Com Well No. 1 located in Unit J of Section 20, Township 18 South, Range 31 East, NMPM. It was completed in the Atoka formation on April 15, 1977. The top of the perforations is at 11,102 feet.

(26) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of North Shugart-Morrow Gas Pool. Said North Shugart-Morrow Gas Pool was discovered by the Gulf Oil Corporation Littlefield EM Federal Com Well No. 1 located in Unit J of Section 20, Township 18 South, Range 31 East, NMPM. It was completed in the Morrow formation on April 14, 1977. The top of the perforations is at 11,567 feet.

(27) That there is need for the creation of a new gas pool in Eddy County, New Mexico, for the production of gas from the Delaware formation, said pool to bear the designation of Yarrow-Delaware Gas Pool. Said Yarrow-Delaware Gas Pool was discovered by the J.M. Huber Corporation Sorenson Well No. 1 located in Unit G of Section 14, Township 23 South, Range 26 East, NMPM. It was completed in the Delaware formation on March 3, 1977. The top of the perforations is at 2645 feet.

(28) That there is need for the contraction of the Penasco Draw-San Andres-Yeso Pool in Eddy County, New Mexico, by the deletion of certain acreage which will become a part of a new pool for Yeso production only.

(29) That there is need for certain extensions to the Cato-San Andres Pool in Chaves County, New Mexico, the Drinkard Pool, the Fowler-Upper Yeso Pool, the Kemnitz-Lower Wolfcamp Pool, the South Leonard-Queen Pool, the North Quail Ridge-Morrow Gas Pool, the Reeves-Queen Pool, the South Salt Lake-Morrow Gas Pool and the South Tonto-Yates-Seven Rivers Pool, all in Lea County, New Mexico, and the Peterson-Pennsylvanian Associated Pool and the Tomahawk-San Andres Pool both in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Roosevelt County, New Mexico, classified as an oil pool for San Andres production, is hereby created and designated as the East Allison-San Andres Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 28: SE/4
Section 33: NE/4

(b) That a new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production is hereby created and designated as the Atoka-Yeso Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 28: S/2 and W/2 NW/4

(c) That a new pool in Eddy County, New Mexico, classified as a gas pool for Bone Springs production, is hereby created and designated as the Avalon-Bone Springs Gas Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 29: SW/4

(d) That a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production, is hereby created and designated as the Northeast Avalon-Atoka Gas Pool, consisting of the following described area:

Case No. 6107
Order No. R-5609

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: W/2

Section 26: S/2

(e) That a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production is hereby created and designated as the Box Canyon-Upper Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM

Section 11: S/2

Section 14: E/2

(f) That a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the West Burton Flat-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 29: S/2

(g) That a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated as the Cottonwood Creek-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 21: N/2

(h) That a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production is hereby created and designated as the East Cottonwood Creek-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 13: W/2

(i) That a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated as the West Cottonwood Creek-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 24 EAST, NMPM

Section 25: S/2

Section 26: S/2

Section 35: N/2

(j) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the West Dagger Draw-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 8: E/2

(k) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the Happy Valley-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 33: All
Section 34: W/2

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 4: W/2

(l) That a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production, is hereby created and designated as the Happy Valley-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 33: S/2

(m) That a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production, is hereby created and designated as the Herradura Bend-Delaware Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 6: NE/4

(n) That a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production, is hereby created and designated as the Hoag Tank-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 23: E/2

(o) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the West Indian Basin-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 14: E/2

(p) That a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production, is hereby created and designated as the Little Box Canyon-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 5: S/2

(q) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the Loafer Draw-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 26: S/2

(r) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the Northwest Lusk-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: S/2

(s) That a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production, is hereby created and designated as the Millman-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 7: All

(t) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the South Millman-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 17: All

(u) That a new pool in Lea County, New Mexico, classified as a gas pool for Queen production, is hereby created and designated as the North Reeves-Queen Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 2: SW/4

(v) That a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production, is hereby created and designated as the Revelation-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 16: N/2

(w) That a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production, is hereby created and designated as the Riverside-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 12: S/2

(x) That a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the North Shugart-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 20: E/2

(y) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the North Shugart-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 20: E/2
Section 29: N/2

(z) That a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production, is hereby created and designated as the Yarrow-Delaware Gas Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 14: E/2 and SW/4
Section 15: SE/4

(aa) That the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 28: N/2 SW/4

(bb) That the Cato-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 4: SW/4

(cc) That the Drinkard Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 35: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 18: SW/4

(dd) That the Fowler-Upper Yeso Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 14: SW/4

(ee) That the Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 26: NW/4
Section 22: S/2
Section 27: W/2

(ff) That the South Leonard-Queen Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 13: NE/4

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM
Section 18: SW/4

(gg) That the Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 18: SW/4

(hh) That the North Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 7: SE/4

(ii) That the Reeves-Queen Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 27: NE/4

(jj) That the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 11, 12, 13, 14, and SW/4
Section 5: Lots 9, 10, 15, 16, and SE/4

(kk) That the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: SE/4

(ll) That the South Tonto Yates-Seven Rivers Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 30: SE/4

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the wells bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order and all creations, contractions, and extensions included herein shall be January 1, 1978.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

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



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

NSL-4642

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

SEP 17 2001

September 12, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87508

CERTIFIED MAIL
Return Receipt Requested

RE: No. Pkrvo-123456082

Dear Mr. Stogner:

With respect to our administrative application dated August 16, 2001 of an unorthodox Strawn gas well location for the Mule Deer ATU Fed Com #2 well Yates Petroleum Corporation would like to make the following clarification.

The statement contained in our application that, "the Mule Deer ATU Fed Com #2 was drilled 330' from the north line of the southeast quarter section, not realizing that this location was an unorthodox location" was an erroneous statement.

As stated in our telephone conversation of today's date the landman and the permit agent on staff at Yates were aware of the fact that this location was unorthodox.

We ask that you accept our apologies for making this erroneous statement and respectfully request that you process this administrative order for this unorthodox location.

Please contact me at (505) 748-4351 if you need any additional information.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn

123456082

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

Date Application Received: 8-21-2001

Date of Preliminary Review: 8-30-2001
(Note: Must be within 10-days of received date)

Results: _____ Application Complete Application Incomplete

Date Incomplete Letter Sent: 8-30-2001

Deadline to Submit Requested Information: 9-10-2001

Phone ^(conversations) Call Date: 9-11-2001
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? _____ Yes _____ No

Date Application Processed: _____

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

OIL CONSERVATION DIVISION

TELEPHONE LOG

COMPANY NAME: Yates Petroleum Corp.

PROPERTY NAME: Milk Deer "ATU" Fed. Com. #2

RESPONSIBLE OFFICIAL: ~~Stoyner~~ Robert Bullock

APPLICATION NUMBER: 123456082

NAME OF ENGINEER: Stoyner

DATE CALLED: at conversation 9-11-07

TIME CALLED: _____

NOTES:

- Discussed this matter w/ Mark Wilson on Tuesday.
- Talked w/ Bullock on the 13th will send a fax.