



NSL-4748

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor

BETTY RIVERA
Cabinet Secretary

August 1, 2002

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 748-4572

Attention: Robert Bullock

Re: Recompletion of the existing Pathfinder "AFT" State Well No. 3 (API No. 30-005-62636) located 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 21, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico, into the Undesignated Diablo-Wolfcamp Gas Pool.

Dear Mr. Bullock:

I have reviewed: (i) your application dated July 26, 2002 (*application reference No. pKRV0-221134979*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for the above-described well to be recompleted as a Wolfcamp gas well at an unorthodox location within the S/2 of Section 21, being a standard 320-acre lay-down gas spacing unit for the Undesignated Diablo-Wolfcamp Gas Pool. Subsequent to this review your application is not only found to be incomplete and lacking information, I have determined it to be a request for a location exception to Rule 104.C (2) (b), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999 (see copy attached), within an existing spacing unit in the Undesignated Diablo-Wolfcamp Gas Pool. The Division's records in Santa Fe shows that the S/2 of Section 21 is currently dedicated to Yates's Pathfinder "AFT" State Well No. 9 (**API No. 30-005-62795**), which is located at an unorthodox gas well location (approved by Division Administrative Order NSL-4731, dated May 14, 2002) 660 feet from the South line and 2200 feet from the West line (Unit N) of Section 21.

The changes to Division Rule 104 made in 1999 instituted new operating requirements for deep unprorated gas wells in southeast New Mexico whereby operators were given very flexible and liberal location requirements and are automatically allowed to drill one infill well within an existing 320-acre gas spacing unit; however, this one infill well can only be located in the opposite quarter from the units original well. Being an unprorated gas pool, spacing, well density, and location are the only factors available to protect correlative rights, prevent waste, and assure the orderly development of a reservoir.

When these revisions to Rule 104 were under study and review, it was determined by industry representatives, which Yates was an active participant, and Division staff, that in order to assure prudent operations and orderly development of these deep gas reserves, this one well per quarter section rule would need to be strictly adhered to and enforced.

Yates Petroleum Corporation

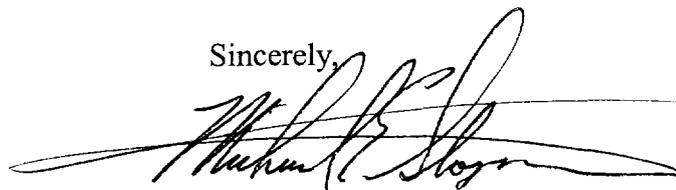
August 1, 2002

Page 2

Your request to re-enter and recomplete the Pathfinder "AFT" State Well No. 1 into the Undesignated Diablo-Wolfcamp Gas Pool, thereby resulting in two Wolfcamp gas wells within the SW/4 of the existing lay-down 320-acre gas spacing unit (S/2 of Section 21), is hereby denied.

IT SHALL BE ORDERED THAT, if Yates is currently producing Wolfcamp gas from the subject Pathfinder "AFT" State Well No. 3, such gas production shall be shut-in immediately.

Sincerely,

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

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division, Attention: Tim Gum, Supervisor - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-4731
NSL-4748
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Randy Patterson, Yates Petroleum Corporation - Artesia

AMEND

DATE: 7/29/02	SUSPENSE: 8/18/02	ENGINEER: MS	LOGGED IN: KV	TYPE: NSL	APP NO: 221134979
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#4748

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]

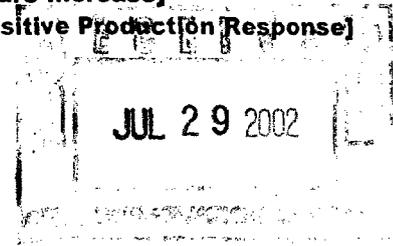
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

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 INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

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

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

Robert Bullock
 Print or Type Name

Robert Bullock
 Signature

Landman
 Title

7-26-02
 Date

 e-mail Address

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



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

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

July 26, 2002

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

CERTIFIED MAIL
Return Receipt Requested

Re: Non-Standard Location
Pathfinder ATF St. #3
Township 10 South, Range 27 East
Section 21: 1650' FSL & 2310' FWL
Chaves County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for a non-standard location for a Wolfcamp gas well, the Pathfinder ATF St. #3. The well is located on State of New Mexico oil and gas lease LG-5246 that covers ALL of Section 21, Township 10 South, Range 27 East, Chaves County, New Mexico.

Yates permitted this well in October 1988 as a 7200' Wildcat Fusselman test and the well was completed as a Fusselman oil well and produced according to the Diablo Fusselman Associated Pool rules. The well status was changed in November 1992 from an oil well to a gas well, however it was still produced according to the Diablo Fusselman Associated Pool rules.

In February 2002 the well was plugged back and completed in the Strawn formation, ~~with the most recent re-completion~~ being in the Wolfcamp formation which is now subject to Undesignated Diablo Wolfcamp Gas Pool rules which requires 320 acre spacing and a 660' set back from the outer boundary of the quarter section. The location of 2310' FWL does not comply with these rules and therefore makes this location non-standard. There is no encroachment involved, as the Yates companies own 100% of the working interest in the Wolfcamp formation in all of Section 21. There are no overriding royalty owners on the Yates working interests and therefore no notification has been given in this application. Yates hereby requests administrative approval to produce this well in the Wolfcamp formation.

Please find enclosed a land plat, C-101, C-102 and an administrative application checklist. If I can provide additional information please call me at (505) 748-4351.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB/bn

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

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

¹ Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		² OGRID Number 025575
³ Property Code 12626		³ API Number 30-005-62636
⁵ Property Name Pathfinder AFT State		⁶ Well No. 3

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	21	10S	27E		1650	South	2310	West	Chaves

⁸ Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

⁹ Proposed Pool 1 Undesignated Diablo Wolfcamp Gas	¹⁰ Proposed Pool 2
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¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary N/A	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3840'
¹⁶ Multiple N	¹⁷ Proposed Depth N/A	¹⁸ Formation Wolfcamp	¹⁹ Contractor N/A	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
In Place					

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

Propose to plug back as follows:
Set RBP 5570'. Perforate Wolfcamp 5512'-5536' (50 holes).
Stimulate as needed.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Tina Huerta</i>	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Tina Huerta	Title:	
Title: Regulatory Compliance Supervisor	Approval Date:	Expiration Date:
Date: July 15, 2002	Phone: 505-748-1471	Conditions of Approval: Attached <input type="checkbox"/>

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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 30-005-62636		² Pool Code 76053		³ Pool Name Undesignated Diablo Wolfcamp Gas	
⁴ Property Code 12626		⁵ Property Name Pathfinder AFT State			⁶ Well Number 3
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3840'

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
K	21	10S	27E		1650	South	2310	West	Chaves

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

16					¹⁷ OPERATOR CERTIFICATION
					<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature <i>Tina Huerta</i></p> <p>Printed Name Tina Huerta</p> <p>Title Regulatory Compliance Supervisor</p> <p>Date July 15, 2002</p>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 2px solid black; padding: 5px;"> <p>2310' W</p> </div> <div style="border: 2px solid black; padding: 5px;"> <p>1650' S</p> </div> <div style="border: 2px solid black; padding: 5px;"> <p>LG-5246</p> </div> </div>					¹⁸ SURVEYOR CERTIFICATION
					<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>See Original Plat</p> <p>Certificate Number</p>

19.15.3.104 WELL SPACING AND LOCATION

A. Classification Of Wells: Wildcat And Development Wells

(1) Wildcat Well

(a) In San Juan, Rio Arriba, Sandoval, and McKinley Counties a wildcat well is any well to be drilled the spacing unit of which is a distance of two miles or more from:

(i) the outer boundary of any defined pool that has produced oil or gas from the formation to which the well is projected to be drilled; and

(ii) any well that has produced oil or gas from the formation to which the proposed well is projected to be drilled.

(b) In all counties except San Juan, Rio Arriba, Sandoval, and McKinley, a wildcat well is any well to be drilled the spacing unit of which is a distance of one mile or more from:

(i) the outer boundary of any defined pool that has produced oil or gas from the formation to which the well is projected to be drilled; and

(ii) any well that has produced oil or gas from the formation to which the proposed well is projected.

(2) Development Well

(a) Any well that is not a wildcat well shall be classified as a development well for the nearest pool that has produced oil or gas from the formation to which the well is projected to be drilled. Such development well shall be spaced, drilled, operated, and produced in accordance with the rules in effect for that pool, provided the well is completed in that pool.

(b) Any well classified as a development well for a pool but completed in a producing formation not included in the vertical limits of that pool shall be operated and produced in accordance with the rules in effect for the nearest pool that is producing from that formation within the two miles in San Juan, Rio Arriba, Sandoval, and McKinley Counties or within one mile everywhere else. If there is no designated pool for that producing formation within the two miles in San Juan, Rio Arriba, Sandoval, and McKinley Counties or within one mile everywhere else, the well shall be re-classified as a wildcat well.

B. Oil Well Acreage And Well Location Requirements

(1) Any wildcat well that is projected to be drilled as an oil well to a formation and in an area that in the opinion of the Division may reasonably be presumed to be productive of oil rather than gas and each development well for a defined oil pool, unless otherwise provided in special pool orders, shall be located on a spacing unit consisting of approximately 40 contiguous surface acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, which is a governmental quarter-quarter section or lot, and shall be located no closer than 330 feet to any boundary of such unit. Only those 40-acre spacing units committed to active secondary recovery projects shall be permitted more than four wells.

(2) If a well drilled as an oil well is completed as a gas well but does not conform to the applicable gas well location rules, the operator must apply for administrative approval for a non-standard location before the well can produce. The Director may set any such application for hearing.

C. Gas Wells Acreage And Well Location Requirements

Any wildcat well that is projected to be drilled as a gas well to a formation and in an area that in the opinion of the Division may reasonably be presumed to be productive of gas rather than oil and each development well for a defined gas pool, unless otherwise provided in special pool orders, shall be spaced and located as follows:

(1) 640-Acre Spacing applies to any deep gas well in Rio Arriba, San Juan, Sandoval or McKinley County that is projected to be drilled to a gas producing formation older than the Dakota formation or is a development well within a gas pool created and defined by the Division after June 1, 1997 in a formation older than the Dakota formation, which formation or pool is located within the surface outcrop of the Pictured Cliffs formation (i.e., the San Juan Basin). Such well shall be located on a spacing unit consisting of 640 contiguous surface acres, more or less, substantially in the form of a square which is a section and legal subdivision of the U.S. Public Land Surveys and shall be located no closer than: 1200 feet to any outer boundary of the spacing unit, 130 feet to any quarter section line, and 10 feet to any quarter-quarter section line or subdivision inner boundary.

(2) 320-Acre Spacing applies to any deep gas well in Lea, Chaves, Eddy or Roosevelt County, defined as a well that is projected to be drilled to a gas producing formation or is within a defined

gas pool in the Wolfcamp or an older formation. Such well shall be located on a spacing unit consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U.S. Public Land Surveys provided that:

(a) the initial well on a 320-acre unit is 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;

(b) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section of the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and

(c) the Division-designated operator for the infill well is the same operator currently designated by the Division for the initial well.

(3) 160-Acre Spacing applies to any other gas well not covered above. Such well shall be located in a spacing unit consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section and a legal subdivision of the U.S. Public Land Surveys and shall be located no closer than 660 feet to any outer boundary of such unit and no closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

D. Acreage Assignment

(1) Well Tests and Classification. It is the responsibility of the operator of any wildcat or development gas well to which more than 40 acres has been dedicated to conduct a potential test within 30 days following completion of the well and to file the test with the Division within 10 days following completion of the test. (See Rule 401)

(a) The date of completion for a gas well is the date of the conclusion of active completion work on the well.

(b) If the Division determines that a well should not be classified as a gas well, the Division will reduce the acreage dedicated to the well to the standard acreage for an oil well. Failure of the operator to file the test within the specified time will also subject the well to such acreage reduction.

(2) Non-Standard Spacing Units. Any well that does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard spacing unit for the well has been formed and dedicated or until a non-standard spacing unit has been approved.

(a) Division District Offices have the authority to approve non-standard spacing units without notice when the unorthodox size or shape is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and/or consists of an entire governmental section and the non-standard spacing unit is not less than 70% or more than 130% of a standard spacing unit. The operator must obtain Division approval of Division Form C-102 showing the proposed non-standard spacing unit and the acreage contained therein.

(b) The Director may grant administrative approval to non-standard spacing units after notice and opportunity for hearing when an application has been filed and the unorthodox size or shape is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys or the following facts exist:

(i) the non-standard spacing unit consists of: (A) a single quarter-quarter section or lot or (B) quarter-quarter sections or lots joined by a common side; and

(ii) the non-standard spacing unit lies wholly within: a single quarter section if the well is completed in a pool or formation for which 40, 80, or 160 acres is the standard spacing unit size; a single half section if the well is completed in a pool or formation for which 320 acres is the standard spacing unit size; or a single section if the well is completed in a pool or formation for which 640 acres is the standard spacing unit size.

(c) Applications for administrative approval of non-standard spacing units pursuant to Subsection D, Paragraph (2), Subparagraph (b) of 19.15.3.104 NMAC shall be submitted to the Division's Santa Fe Office and accompanied by: (i) a plat showing the spacing unit and an applicable standard spacing unit for that pool or formation, the proposed well dedications and all adjoining spacing units; (ii) a list of affected persons as defined in Rule 1207.A(2); and (iii) a statement discussing the reasons for the formation of the non-standard spacing unit.

(d) The applicant shall submit a statement attesting that the applicant, on or before the date the application was submitted to the Division, sent notification to the affected persons by submitting a copy of the application, including a copy of the plat described in Subparagraph (c) above, by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the Division receives the application. The Director may approve the application upon receipt of waivers from all the notified persons or if no person has filed an objection within the 20-day period.

(e) The Director may set for hearing any application for administrative approval.

(3) Number of Wells Per Spacing Unit. Exceptions to the provisions of statewide rules or special pool orders concerning the number of wells allowed per spacing unit may be permitted by the Director only after notice and opportunity for hearing. Notice shall be given to those affected persons defined in Rule 1207.A.(2).

E. Forms - Form C-102 "Well Location and Acreage Dedication Plat" for any well shall designate the exact legal subdivision dedicated to the well. Form C-101 "Application for Permit to Drill, Deepen, or Plug Back" will not be approved without an acreage designation on Form C-102.

F. Unorthodox Locations

(1) Well locations for producing wells and/or injection wells that are unorthodox based on the requirements of Subsection B above and are necessary for an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that the unorthodox location within the project is no closer than the required minimum distance to the outer boundary of the lease or unitized area, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. These locations shall only require such prior approvals as are necessary for an unorthodox location.

(2) The Director may grant an exception to the well location requirements of Subsections B and C above or special pool orders after notice and opportunity for hearing when the exception is necessary to prevent waste or protect correlative rights.

(3) Applications for administrative approval pursuant to Subsection F, Paragraph (2) above shall be submitted to the Division's Santa Fe Office accompanied by (a) a plat showing the spacing unit, the proposed unorthodox well location and the adjoining spacing units and wells; (b) a list of affected persons as defined in Rule 1207.A(2); and (c) information evidencing the need for the exception. Notice shall be given as required in Rule 1207.A(2).

(4) The applicant shall submit a statement attesting that applicant, on or before the date that the application was submitted to the Division, sent notification to the affected persons by submitting a copy of the application, including a copy of the plat described in Subsection F, Paragraph (3) above, by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the Division receives the application. The Director may approve the unorthodox location upon receipt of waivers from all the affected persons or if no affected person has filed an objection within the 20-day period.

(5) The Director may set for hearing any application for administrative approval of an unorthodox location.

(6) Whenever an unorthodox location is approved, the Division may order any action necessary to offset any advantage of the unorthodox location.

G. Effect On Allowables

(1) If the drilling tract is within a prorated/allocated oil pool or is subsequently placed within such pool and the drilling tract consists of less than 39½ acres or more than 40½ acres, the top unit allowable for the well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40.

(2) If the drilling tract is within a prorated/allocated gas pool or is subsequently placed within such pool and the drilling tract consists of less than 158 acres or more than 162 acres in 160-acre pools, or less than 316 acres or more than 324 acres in 320-acre pools, or less than 632 acres or more than 648 acres in 640-acre pools, the top allowable for the well shall be decreased or increased in the proportion that the number of acres in the drilling tract bears to a standard spacing unit for the pool.

(3) In computing acreage under Paragraphs (1) and (2) above, less than ½ acre shall not be counted but ½ acre or more shall count as one acre.

(4) The provisions of Paragraphs (1) and (2) above shall apply only to wells completed after January 1, 1950.

H. Division-Initiated Exceptions - In order to prevent waste, the Division may, after hearing, set different spacing requirements and require different acreage for drilling tracts in any defined oil or gas pool.

I. Pooling Or Communitization Of Small Oil Lots

(1) The Division may approve the pooling or communitization of fractional oil lots of 20.49 acres or less with a contiguous oil spacing unit when the ownership is common and the tracts are part of the same lease with the same royalty interests if the following requirements are satisfied:

(a) Applications for administrative approval shall be submitted to the Division's Santa Fe Office and accompanied by: (i) a plat showing the dimensions and acreage involved, the ownership of such acreage, the location of all existing and proposed wells and all adjoining spacing units; (ii) a list of affected persons as defined in Rule 1207.A(2); and (iii) a statement discussing the reasons for the pooling or communitization.

(b) The applicant shall submit a statement attesting that the applicant, on or before the date the application was submitted to the Division, sent notification to the affected persons by submitting a copy of the application, including a copy of the plat described in (a) above, by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the Division receives the application. The Director may approve the application upon receipt of waivers from all the notified persons or if no person has filed an objection within the 20-day period.

(c) The Director may set for hearing any application for administrative approval.

(2) The Division may consider the common ownership and common lease requirements met if the applicant furnishes with the application a copy of an executed pooling agreement communitizing the tracts involved.

[1-1-50...2-1-96; A, 6-30-97; A, 8-31-99; 19.15.3.104 NMAC - Rn, 19 NMAC 15.C.104, 11-15-01]



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

May 14, 2002

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Robert Bullock

Telefax No. (505) 748-4572

Administrative Order NSL-4731

Dear Mr. Bullock:

Reference is made to the following: (i) your application dated March 15, 2002 (*application reference No. pMES0-213453836*); (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order DD-179 (H), dated July 3, 1997; and (iii) Mr. William F. Carr's telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division on Tuesday, March 19, 2002: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard gas well location to be applicable to the Undesignated Diablo-Wolfcamp Gas Pool (76053) for the existing Pathfinder "AFT" State Well No. 9 (API No. 30-005-62795) located 660 feet from the South line and 2200 feet from the West line (Unit N) of Section 21, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico.

The S/2 of Section 21, being a standard 320-acre lay-down gas spacing and proration unit for this horizon to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Wolfcamp gas well location is hereby approved.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
File: DD-179 (H)

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

57

Form C-103
 Revised March 25, 1999

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 S. 4th Street Artesia, NM 88210

4. Well Location
 Unit Letter **N** : **660** feet from the **South** line and **2200** feet from the **West** line
 Section **21** Township **10S** Range **27E** NMPM **Chaves** County

7. Well No.
9

8. Pool name or Wildcat
Undes. Diablo Wolfcamp Gas

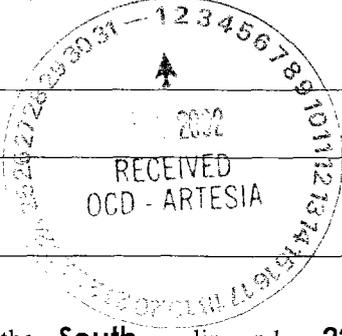
7. Lease Name or Unit Agreement Name:
Pathfinder AFT State

6. State Oil & Gas Lease No.
LG-5246

5. Indicate Type of Lease
 STATE FEE

WELL API NO.
30-005-62795

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
3822' GR



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

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

Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

5/9/02 - Rigged up Baker and set CIBP at 5735' with 35' of cement on top.
 5/13/02 - Frac'd Wolfcamp perms 5508'-5546' with 75,000 gals of 40# Viking and 115,400# of 20/40 sand.

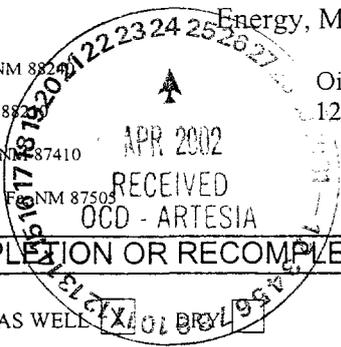
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Tina Huerta TITLE Regulatory Compliance Supervisor DATE May 30, 2002
 Type or print name Tina Huerta Telephone No. 505-748-1471

(This space for State use) APPROVED BY Sian M. Brown TITLE District Supervisor DATE JUN 05 2002

Conditions of approval, if any:

Submit To Appropriate District Office
 State Lease - 6 copies
 Private Lease - 5 copies
 District I
 25 N. French Dr., Hobbs, NM 88249
 District II
 1 South First, Artesia, NM 88210
 District III
 100 Rio Brazos Rd., Aztec, NM 87410
 District IV
 20 S. St. Francis Dr., Santa Fe, NM 87505



Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO.
30-005-62795

5. Indicate Type of Lease
 STATE FEE

State Oil & Gas Lease No.
LG-5246

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1. Type of Well:
 OIL WELL GAS WELL OTHER _____

2. Type of Completion:
 EW WORK PLUG DIFF.
 WELL OVER DEEPEN BACK RESVR. OTHER Recompletion

7. Lease Name or Unit Agreement Name
Pathfinder AFT State

Name of Operator
Artes Petroleum Corporation

8. Well No.
#9

Address of Operator
05 South 4th St., Artesia, NM 88210

Pool name or Wildcat
~~Under~~ **Diablo Wolfcamp Gas**

Well Location
 Unit Letter **N** : **660** Feet From The **South** Line and **2200** Feet From The **West** Line
 Section **21** Township **10S** Range **27E** NMPM **Chaves** County

10. Date Spudded N/A	11. Date T.D. Reached N/A	12. Date Compl. (Ready to Prod.) 3/15/02	13. Elevations (DF& RKB, RT, GR, etc.) 3822' GR	14. Elev. Casinghead
--------------------------------	-------------------------------------	--	---	----------------------

15. Total Depth 6410'	16. Plug Back T.D. 5900'	17. If Multiple Compl. How Many Zones?	18. Intervals Drilled By	19. Rotary Tools	20. Cable Tools
---------------------------------	------------------------------------	--	--------------------------	------------------	-----------------

3. Producing interval(s), of this completion - Top, Bottom, Name
508-5546' Wolfcamp
751-5762' Wolfcamp SI below packer with blanking plug

20. Was Directional Survey Made
No

4. Type Electric and Other Logs Run
None on recompletion

22. Was Well Cored
No

3. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
10-3/4"	40.5#	997'	14-3/4"	In Place	775
7-5/8"	29.7# & 26.4#	6410'	9-1/2"	In Place	1825

4. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-7/8"	5421'	5430'

5. Perforation record (interval, size, and number) 751-5762' 24 holes .42" Note - perfs 5751-5762' are currently SI below packer with blanking plug set at 5680') 508-5546' 78 holes .42"	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	5751-5762'	1100 gals 7.5% IC HCL
	5508-5546'	1900 gals 7.5% IC HCL

8. PRODUCTION

Date First Production 4/18/02	Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>) Flowing	Well Status (<i>Prod. or Shut-in</i>) Producing
---	--	---

Date of Test 4/16/02	Hours Tested 24	Choke Size 12/64"	Prod'n For Test Period	Oil - Bbl. 0	Gas - MCF 210	Water - Bbl. 0	Gas - Oil Ratio
--------------------------------	---------------------------	-----------------------------	------------------------	------------------------	-------------------------	--------------------------	-----------------

Flow Tubing Press. 270#	Casing Pressure Packer	Calculated 24-Hour Rate	Oil - Bbl. 0	Gas - MCF 210	Water - Bbl. 0	Oil Gravity - API - (Corr.)
-----------------------------------	----------------------------------	-------------------------	------------------------	-------------------------	--------------------------	-----------------------------

9. Disposition of Gas (*Sold, used for fuel, vented, etc.*)
Sold

Test Witnessed By
Tom Benedict

10. List Attachments

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature *Susan Herpin* Printed Name **Susan Herpin** Title **Engineering Tech.** Date **April 22, 2002**

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

ST Form C-104
Revised July 28, 2000

Submit to Appropriate District Office
5 Copies

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia NM 88210		² OGRID Number 025575
Note: Verbal approval received from Stogner with Santa Fe OCD for NSL		³ Reason for Filing Code/ Effective Date RC
⁴ API Number 30-005-62795	⁵ Pool Name Under Diablo Wolfcamp Gas	⁶ Pool Code 76053
⁷ Property Code 012626	⁸ Property Name Pathfinder AFT State	⁹ Well Number #9

II. 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
N	21	10S	27E		660	South	2200	West	Chaves

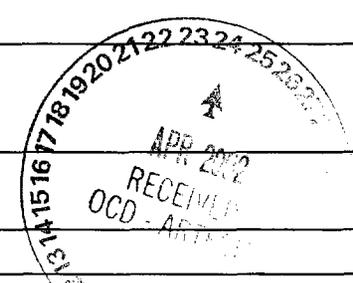
¹¹ Bottom Hole Location

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

¹² Lse Code S	¹³ Producing Method Code F	¹⁴ Gas Connection Date 3/18/02	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date
------------------------------------	---	---	-----------------------------------	------------------------------------	-------------------------------------

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name & Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
015694	Navajo Refining Company P. O. Drawer 159 Artesia, NM 88210	2831886	O	Unit K - Section 21 T10S-R27E
147831	Agave Energy Co. 105 South Fourth St Artesia, NM 88510	2831887	G	Unit K - Section 21 T10S-R27E



IV. Produced Water

²³ POD 2831888	²⁴ POD ULSTR Location and Description Unit K - Section 21 T10S-R27E
-------------------------------------	--

V. Well Completion Data

²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBDT	²⁹ Perforations	³⁰ DHC, MC
N/A	3/15/02	PBDT: 5900'	5900'	5508-5546'	
³¹ Hole Size	³² Casing & Tubing Size	³³ Depth Set	³⁴ Sacks Cement		
14-3/4"	10-3/4"	997'	In Place		
9-1/2"	7-5/8"	6410'	In Place		
	2-7/8"	5422'			

VI. Well Test Data

³⁵ Date New Oil 3/18/02	³⁶ Gas Delivery Date 3/18/02	³⁷ Test Date 4/16/02	³⁸ Test Length 24 hrs.	³⁹ Tbg. Pressure 270#	⁴⁰ Csg. Pressure Packer
⁴¹ Choke Size 12/64"	⁴² Oil 0	⁴³ Water 0	⁴⁴ Gas 210	⁴⁵ AOF	⁴⁶ Test Method Flowing

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Susan Herpin</i>	OIL CONSERVATION DIVISION				
	Approved by: <i>Jim W. Stum</i>				
	Title: <i>District Supervisor</i>				
	Approval Date: MAY 18 2002				
Printed name: Susan Herpin		Title: Engineering Technician			
Date: April 22, 2002	Phone: 505-748-1471				

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 Revised March 25, 1999

WELL API NO.
30-005-62795

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
LG-5246

7. Lease Name or Unit Agreement Name:
Pathfinder AFT State

7. Well No.
#9

8. Pool name or Wildcat
Undes. Diablo Wolfcamp Gas

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 S. 4th Street Artesia, NM 88210

4. Well Location
 Unit Letter **N** : **660** feet from the **South** line and **2200** feet from the **West** line
 Section **21** Township **10S** Range **27E** NMPM **Chaves** County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
3822' GR



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

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

Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Yates proposes to workover this well as follows:

- Retrieve packers set at 5430' and 5680'.
- Set a CIBP at 5720' capped with 20' cement to isolate the lower Wolfcamp perms 5751-5762'.
- Frac the upper Wolfcamp perms 5508-5546'.
- Return well to production.

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

SIGNATURE *Susan Helpin* TITLE Engineering Technician DATE May 7, 2002
 Type or print name Susan Helpin Telephone No. 505-748-1471

(This space for State use)

APPROVED BY *[Signature]* TITLE District Supervisor DATE MAY 18 2002

Conditions of approval, if any:

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

SF

Form C-103
 Revised March 25, 1999

WELL API NO.
30-005-62795

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
LG-5246

7. Lease Name or Unit Agreement Name:
Pathfinder AFT State

7. Well No.
#9

8. Pool name or Wildcat
Undes. Diablo Wolfcamp Gas

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

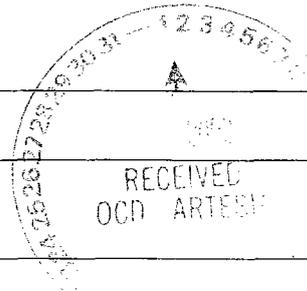
1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 S. 4th Street Artesia, NM 88210

4. Well Location
 Unit Letter **N** : **660** feet from the **South** line and **2200** feet from the **West** line
 Section **21** Township **10S** Range **27E** NMPM **Chaves** County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
3822' GR



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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: plug back, perforate and acidize <input checked="" type="checkbox"/>	

Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

- 3/1/02 - MIRU pulling unit.
- 3/4/02 - Set CIBP at 5910'. Perforate Wolfcamp 5751-5762', 24 holes, .42".
- 3/5/02 - Cap CIBP with 10' cement.
- 3/6/02 - Acidize perfs 5751-5762' with 1100 gals 7.5% IC HCL. Swab and flow test.
- 3/8/02 - Set blanking plug in packer at 5680'. Perforate Wolfcamp 5508-5546' with 78 holes, .42".
- 3/12/02 - Acidize perfs 5508-5546' with 1900 gals 7.5% IC HCL. Swab and flow test.
- 3/15/02 - Rig down and turn well to production department.

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

SIGNATURE *Susan Herpin* TITLE Engineering Technician DATE March 28, 2002
 Type or print name Susan Herpin Telephone No. 505-748-1471

APPROVED BY *Sean W. Gunn* TITLE District Supervisor DATE APR 03 2002
 Conditions of approval, if any:

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

State of New Mexico
Energy, Minerals & Natural Resources

SF

Form C-104
Revised July 28, 2000

District II
811 South First, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
5 Copies

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

AMENDED REPORT

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

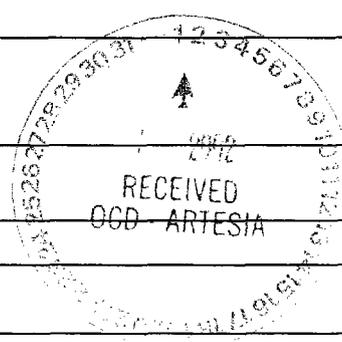
I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia NM 88210		² OGRID Number 025575
Note: Verbal approval received from Stogner with Santa Fe OCD for NSL		³ Reason for Filing Code/ Effective Date RT of Wolfcamp perms 5508-5546' for the month of March, 2002 Request 30,000 MCF gas
⁴ API Number 30-005-62795	⁵ Pool Name Undes. Diablo Wolfcamp Gas	⁶ Pool Code 76053
⁷ Property Code 012626	⁸ Property Name Pathfinder AFT State	⁹ Well Number #9

II. 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
N	21	10S	27E		660	South	2200	West	Chaves

III. ¹¹ Bottom Hole Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Lse Code	¹³ Producing Method Code	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				
S	F								

III. Oil and Gas Transporters				
¹⁸ Transporter OGRID	¹⁹ Transporter Name & Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
138648	Amoco P/L Int. Trucking 502 N. West Avenue Levelland, TX 79336	2831886	O	Unit K - Section 21 T10S-R24E
147831	Agave Energy Co. 105 South Fourth St Artesia, NM 88510	2831887	G	Unit K - Section 21 T10S-R24E



IV. Produced Water	
²³ POD	²⁴ POD ULSTR Location and Description
2831888	Unit K - Section 21 T10S-R24E

V. Well Completion Data					
²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBTB	²⁹ Perforations	³⁰ DHC, MC
³¹ Hole Size	³² Casing & Tubing Size	³³ Depth Set	³⁴ Sacks Cement		

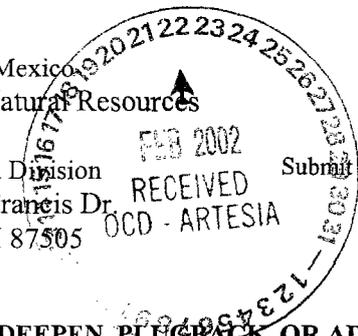
VI. Well Test Data					
³⁵ Date New Oil	³⁶ Gas Delivery Date	³⁷ Test Date	³⁸ Test Length	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
			24 hrs.		
⁴¹ Choke Size	⁴² Oil	⁴³ Water	⁴⁴ Gas	⁴⁵ AOF	⁴⁶ Test Method
					Flowing

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Susan Herpin</i>		OIL CONSERVATION DIVISION Approved by: <i>Sierra W. Brown</i> District Supervisor	
Printed name: Susan Herpin		Title: District Supervisor	
Title: Engineering Technician		Approval Date: APR 04 2002	
Date: March 28, 2002	Phone: 505-748-1471		

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



SF

Form C-101
Revised March 17, 1999
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

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

¹ Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		² OGRID Number 025575
³ Property Code 012626	⁵ Property Name Pathfinder AFT State	³ API Number 30-005-62795
		⁶ Well No. #9

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	21	10S	27E		660	South	2200	West	Chaves

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Undes. Diablo Wolfcamp Gas					¹⁰ Proposed Pool 2				

¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary N/A	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3822' GR
¹⁶ Multiple N/A	¹⁷ Proposed Depth PBTD - 5920'	¹⁸ Formation Wolfcamp	¹⁹ Contractor Unknown	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14-3/4"	10-3/4"	40.5#	997'	In place	Circulated
9-1/2"	7-5/8"	29.7# & 26.4#	6410'	In place	Circulated

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

Propose to recomplete well to the Wolfcamp zone as follows:
Clean out hole to 5930'. Set CIBP at 5930', capped with 10' of cement.
Perforate Wolfcamp 5708-5902'. Stimulate as needed for production.
Return well to production.
BOP Program: A 3000# BOP will be installed and tested daily.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.	OIL CONSERVATION DIVISION	
Signature: <i>Susan Herpin</i>	Approved by: <i>James W. Brown</i>	
Printed name: Susan Herpin	Title: <i>District Supervisor</i>	
Title: Engineering Technician	Approval Date: FEB 26 2002	Expiration Date: FEB 28 2003
Date: <i>February 22, 2002</i>	Phone: 505-748-1471	Conditions of Approval: <i>B66</i>
Attached <input type="checkbox"/> NSL required to Produce		

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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 30-005-62795		² Pool Code	³ Pool Name Diablo Wolfcamp Gas
⁴ Property Code 012626	⁵ Property Name Pathfinder AFT State		⁶ Well Number #9
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3822' GR

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
N	21	10S	27E		660	South	2200	West	Chaves

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
					<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Susan Herpin</i> Signature</p> <p>Susan Herpin Printed Name</p> <p>Engineering Technician Title</p> <p>February 21, 2002 Date</p>
	LG-5246				¹⁸ SURVEYOR CERTIFICATION
					<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>See Original Plat</p> <p>Certificate Number</p>

CMD : ONGARD
OG6IWCM INQUIRE WELL COMPLETIONS

08/01/02 13:46:49
OGOMES -TQG1

API Well No : 30 5 62795 Eff Date : 03-04-2002 WC Status : A
Pool Idn : 76053 DIABLO;WOLFCAMP (GAS)
OGRID Idn : 25575 YATES PETROLEUM CORPORATION
Prop Idn : 12626 PATHFINDER AFT STATE

Well No : 009
GL Elevation: 3822

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : N 21 10S 27E FTG 660 F S FTG 2200 F W P
Lot Identifier:
Dedicated Acre: 320.00
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

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

CMD : ONGARD
 OGGACRE C102-DEDICATE ACREAGE

08/01/02 13:46:59

OGOMES -TQG1

Page No : 1

API Well No : 30 5 62795 Eff Date : 03-04-2002
 Pool Idn : 76053 DIABLO,WOLFCAMP (GAS)
 Prop Idn : 12626 PATHFINDER AFT STATE
 Spacing Unit : 55984 OCD Order :
 Sect/Twp/Rng : 21 10S 27E Acreage : 320.00 Revised C102? (Y/N) :
 Dedicated Land:

 S Base U/L Sec Twp Rng Acreage L/W Ownership Lot Idn

I	21	10S	27E	40.00	N	ST	
J	21	10S	27E	40.00	N	ST	
K	21	10S	27E	40.00	N	ST	
L	21	10S	27E	40.00	N	ST	
M	21	10S	27E	40.00	N	ST	
N	21	10S	27E	40.00	N	ST	
O	21	10S	27E	40.00	N	ST	
P	21	10S	27E	40.00	N	ST	

E0005: Enter data to modify or PF keys to scroll

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

CMD : ONGARD
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL

08/01/02 13:47:09
OGOMES -TQG1
Page No: 1

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION
Pool Identifier : 76053 DIABLO;WOLFCAMP (GAS)
API Well No : 30 5 62795 Report Period - From : 01 2000 To : 06 2002

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water Stat	Well
30	5 62795	03 02 5	3688	F
30	5 62795 PATHFINDER APT STATE	04 02 12	2631	F
30	5 62795 PATHFINDER APT STATE	05 02 16	6392	F

Reporting Period Total (Gas, Oil) : 12711 202

M0025: Enter PF keys to scroll

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