

DATE 10/4/02	DATE 10/24/02	ENGINEER	LOGGED IN KW	TYPE NSL	APP NO. 228031644
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ABOVE THIS LINE FOR DIVISION USE ONLY

4801

**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

OCT - 4 2002

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.

CLIFTON R. MAY  
 Print or Type Name

Clifton R. May  
 Signature

REGULATORY AGENT  
 Title

10/1/02  
 Date

landdept@ypc.nm.com  
 e-mail Address

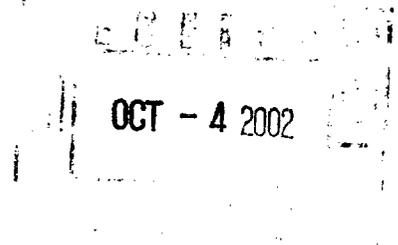
MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

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

October 1, 2002



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

RE: Application for Unorthodox Location  
Papalotes "ATA" #1  
1960' FSL & 330' FEL (Unit I)  
Section 34, T14S-R34E  
Lea County, New Mexico  
Lease #VA-0357

Dear Mr. Stogner:

This well was originally drilled in 1996 as the Papalotes Unit #1 well, API No. 30-025-33275. When the unit went away, the name was changed to the Papalotes "ATA" #1. This well was originally permitted as a Strawn oil well at a legal location. In early April 1996, while drilling this well, Yates proposed to continue this well to a total depth of 13,665 feet to test down and to include the Morrow interval for gas production. In June 1996, this well was completed as a gas well within the Atoka formation only. Yates now wants to come up the hole to test and produce gas from the Undesignated High Plains Permo Upper Penn Pool. This pool calls for a 160 acre spacing which will be the southeast quarter forming a standard proration unit. Yates Petroleum Corporation is the leaseholder for lease VA-0395 which the well is located on. Yates is also the leaseholder on the East. Yates requests administrative approval for this non-standard location at your earliest convenience.

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
October 1, 2002

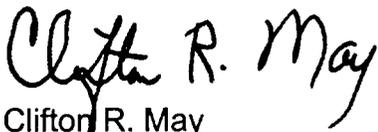
Page 2

I certify that to the best of my knowledge that the information included is current and correct. Should you need anything further, please contact me at the above address or by phone at (505) 748-4372.

Thank you.

Sincerely,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink that reads "Clifton R. May". The signature is written in a cursive style with a large, prominent "M" at the end.

Clifton R. May  
Regulatory Agent

CRM/rca  
Enclosure(s)

**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  
**OIL CONSERVATION DIVISION**  
 1220 South St. Francis Dr.

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

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-025-33275</b>		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name <b>Undesignated High Plains Permo Upper Penn</b>	
<sup>4</sup> Property Code <b>18340</b>	<sup>5</sup> Property Name <b>Papalotes ATA</b>			<sup>6</sup> Well Number <b>1</b>
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>			<sup>9</sup> Elevation <b>4092' GR</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>1</b>	<b>34</b>	<b>14S</b>	<b>34E</b>		<b>1960</b>	<b>South</b>	<b>330</b>	<b>East</b>	<b>Lea</b>

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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					<sup>17</sup> 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>Stormi Davis</i> Signature</p> <p><b>Stormi Davis</b> Printed Name</p> <p><b>Regulatory Compliance Technician</b> Title</p> <p><b>9-25-02</b> Date</p>
					<sup>18</sup> 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><b>See Original Plat</b></p> <p>Certificate Number</p>

NSL

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name WILCOCK STRAWN
Property Code 18340	Property Name PAPALOTES UNIT		Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 4092

10 Surface Location

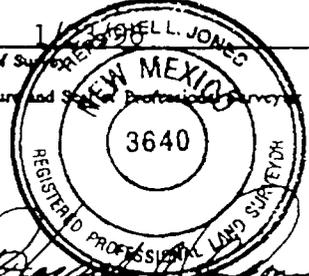
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	34	14S	34E		1960	South	330	East	Lea

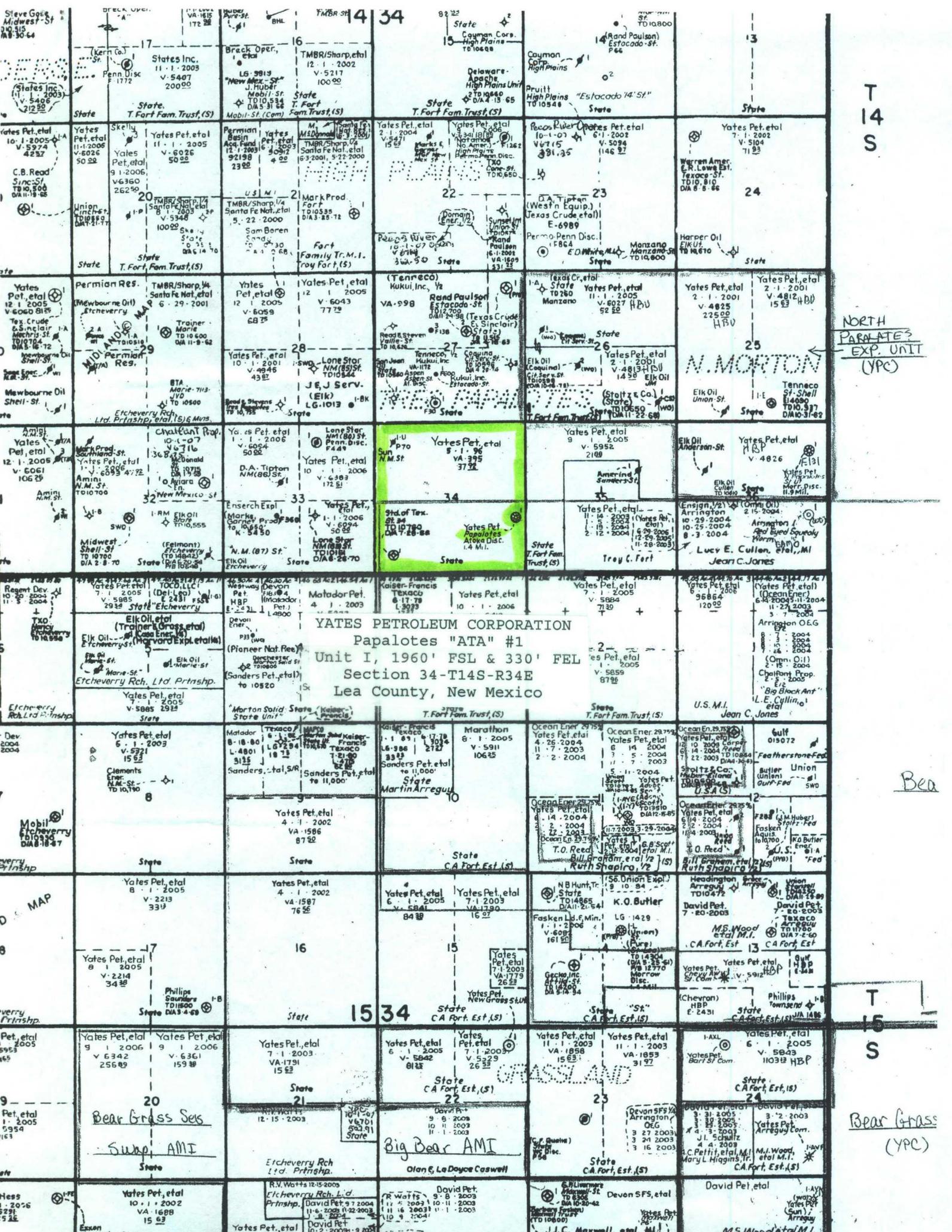
11 Bottom Hole Location If Different From Surface

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

11 Dedicated Acres 40	12 Joint or Infill	13 Consolidation Code	14 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 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature: <u>Clyde R. May</u> Printed Name: <u>CLYDE R. MAY</u> Title: <u>REGULATORY AGENT</u> Date: <u>1-30-96</u>
			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: <u>1/30/96</u> Signature and Seal: <u>[Signature]</u>  Certificate Number: <u>3640</u>	
	ORIGINAL PLAT		VA-0357 0330' 1960'	



T  
14  
S

NORTH  
PARALOTES  
EXP. UNIT  
(YPC)

N. MORTON

YATES PETROLEUM CORPORATION  
Papalotes "ATA" #1  
Unit I, 1960' FSL & 330' FEL  
Section 34-T14S-R34E  
Lea County, New Mexico

Bea

T  
15  
S

Bear Grass  
(YPC)

Steve Goss  
Midwest - St  
10-315  
10-30-64

Yates Pet. etal  
10-1-2005  
V-5974  
4257  
C.B. Read  
Sinc-St  
TD1030  
DIA 8-1-02

Yates Pet. etal  
12-1-2005  
V-6061  
10625  
Amin  
N.M. St.  
TD10700

Yates Pet. etal  
12-1-2005  
V-6061  
10625  
Amin  
N.M. St.  
TD10700

Regent Dev  
10-30-2004  
11-5-2004  
T.M. Harty  
Mercury  
TD10536

Dev  
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2004  
Mobil  
Etcheverry  
TD10934  
DIA 8-1-07

Yates Pet. etal  
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Yates Pet. etal  
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States Inc.  
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T. Fort Fam. Trust, (S)

Yates Pet. etal  
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Yates Pet. etal  
9-1-2006  
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Permian Res.  
(Mowbourne Oil)  
Etcheverry  
6-29-2001  
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Yates Pet. etal  
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(Marks)  
Gardner  
K-5450  
N.M. (87) St.  
Etcheverry

Elk Oil etal  
(Trainers Cross etal)  
Etcheverry etal  
(Mowbourne Exp etal)

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T.M.B.R./Sharp, etal

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V-5971  
1523

Yates Pet. etal  
4-1-2002  
VA-1586  
8752

Yates Pet. etal  
8-1-2005  
V-2213  
339

Yates Pet. etal  
8-1-2005  
V-2214  
3438

Yates Pet. etal  
9-1-2006  
V-6342  
25549

Yates Pet. etal  
9-1-2006  
V-6361  
15938

Yates Pet. etal  
10-1-2002  
VA-1688  
1563

**(NORTH BAGLEY-LOWER PENNSYLVANIAN POOL) -  
Cont'd.)**

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

**IT IS FURTHER ORDERED:**

(1) That the locations of all wells presently drilling to or completed in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before June 15, 1967.

(2) That each well presently drilling to or completed in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

**HIGH PLAINS-PENNSYLVANIAN POOL  
Lea County, New Mexico**

Order No. R-2874, Adopting Temporary Operating Rules for the High Plains-Pennsylvanian Pool, Lea County, New Mexico, March 5, 1965, as Amended by Order No. R-2874-C, September 27, 1985.

Order No. R-2874-A, March 16, 1966, continues for one year the rules adopted in Order No. R-2874.

Order No. R-2874-B, March 14, 1967, makes permanent the rules adopted in Order No. R-2874.

See separate Order No. R-7955, June 12, 1985, extending the horizontal limits of the High Plains-Permo Pennsylvanian Pool.

Application of Apache Corporation for Pool Extension and Special Pool Rules, Lea County, New Mexico.

CASE NO. 3206  
Order No. R-2874

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:** This cause came on for hearing at 9 o'clock a.m. on February 10, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1965, 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 the applicant, Apache Corporation, seeks the extension of the horizontal limits of the High Plains-Pennsylvanian Pool in Lea County, New Mexico, to include the following described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 14: SW/4  
Section 15: SE/4  
Section 22: E/2  
Section 23: NW/4

(3) That the horizontal limits of the High Plains-Pennsylvanian Pool should be extended to include the above-described area.

(4) That the applicant also seeks the promulgation of temporary special rules and regulations governing said pool, including a provision for 160-acre spacing units.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the High Plains-Pennsylvanian Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in March, 1966, at which time the operators in the subject pool should be prepared to appear and show cause why the High Plains-Pennsylvanian Pool should not be developed on 80-acre or 40-acre spacing units.

**IT IS THEREFORE ORDERED:**

(1) That the horizontal limits of the High Plains-Pennsylvanian Pool in Lea County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 14: SW/4  
Section 15: SE/4  
Section 22: E/2  
Section 23: NW/4

(2) That temporary Special Rules and Regulations for the High Plains-Pennsylvanian Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
HIGH PLAINS-PENNSYLVANIAN POOL**

**RULE 1.** Each well completed or recompleted in the High Plains-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

## (HIGH PLAINS-PENNSYLVANIAN POOL - Cont'd.)

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, comprising a governmental quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. (As Amended by Order No. R-2874-C, September 27, 1985.) Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 30 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

## IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the High Plains-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1965.

(2) That each well presently drilling to or completed in the High Plains-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 160 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in March, 1965, at which time the operators in the subject pool may appear and show cause why the High Plains-Pennsylvanian Pool should not be developed on 80-acre or 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

MORTON-LOWER WOLFCAMP POOL  
Lea County, New Mexico

Order No. R-2872, Creating and Adopting Temporary Operating Rules for the Morton-Lower Wolfcamp Pool, Lea County, New Mexico, March 5, 1965.

Order No. R-2872-A, March 16, 1966, makes permanent the rules adopted in Order No. R-2872.

Application of Union Oil Company of California for the Creation of a New Oil Pool and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 3204  
Order No. R-2872

## ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on February 10, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1965, 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 the applicant, Union Oil Company of California, seeks the creation of a new oil pool for Wolfcamp production and the promulgation of temporary special rules and regulations governing said pool, including a provision of 80-acre spacing.

(3) That the applicant's State Well No. 1-7 located in Unit D of Section 7, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Morton-Lower Wolfcamp Pool; that the vertical limits of said pool should be the zone encountered in said well between 10,182 and 10,670 feet;

High Plain Perms Upper Pennsylvania Pool

County, \_\_\_\_\_

Township \_\_\_\_\_ Range \_\_\_\_\_

Township \_\_\_\_\_ Range \_\_\_\_\_

Township \_\_\_\_\_ Range \_\_\_\_\_

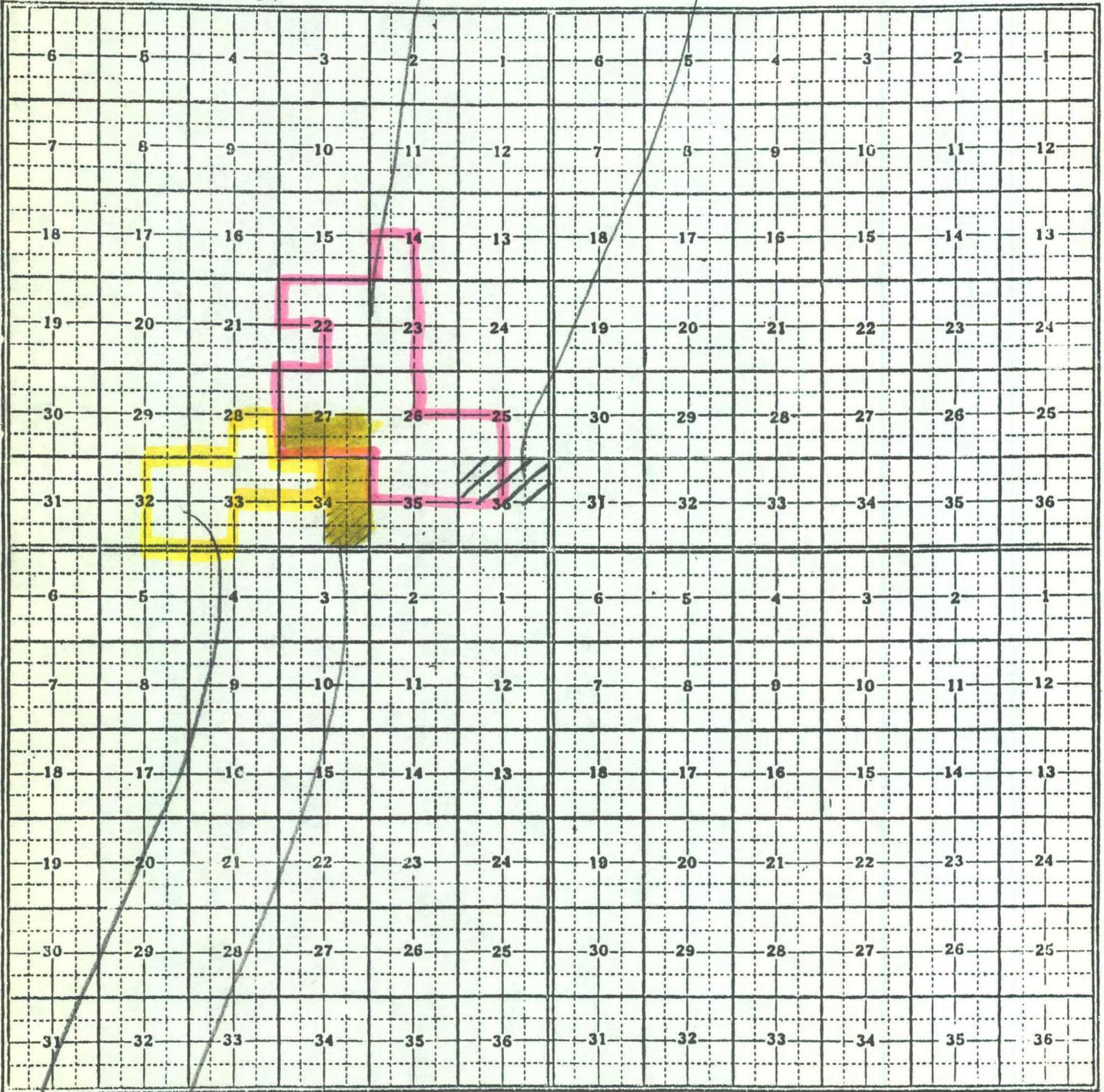
Township \_\_\_\_\_ Range \_\_\_\_\_

Form 104-(Four on Township)

North Martin-Morrow Gas Pool

24

14



15

Tres Papalato  
Tres Papalato Atka Co  
Pennsylvania

**TRES PAPALOTES-PENNSYLVANIAN POOL**  
Lea County, New Mexico

Order No. R-3963, Adopting Temporary Operating Rules for the Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, May 12, 1970.

Order No. R-3963-A, April 6, 1971, makes permanent the rules adopted in Order No. R-3963.

Application of Lone Star Producing Company for Special Pool Rules, Lea County, New Mexico.

CASE NO. 4353  
Order No. R-3963

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:** This cause came on for hearing at 9 a.m. on April 29, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of May, 1970, 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 the applicant, Lone Star Producing Company, seeks the promulgation of special rules and regulations for the Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

(3) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Tres Papalotes-Pennsylvanian Pool.

(4) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(6) That this case should be reopened at an examiner hearing in April, 1971, at which time the operators in the subject pool should be prepared to appear and show cause why the Tres Papalotes-Pennsylvanian Pool should not be developed on less than 160-acre spacing units.

**IT IS THEREFORE ORDERED:**

That temporary Special Rules and Regulations for the Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS**  
**FOR THE**  
**TRES PAPALOTES-PENNSYLVANIAN POOL**

**RULE 1.** Each well completed or recompleted in the Tres Papalotes-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

**RULE 2.** Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

**RULE 3.** The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

**RULE 5.** The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

**RULE 6.** A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres:

**IT IS FURTHER ORDERED:**

(1) That the locations of all wells presently drilling to or completed in the Tres Papalotes-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before June 1, 1970.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing

**(HIGH PLAINS-PERMO PENNSYLVANIAN POOL -  
Cont'd.)**

(4) The High Plains Permo-Pennsylvanian Pool, as currently defined, includes the SW/4 of Section 14, the NW/4 and E/2 of Section 22, the W/2 of Section 23 and the W/2 of Section 26 of Township 14 South, Range 34 East, NMPM.

(5) Said Section 35 is bounded by both the North Morton and High Plains Permo-Pennsylvanian Pools.

(6) The applicant seeks the contraction of the North Morton Permo-Pennsylvanian Pool by the deletion therefrom of the S/2 of Section 25, the SE/4 of Section 26, and the N/2 of Section 36, Township 14 South, Range 34 East, NMPM, and the concomitant extension of the High Plains Permo-Pennsylvanian Pool to include the SW/4 of Section 25, the SE/4 of Section 26, and the NW/4 of Section 36, Township 14 South, Range 34 East, NMPM.

(7) The geological evidence presented at the hearing indicates that there is a generally Northeast-Southwest trending area of low permeability separating the three most westerly of the North Morton Pool wells (located in the SE/4 SW/4 of Section 25, the SW/4 SW/4 of the Section 26, and the SW/4 NW/4 of Section 36) from the remainder of the wells in the pool.

(8) The evidence further indicates that the aforesaid three wells are in communication with, and should properly be reclassified in, the High Plains Permo-Pennsylvanian Pool.

(9) No party appeared and objected to the proposed contraction and extension of said pools.

(10) The owner and operator of the aforesaid three wells waived objection to the reclassification of said wells from the North Morton Pool to the High Plains Pool.

(11) Contraction of the horizontal limits of the North Morton Permo-Pennsylvanian Pool and the concomitant extension of the High Plains Permo-Pennsylvanian Pool, all as described in Finding Paragraph No. (6) above, will not cause waste nor impair correlative rights and should be approved, subject to the following provisions:

A. Any well which is reclassified from the North Morton Pool to the High Plains Pool should be subject to the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool as promulgated by Division Order No. R-2874, as amended, except as herein provided.

B. The location of any well reclassified from the North Morton Pool to the High Plains Pool whose location does not comply with the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool should be automatically approved as an exception to said special pool rules.

C. The operator of any well so reclassified should have 60 days from the date of entry of this order in which to file new

Division Forms C-102, Well Location and Acreage Dedication Plat, for each such well, dedicating thereto 160 acres, or to obtain approval of a non-standard proration unit.

**IT IS THEREFORE ORDERED THAT:**

(1) The North Morton Permo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion therefrom of the following described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 25: S/2  
Section 26: SE/4  
Section 36: N/2

(2) The High Plains Permo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 25: SW/4  
Section 26: SE/4  
Section 36: NW/4

(3) Any well drilling to or completed in the Permo-Pennsylvanian formation within the lands described in Ordering Paragraph No. (2) above whose location does not comply with the well location requirements of the High Plains Permo-Pennsylvanian Pool as set forth in Division Order No. R-2874, as amended, is hereby granted an exception to said well location requirements.

(4) The lands described in Ordering Paragraph No. (2) above shall be subject to the Special Pool Rules for the High Plains Permo-Pennsylvanian Pool, as shall any well located thereon which is drilling to or completed in the Permo-Pennsylvanian formation.

**IT IS FURTHER ORDERED THAT:**

(5) Pursuant to Section 70-2-18, NMSA, 1978, contained in Chapter 271, Laws of 1969, any well, which by virtue of this order, 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 date of entry 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.

(6) Jurisdiction of this cause and the subject matter thereof is retained for the entry of such further orders as the Division may deem necessary.

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

## (WEST CASEY-STRAWN POOL - Cont'd.)

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

## IT IS THEREFORE ORDERED THAT:

(1) The locations of all wells presently drilling to or completed in the West Casey-Strawn Pool or in the Strawn formation within one mile therefore, and not nearer to or within the limits of another designated Strawn Pool, are hereby approved; the operator of a well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1986.

(2) Each well presently drilling to or completed in the West Casey-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn pool shall receive a 40-acre allowable until Form C-102 dedicating 80 acres to the well has been filed with the Division.

(3) This case shall be reopened at an examiner hearing in March, 1987, at which time the operators in the subject pool may appear and show cause why the West Casey-Strawn Pool should not be developed on 40-acre spacing units.

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

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

HIGH PLAINS-PERMO PENNSYLVANIAN POOL  
Eddy County, New Mexico

Order No. R-7955, Extending the Horizontal Limits of the High Plains-Permo Pennsylvanian Pool, Eddy County, New Mexico, June 12, 1985.

Application of Wayne Newkumet for the Contraction of the Horizontal Limits of Two Permo Pennsylvanian Oil Pools, Lea County, New Mexico.

CASE NO. 8600  
Order No. R-7955

## ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8 a.m. on May 22, 1985, and on June 5, 1985, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and Gilbert P. Quintana, respectively.

NOW, on this 12th day of June, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

## FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Wayne Newkumet, is the owner of certain oil and gas interests in Section 35, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) The North Morton Permo-Pennsylvanian Pool, as currently defined, includes the SW/4 of Section 29, all of Section 31, and the NW/4 of Section 32 of Township 14 South, Range 35 East, NMPM, the S/2 of Section 25, the SE/4 of Section 26 and the N/2 of Section 36 of Township 14 South, Range 34 East, NMPM, and the NW/4 of Section 6 of Township 15 South, Range 35 East, NMPM.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**BETTY RIVERA**  
Cabinet Secretary

October 22, 2002

**Lori Wrotenbery**  
Director  
Oil Conservation Division

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

Attention: Mr. Clifton R. May

Re: Papalotes "ATA" Well No. 1  
API No. 30-025-33275  
1960' FSL & 330' FEL, Unit I,  
Section 34, T-14S, R-34E, NMPM,  
Lea County, New Mexico

Dear Mr. May:

I am in the process of reviewing your application for approval of an unorthodox location for the Papalotes "ATA" Well No. 1, (Division Application No. krv-228031644) and I have two additional questions concerning the application.

Your application states that Yates is the owner of the lease in Section 35 to the east of the Papalotes "ATA" Well No. 1. Is the working interest ownership common between the SE/4 of Section 34 and the SW/4 of Section 35. If there are working interest owners in the SW/4 of Section 35 that do not own an interest in the SE/4 of Section 34, Rule 1207.A.(2)(a) requires that notice be provided to such owners.

This well was completed in the Tres Papalotes-Atoka Gas Pool in 1996. Please reference the Division order that authorized Yates to produce this well at an unorthodox gas well location for the Tres Papalotes-Atoka Gas Pool.

Please provide the requested data within ten days of this letter. Current Division Policy precludes holding an administrative application for more than 30-days.

Sincerely,  
  
David Catanach  
Engineer

Xc: OCD-Hobbs

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

OCT 29

October 28, 2002

Mr. David Catanach, Engineer  
NM Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**Certified Mail**  
Return Receipt Request

RE: Division Application No. krv-228031644  
Unorthodox Location for Papalotes "ATA" Well No. 1

Dear Mr. Catanach:

The working interest owners in the SW/4 of Section 35 also are working interest owners in the SE/4 of Section 34. Therefore notification is not required. The common working interest owners are ABO Petroleum Corporation, MYCO Industries, Inc., Yates Drilling Company, and Yates Petroleum Corporation.

On November 14, 1996, Yates was granted Division order No. R-10707 that authorized Yates to produce this well at an unorthodox gas well location for the Tres Papalotes-Atoka Gas Pool.

I believe this answers your two questions concerning Yates' application stated in your letter dated 10/22/02. Should additional information be needed, please contact me at (505) 748-4347. Thank you for your time.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May  
Regulatory Agent

CYC/rca