

23182 9064

NSL

12/2/02

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
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P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert

mfeldewert@hollandhart.com

44499-0009

November 12, 2002

VIA HAND DELIVERY

Lori Wrotenberg
Director - OCD
NM Energy, Minerals & Natural Resources Dept.
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: *Application of Harvey E. Yates Company for Administrative
Approval of an Unorthodox Well Location for its Loco Hills
Welch Well No. 4;
Section 4, T-18-S, R-29-E, N.M.P.M., Eddy County,
New Mexico.*

Dear Ms. Wrotenberg:

Harvey E. Yates Company ("Heyco") seeks administrative approval of an unorthodox well location for its existing Loco Hills Welch Well No. 4, located 1980 feet from the South line and 2310 feet from the East line (Unit J) of Section 4, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. This well was previously completed in the Mississippian formation (Empire South Morrow Pool) and a standard 320-acre spacing unit comprised of the S/2 of Section 4 is dedicated to the well. See Exhibit A (Division well file). The well is not productive and Heyco has undertaken efforts to move up-hole and recomplete the well as a wildcat well in the Atoka formation. This Atoka recompletion effort is governed by the Division's statewide rules that require gas wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located. See Division Rule 104.C(2). The well's existing location is 330 feet off of the quarter section line and therefore encroaches on the SW/4 by 330 feet.

Approval of this application will avoid the drilling of an unnecessary well in the SE/4 of Section 4 and allow Heyco and the interest owners in this S/2 spacing unit to efficiently and economically produce their just and fair share of the reserves underlying their acreage.

Exhibit B is a plat showing the S/2 spacing unit, the unorthodox well location, and the adjoining spacing units and wells. Exhibit C is a land locator map. Since this well only encroaches upon acreage dedicated to the well, and

30-015-30960

K
152 well

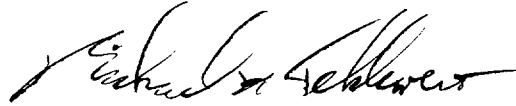
HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

Lori Wrotenbery
November 12, 2002
Page 2

Heyco is the operator of the spacing unit, there are no affected parties to be notified of this application.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written in a cursive style.

Michael H. Feldewert

MHF:jl

cc: Melissa Randle (w/enclosures)

Enclosures

3010615_1.DOC

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
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

SK Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-015-30960
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Loco Hills Welch
8. Well No. 4
9. Pool name or Wildcat Empire South Morrow
10. Elevation (Show whether DR, RKB, RT, GR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR TO TEST 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
Harvey E. Yates Company

3. Address of Operator
P.O. Box 1933, Roswell, NM 88202

4. Well Location
Unit Letter J : 1980 feet from the South line and 2310 feet from the East line
Section 4 Township 18S Range 29E NMPM Eddy County

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

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐	REMEDIAL WORK ☐
PLUG AND ABANDON ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	COMMENCE DRILLING OPNS. ☐
CHANGE PLANS ☐	PLUG AND ABANDONMENT ☐
PULL OR ALTER CASING ☐	CASING TEST AND CEMENT JOB ☐
MULTIPLE COMPLETION ☐	OTHER: <u>TD & 5 1/2" casing</u> ☒
OTHER: ☐	

12. 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.

TD @ 6:15 pm - 4/7/2000

Ran 265 jts 5 1/2" 17# S-95, N-80 & J-55 csg. Set at 11,206'.

Cement 1st stage w/600 sxs (15:61:11) Class "C" .6% FL-52, 8# gilsonite & .6% FL-25. PD @ 7:15 pm, 4/9/2000.

Cement 2nd stage w/800 sxs 35:65 Poz/H w/.6 & gel, & 5# salt per sx. Tail in w/100 sxs "H" neat. Pd @ 2:30 am, 4/10/2000.

Rig released @ 8:30 am, 4/10/2000.

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

SIGNATURE Dianna Rodgers TITLE Production Analyst DATE April 10, 2000

Type or print name Dianna Rodgers Telephone No. 505-623-6601

(This space for State use)

APPROVED BY Don W. Brown TITLE District Supervisor DATE 4-13-00

EXHIBIT A al, if any: Please submit subsequent report estimating TOC.

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
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. ☒ 30-015-30960
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Loco Hills Welch
8. Well No. 4
9. Pool name or Wildcat Empire South Morrow

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
Harvey E. Yates Company

3. Address of Operator
P.O. Box 1933, Roswell, NM 88202

4. Well Location
Unit Letter **J** : **1980** feet from the **South** line and **2310** feet from the **East** line
Section **4** Township **18S** Range **29E** NMPM **Eddy County**

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

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

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐	REMEDIAL WORK ☐ ALTERING CASING ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐	CASING TEST AND CEMENT JOB ☐
OTHER: ☐	OTHER: Spud, Surface & Intermediate Casing ☒

12. 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.

2/29/2000

MI & RU. Spud well @ 3:45 a.m. 2/29/2000.

3/01/2000

Run 10 jts 13 3/8" 48# ST&C H-40 csg. Set @ 428'. Cement w/425 sxs "C" w/2% CaCl & 1/4# celloseal. PD @ 6:15 pm, 2/29/2000. WOC 4 hours. GIH & tag cement @ 135'. Pump 50 sxs "C" w/3% CaCl & WOC 1.5 hrs. Tag cement, 2' fill. Pump 50 sxs "C" w/4% CaCl & WOC 1.5 hours. Tag cement, 18' fill. Pump 125 sxs "C" w/3% CaCl. Circ 25 sxs to pit.

3/02/2000

Test BOP & casing to 500#/30 minutes. Held okay.

3/09/2000

Ran 72 jts 8 5/8" 32# ST&C J-55 csg, set @ 3100'. Cement w/1300 sxs 65:35 "C" poz w/6% gel, 5% salt, 2% CaCl & 1/4 # celloseal. Tail in w/350 sxs class "C" w/2% CaCl & 1/4# celloseal. PD @ 10:00 am, 3/9/2000. WOC 12 hours. Test csg & BOP stack to 1500#/30 minutes. Held ok.

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

SIGNATURE Dianna Rodgers TITLE Production Analyst DATE March 17, 2000

Type or print name Dianna Rodgers Telephone No. 505-623-6601

(This space for State use)

APPROVED BY Jim W. Gunn TITLE District Supervisor DATE 3-21-00
Conditions of approval, if any:

State of New Mexico
Energy, Minerals & Natural Resources Department

State of New Mexico
Energy, Minerals & Natural Resources Department

FEB 10 2000

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease-6 Copies
Fee Lease-4 Copies

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

District III
1000 Rte Brazos Rd., Aztec, NM 87416

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

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

Operator Name and Address Harvey E. Yates Company P.O. Box 1933 Roswell, N.M. 88202		COMD Number 10179 API Number 30-015-30960
Property Code 12958	Property Name LOCO HILLS WELCH	Well No. 4

Surface Location

UL or Lot no.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
J	4	T18S	R29E		1980	SOUTH	2310	EAST	EDDY

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
Proposed Pool 1 EMPIRE SOUTH MORROW					Proposed Pool 2 76400				

Work Type Code	Well Type Code	Cable/Rotary	Lease Type Code	Ground Level Elevation
N Multiple	G Proposed Depth	ROTARY Formation	S Contractor	3528 Spud Date
N	11,280	MISSISSIPPIAN	PETERSON DRILLING	16-Mar-00

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Bags of Cement	Estimated YOC
17 1/2"	13 3/8"	48#	400'	425	CIRC. TO SURFACE
12 1/4"	8 5/8"	32#	3,100'	1200	CIRC. TO SURFACE
7 7/8"	5 1/2"	17#	11,250'	1200	800' ABOVE PAY
					Tie back to 200' above intermediate

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.

MUD PROGRAM

DEPTH TYPE OF MUD
0-400 FRESH WATER w/ PAPER & SHALE GUARD.
400-3100 BRINE WATER w/ PAPER & SHALE GUARD.
3,100-7,800 FRESH WATER w/ PAPER, SHALE GUARD, N03, 18-20,000 CHLORIDES, & SWEEPS AS NEEDED.
7,800-11,280 MUD UP WITH FLOZAN AND DRISPA

PRESSURE CONTROL EQUIPMENT

BOP w/ ANNULAR. ALTHOUGH THE RIG EQUIPMENT IS RATED 3M, THIS WELL WILL BE RATED 2M.
UPPER AND LOWER KELLY COCK. ROTATING HEAD PRIOR TO WOLFCAMP.

OTHER

THIS IS A POSSIBLE H2S AREA. AN H2S COMPLIANCE PACKAGE WILL BE UTILIZED.

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

Signature: *Bob Williams*
Printed Name: Bob Williams

Title: Drilling Superintendent

Date: 1/31/2000

Phone: 505-623-8801

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUN
Title: DISTRICT II SUPERVISOR

Approval Date: 2-4-00 Expiration Date: 2-4-01

Conditions of Approval:
Attached

DISTRICT I

P.O. Box 1900, Hobbs, NM 88241-1900

DISTRICT II

P.O. Box 100, Artesia, NM 88211-0710

DISTRICT III

1900 Rio Branson Rd., Artesia, NM 87410

DISTRICT IV

P.O. Box 5000, Santa Fe, NM 87504-5000

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LOCO HILLS WELCH	Well Number 4
OGRID No.	Operator Name HARVEY E. YATES COMPANY	Elevation 3528

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	4	18 S	29 E		1980	SOUTH	2310	EAST	EDDY

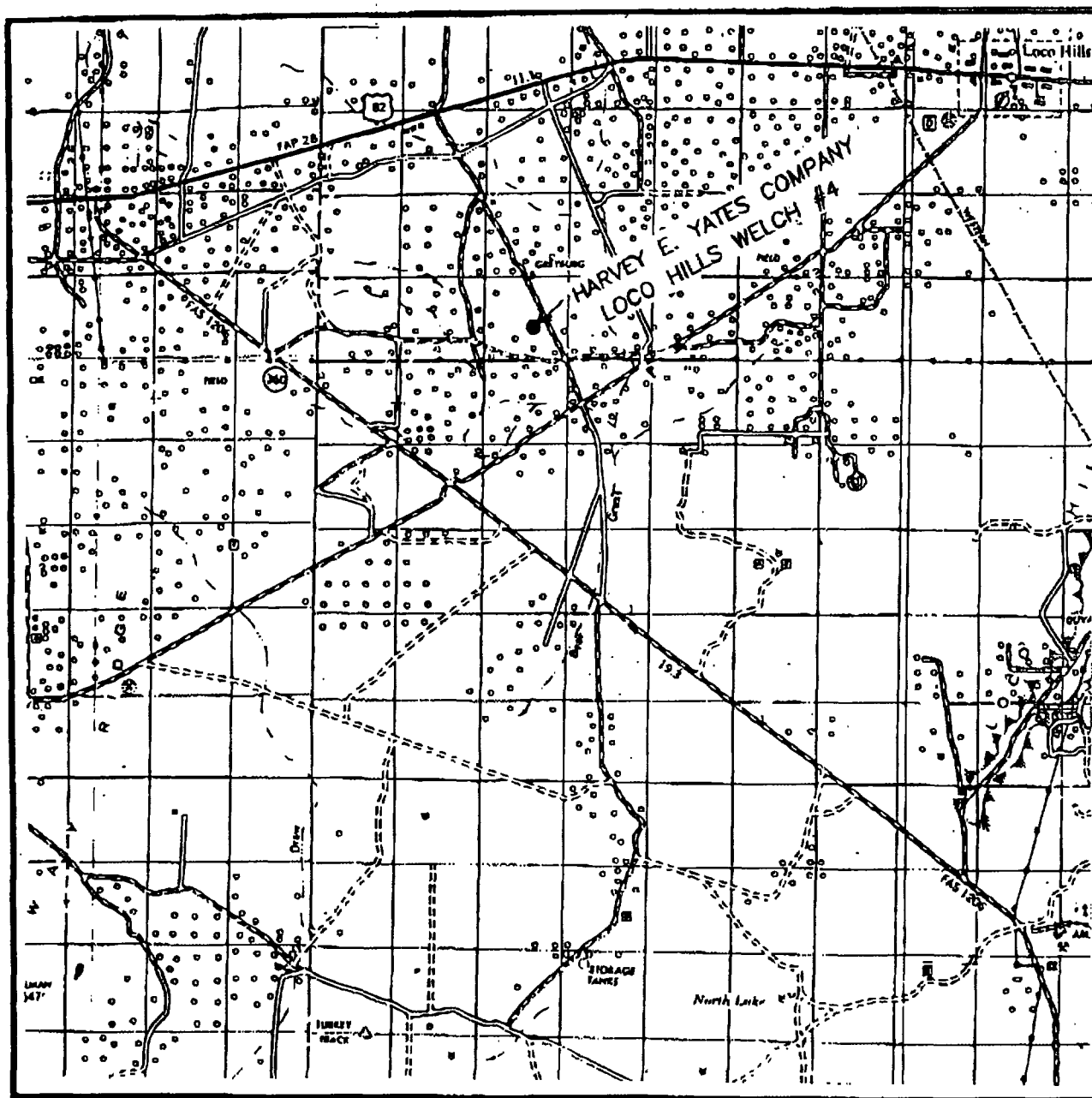
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 32.0	Joint or Infill	Consolidation Code	Order No.						

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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>Bob Williams</u> Signature <u>BOB WILLIAMS</u> Printed Name <u>DRUG. SUPT.</u> Title <u>2-5-00</u> Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <u>JANUARY 20, 2000</u> Date Surveyed <u>JLP</u> Signature <u>Professional Surveyor</u> Title <u>NEW MEXICO</u> State <u>3239</u> P.O. Num. <u>00-12-0122</u> Certificate No. <u>RONALD EIDSON</u> Name <u>12841</u> 12841 <u>12185</u> 12185
--	--

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 4 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1980' FSL & 2310' FEL

ELEVATION 3528

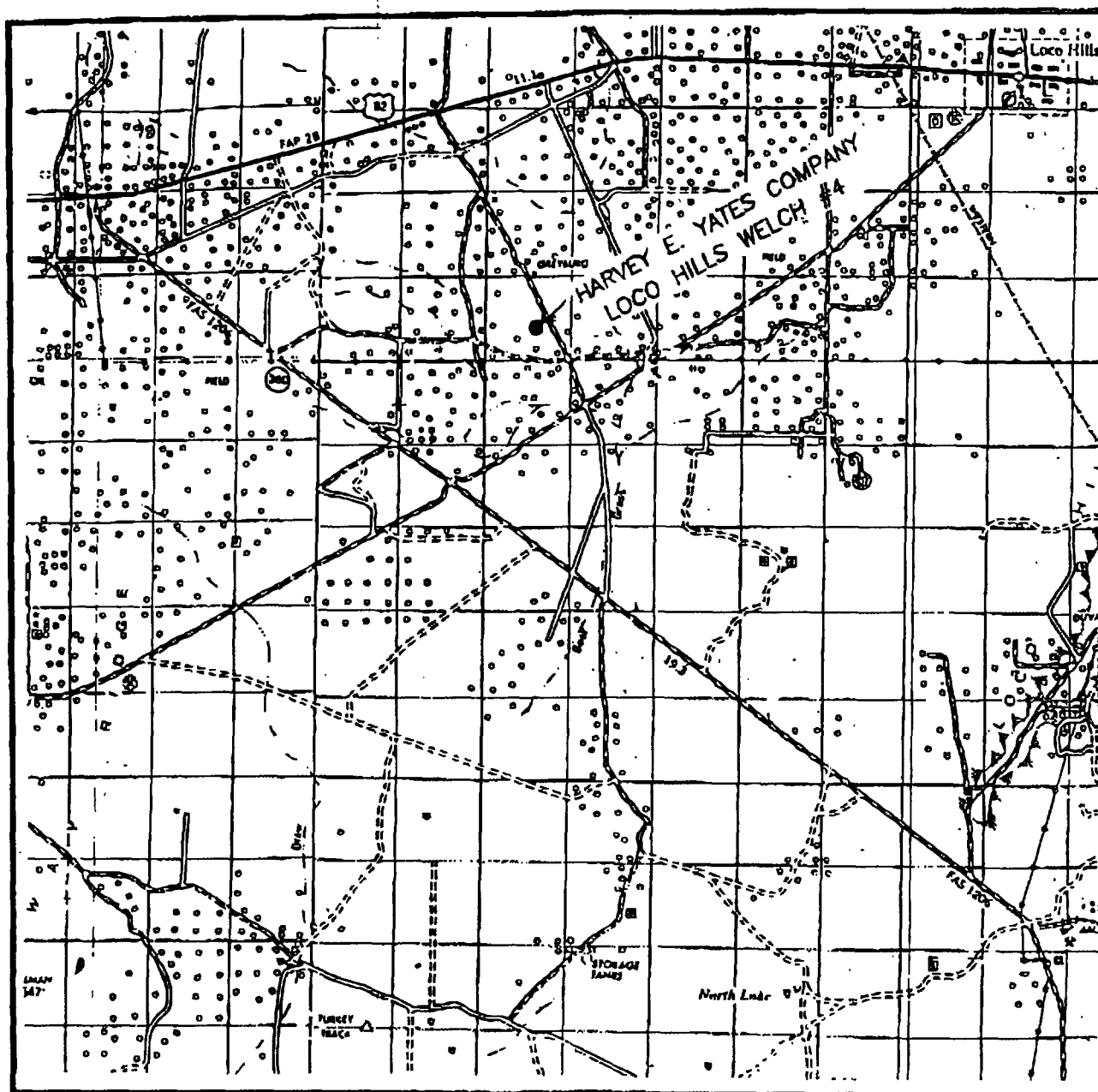
OPERATOR HARVEY E. YATES COMPANY

LEASE LOCO HILLS WELCH

JOHN WEST SURVEYING
HOBBS, NEW MEXICO

(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 4 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1980' FSL & 2310' FEL

ELEVATION 3528

OPERATOR HARVEY E. YATES COMPANY

LEASE LOCO HILLS WELCH

JOHN WEST SURVEYING
HOBBS, NEW MEXICO

(505) 393-3117

EXHIBIT C BOP STACK

**LOCO HILLS WELCH #4
1980' FSL & 2310' FEL
SEC 4, T18S, R29E
EDDY COUNTY, NM**

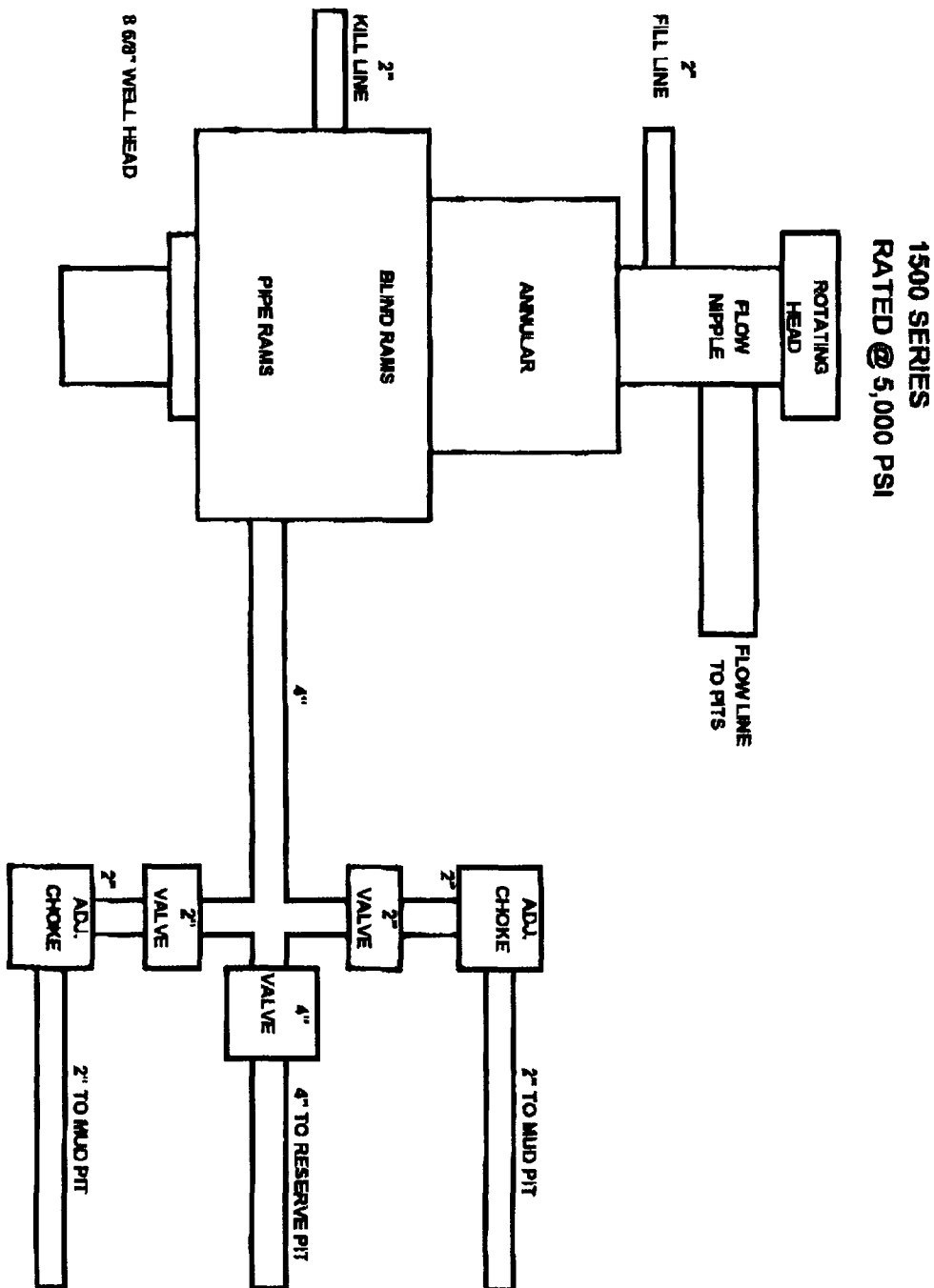
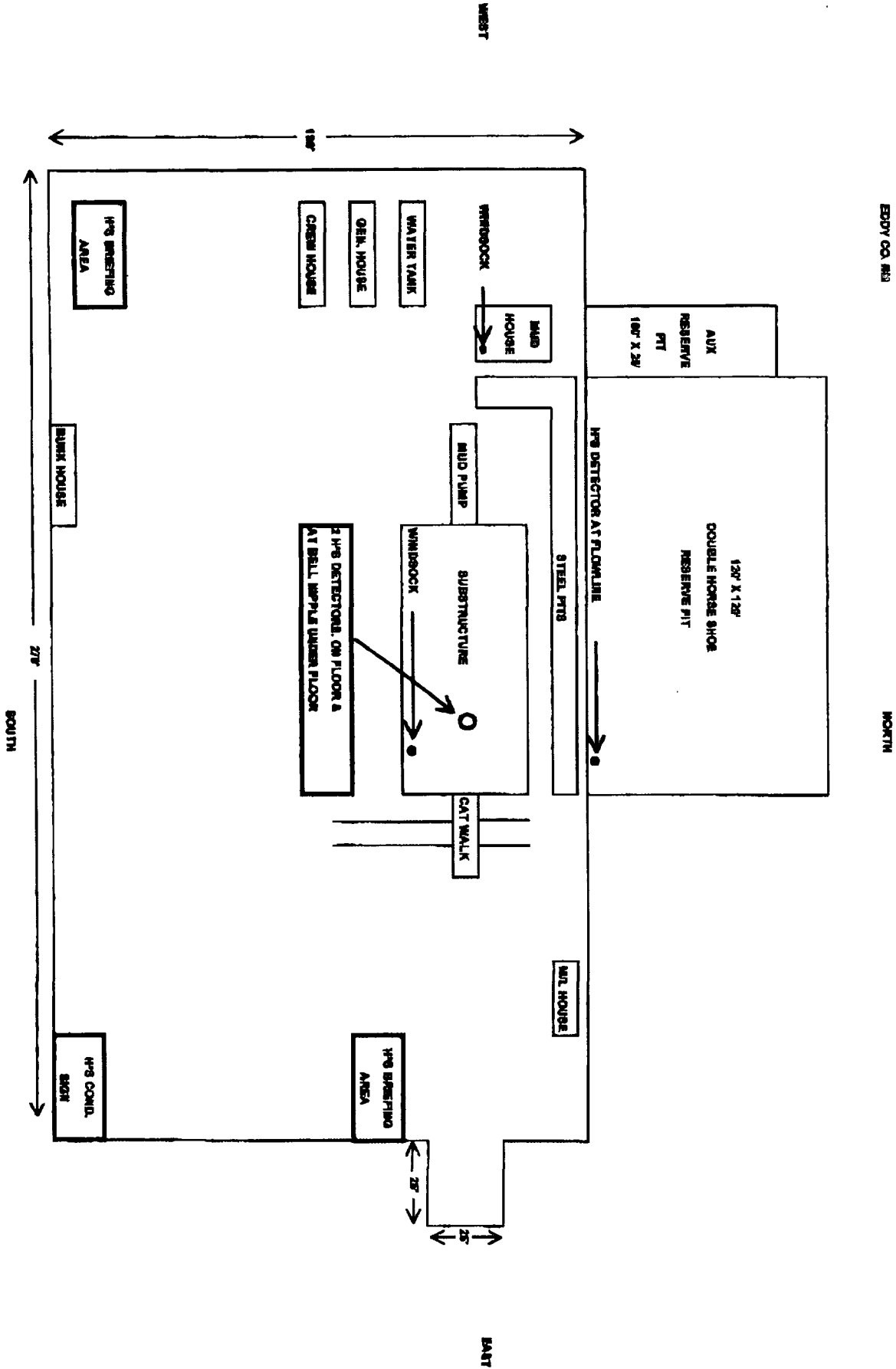
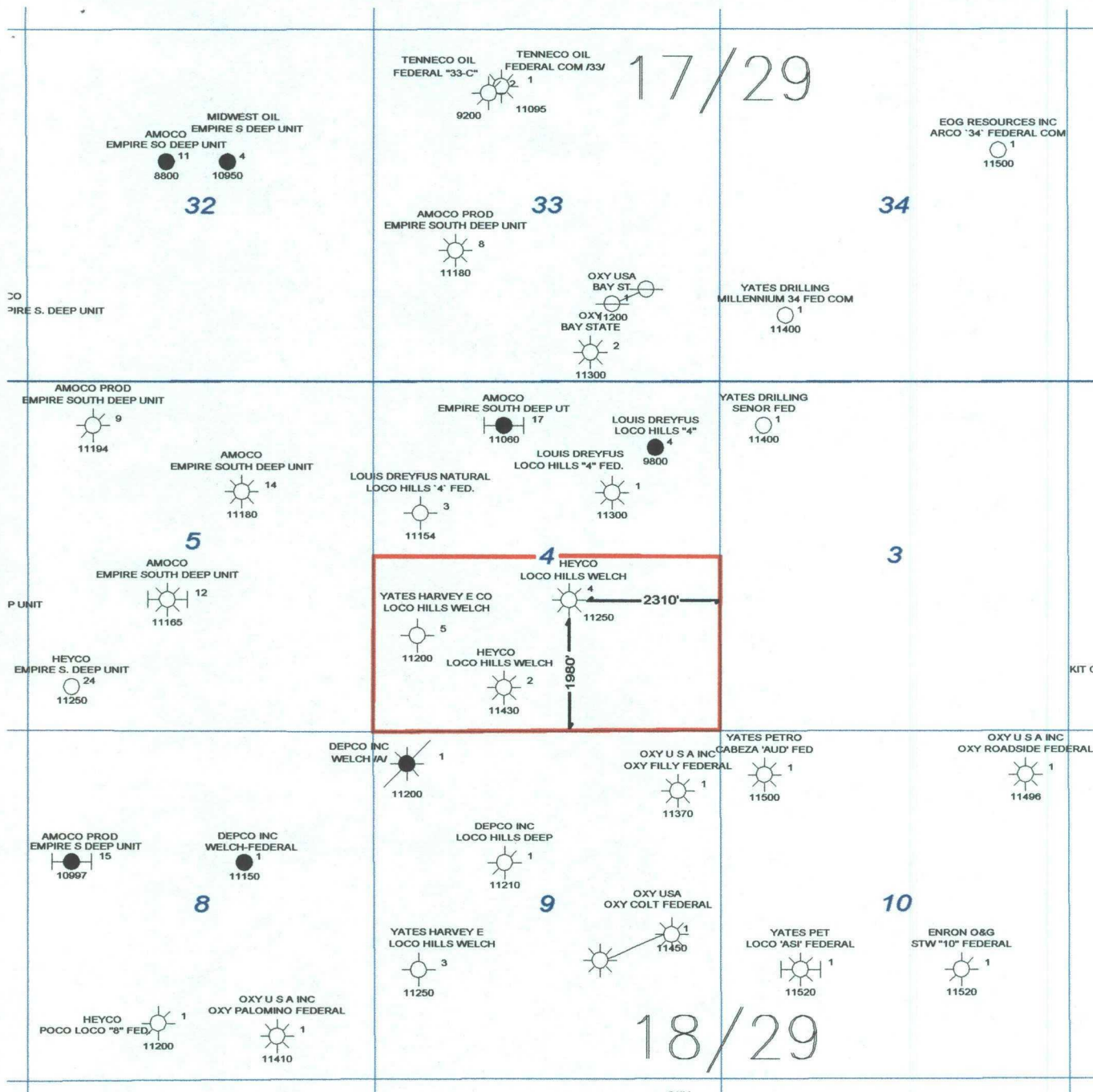


EXHIBIT D

LOCO WILD SWICH 14
100' PUL. A 210 PUL.
SAC 4, 1100, 1200
EDDY CO. WA





Scale 1:28000.



18/29

Harvey E. Yates Company

LOCO HILLS WELCH #4
EDDY COUNTY, NEW MEXICO
SEC. 4, T-18-S, R-29-E

Ramon Reyes

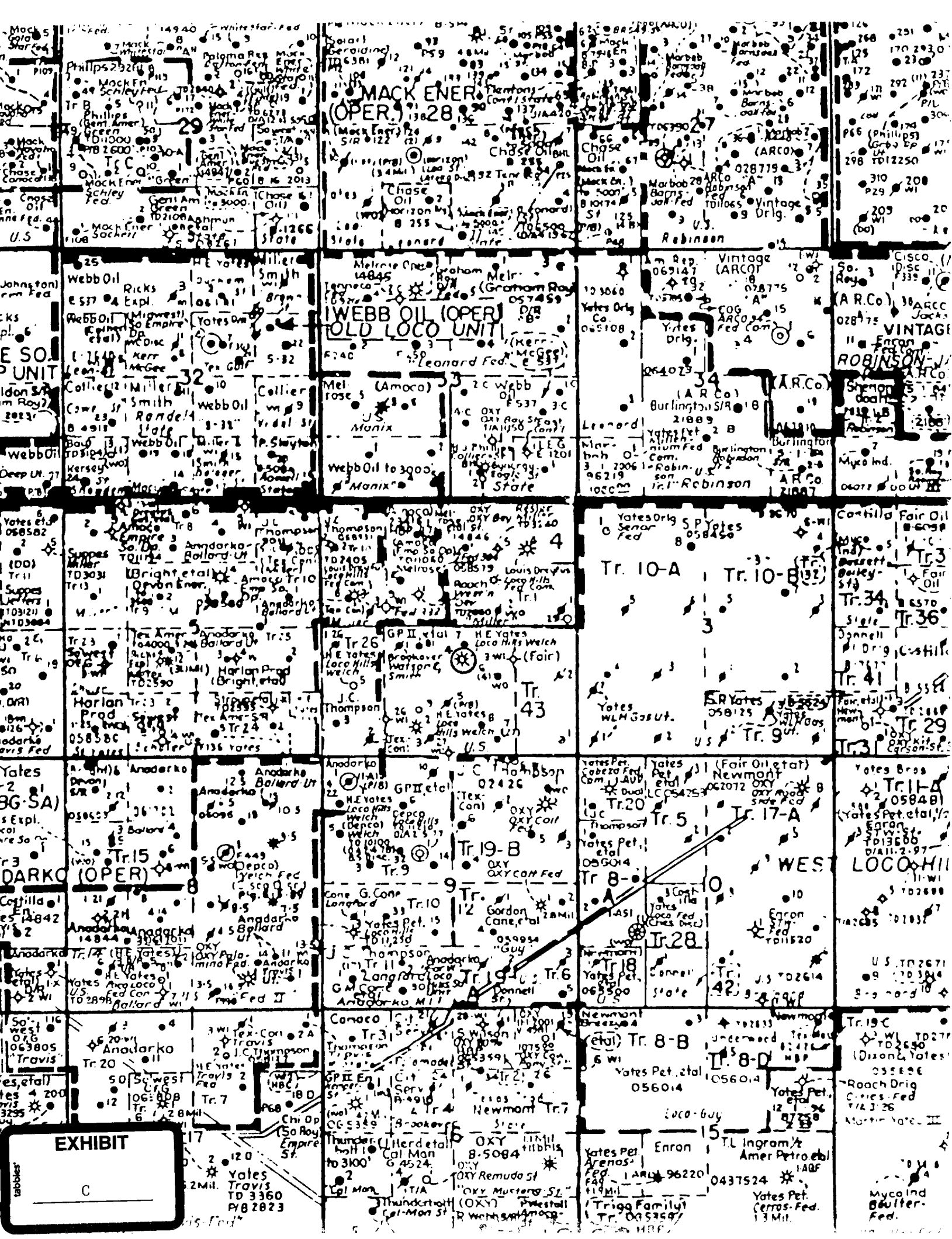
11/6/2002

Scale 1:28000.

EXHIBIT

B

tabbles



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/06/02 15:46:48
OGOWVJ -TPE9
PAGE NO: 1

Sec : 04 Twp : 18S Rng : 29E Section Type : NORMAL

D 40.00 Federal owned A A	C 40.00 Federal owned A	B 40.00 Federal owned A	A 40.00 Federal owned C A
E 40.00 Federal owned A A A	F 40.00 Federal owned A C	G 40.00 Federal owned A	H 40.00 Federal owned
L 40.00 Fee owned A A	K 40.00 Fee owned A	J 40.00 Fee owned A <i>(A) normal report 1/25/02</i>	I 40.00 Fee owned U
M 40.00 Fee owned A A	N 40.00 Fee owned <i>(A) normal</i>	O 40.00 Fee owned A	P 40.00 Fee owned U A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

S/2 320 acres

Fee

CMD :
OG6CLOG

ONGARD
C105-WELL COMPLETION OR RECOMP CASING LOG

12/06/02 15:49:05
OGOWVJ -TPES

OGRID Identifier : 10179 HARVEY E YATES CO
Prop Identifier : 12958 LOCO HILLS WELCH
API Well Identifier : 30 15 23001 Well No : 002
Surface Locn - UL : N Sec : 4 Twp : 18S Range : 29E Lot Idn :
Multiple comp (S/M/C): S TVD Depth (Feet) : 99999 MVD Depth (Feet):
Spud Date : P/A Date :
Casing/Linear Record:

S Size (inches)	Grade Weight (lb/ft)	Depth(ft) Top-Liner	Depth(ft) Bot-Liner	Hole Size (inches)	Cement (Sacks)	TOC (feet)	Code
99.000	99.0	99999.0	99999.0	99.000	9999	99999	C

E0043: Record found; Authority denied to MODIFY/ADD

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 COMMENT	PF10 TLOG	PF11	PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

12/06/02 15:49:13
OGOWVJ -TPE9

API Well No : 30 15 23001 Eff Date : 03-01-1980 WC Status : A
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
OGRID Idn : 10179 HARVEY E YATES CO
Prop Idn : 12958 LOCO HILLS WELCH

Well No : 002
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act(P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: N	4	18S	29E	FTG 660 F S	FTG 1980 F W	P
Lot Identifier:							
Dedicated Acre:							320.00
Lease Type	: P						
Type of consolidation							(Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

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

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

12/06/02 15:48:19
OGOWVJ -TPE9

API Well No : 30 15 30960 Eff Date : 05-05-2000 WC Status : A
Pool Idn : 76400 EMPIRE; MORROW, SOUTH (GAS)
OGRID Idn : 10179 HARVEY E YATES CO
Prop Idn : 12958 LOCO HILLS WELCH

Non Productive

Well No : 004
GL Elevation: 3528

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: J	4	18S	29E	FTG 1980 F S	FTG 2310 F E	P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : S

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

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

CMD :
OG5ULST

ONGARD
INQUIRE ULSTR PRODUCTION AND AGREEMENT DATA

12/06/02 15:48:12
OGOWVJ -TPE9
PAGE NO: 1

Sec : 04 Twp : 18S Rng : 29E UL: J Lot-Idn :
Acreage : 40.00 Bene Grp : Seismic Permit :
Lease Number : NO ACT IVE Expr Dte :
Lessee :
Comm Agr Names :

Unit Agr Names :

000000

000000

S	API Num	Status
---	---------	--------

30	015	03293	A
30	015	30960	A

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