

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

DISTRICT II
811 South First, Artesia, NM 88210

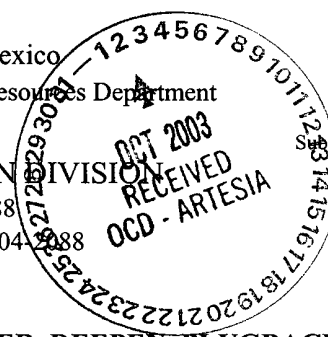
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87501

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-101
Revised March 17, 1999
Instructions on back
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, New Mexico 88210		² OGRID Number 025575
		³ API Number 30- 005 - 63618
⁴ Property Code	⁵ Property Name Quiniela AXQ 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
B	5	10S	26E		660	North	1650	East	Chaves

8 Proposed Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the		County
⁹ Proposed Pool 1 Wildcat Precambrian							

NOTIFY OCD SPUD & TIME
TO WITNESS 8 5/8" CASING

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3775'
¹⁶ Multiple N	¹⁷ Proposed Depth 6000'	¹⁸ Formation Precambrian	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	1100'	750 sx	Surface
7 7/8"	5 1/2"	15.5#	6000'	525 sx	3900'

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.

Yates Petroleum Corporation proposes to drill and test the Precambrian/intermediate formations. Approximately 1100' of surface casing will be set/cemented. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production.
MUD PROGRAM: 0-1100' FW Gel/Paper/LCM; 1100-4430' Brine; 4430-6000' Starch/Salt Gel.
BOPE PROGRAM: A 2000# BOPE will be installed on the 8 5/8" casing and tested daily.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature:		OIL CONSERVATION DIVISION	
Printed name: Robert Asher		Approved by:	
Title: Regulatory Agent		Title: District Supervisor	
Date: 10/02/03		Approval Date: OCT 03 2003 Expiration Date: OCT 03 2004	
Phone: (505) 748-1471		Conditions of Approval Attached <input type="checkbox"/>	

R-11975

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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 Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Precambrian
Property Code	Property Name QUINIELA "AXQ" STATE	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3775

Surface Location

UL or lot No. B	Section 5	Township 10S	Range 26E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1650	East/West line EAST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

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

VO-5649			

660'

1650'

N.33°28'47.8"
W.104°19'00.8"

OPERATOR CERTIFICATION

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

Robert Asher
Signature

Robert Asher
Printed Name

Regulatory Agent
Title

10/2/2003
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.

2/26/2003
Date Surveyed

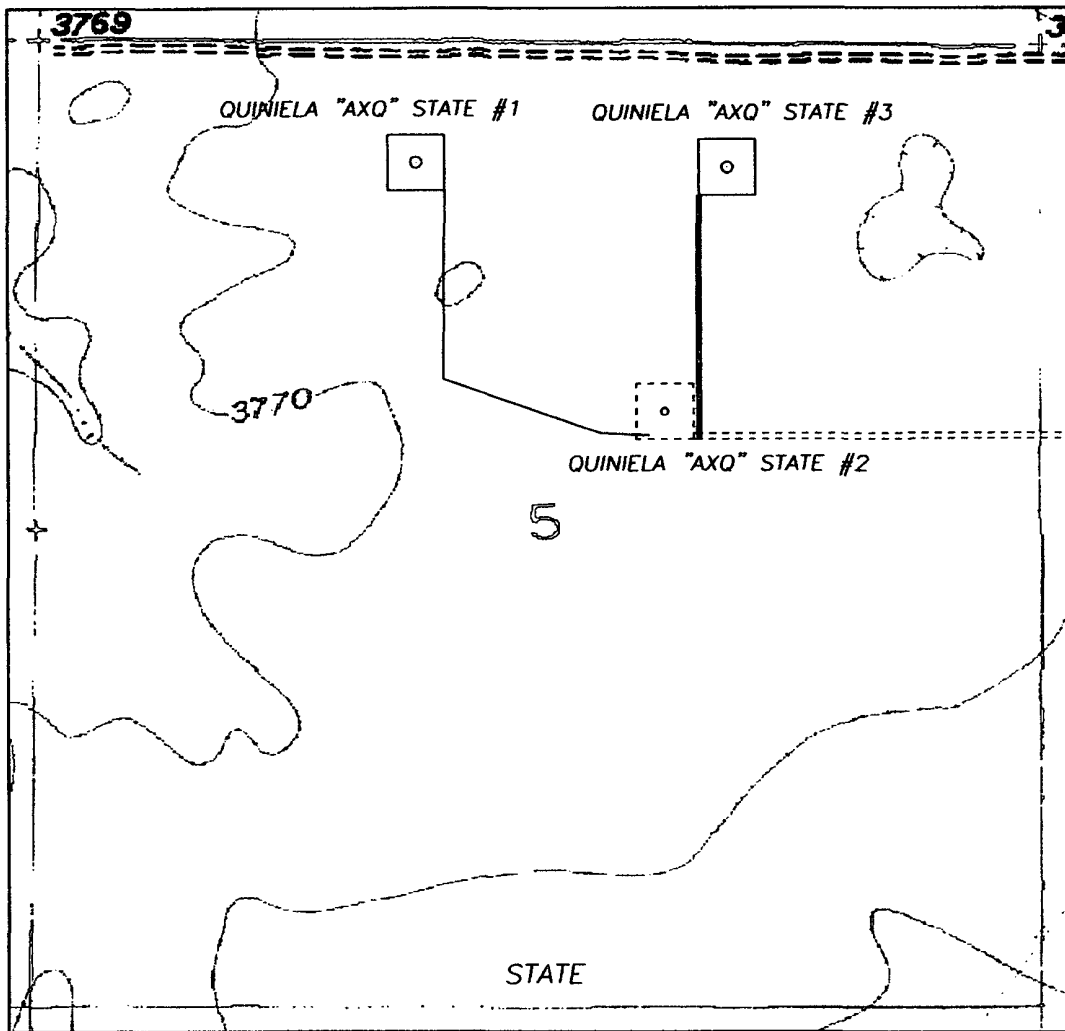
Herschel L. Jones
Signature & Seal of Professional Surveyor

HERSCHEL L. JONES
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
3640

Certificate No. Herschel L. Jones RLS 3640
QUINIELA 3
GENERAL SURVEYING COMPANY

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

SECTION 5, TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



1000' 0 1000' 2000'
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

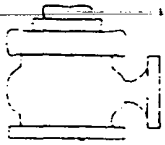
3640
HERSCHEL L. JONES R.L.S. No. 3640

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES QUINIELA "AXQ" STATE #3 WELL, LOCATED IN SECTION 5, TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

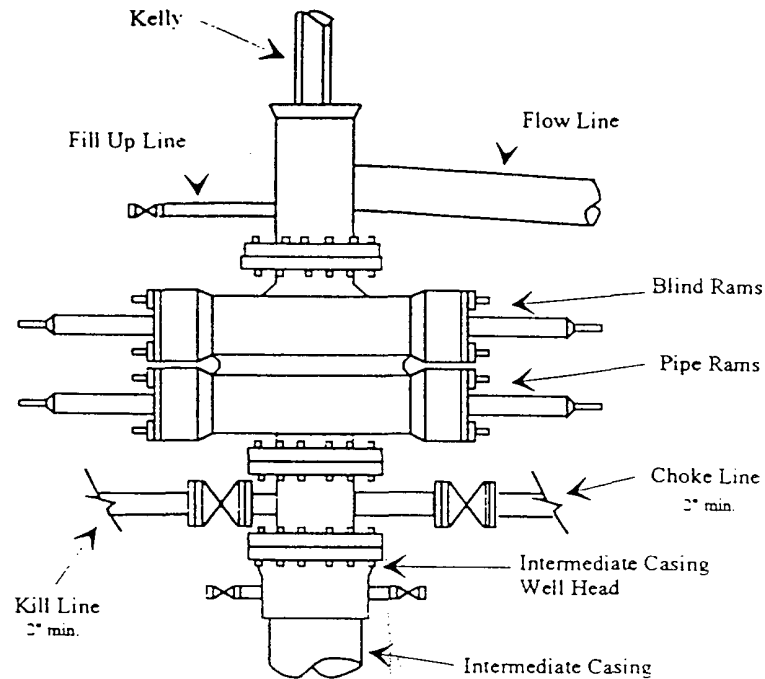
Survey Date: 2/26/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 3/03/03	Scale 1" = 1000' QUINIELA 3



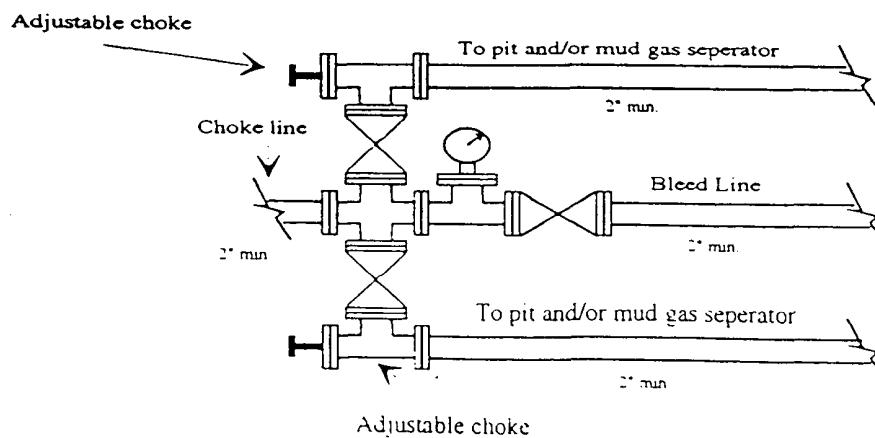
Yates Petroleum Corporation

BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Typical 2,000 psi choke manifold assembly with at least these minimum features



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 2, 2003

Mr. Bryan Arrant
Oil Conservation Division, District II Office
1301 W. Grand Ave.
Artesia, NM 88210

Re: Quiniela AXQ State #3
660' FNL and 1650' FEL
Section 5, T10S-R26E
Chaves County, New Mexico
H2S Contingency Plan

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will be no H2S anticipated from the surface to the Precambrian Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Robert Asher
Regulatory Agent



✓ew

HOLLAND & HART LLP
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

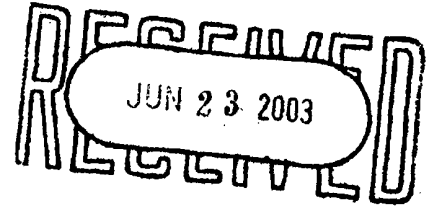
TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

44519.0057

June 20, 2003



Mr. Chuck Moran
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

**Re: Oil Conservation Division Case No. 13008, Order No. R-11975:
Application for Simultaneous Dedication, Chaves County, New
Mexico.**

Dear Chuck:

Enclosed is the referenced order for the Quiniela AXQ State Well Nos. 2 and 3. Thank you for this opportunity to again assist Yates. Please call if you have any questions.

Very truly yours,

Bill Carr
William F. Carr *keh*

WFC:keh
Enclosures

3098755_1.DOC

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

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

**CASE NO. 13008
ORDER NO. R-11975**

**APPLICATION OF YATES PETROLEUM CORPORATION FOR
SIMULTANEOUS DEDICATION, CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 27, 2003, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 12th day of June, 2003, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

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

(2) The applicant, Yates Petroleum Corporation ("Yates"), seeks approval to simultaneously dedicate the following three wells to an existing standard 320-acre spacing and proration unit consisting of the N/2 of Section 5, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico, for production from the Siluro-Devonian, Strawn, Cisco, and Wolfcamp formations:

(a) Quiniela AXQ State Well No. 1 to be located at a standard gas well location in the NW/4 of Section 5;

(b) Quiniela AXQ State Well No. 2 (API No. 30-005-63364) located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 5; and

(c) Quiniela AXQ State Well No. 3 to be located at a standard gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 5.

(8) The applicant presented land testimony pertaining in general to the southern Sections of Township 9 and the northern Sections of Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico as follows:

(a) Yates is the operator of record in the two pools of interest in all spacing units surrounding the N/2 of Section 5, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico, except for those spacing units in Section 6 to the west and Section 31 to the northwest. Yates owns 100 percent of the working interest in surrounding spacing units that are operated by Yates, except for those spacing units in Section 32 to the north, where Yates shares working interests with EOG and other smaller interest owners;

(b) Sections 4 and 5, and Section 33 to the northeast have identical ownership in all intervals. Section 32 to the north is part of a working interest unit with varying interests from the Abo to the deeper pools;

(c) Sections 6 and 31 are Federal minerals while Sections 4, 5, 32, and 33 are all State minerals; and

(d) Yates notified all working interest owners in all surrounding spacing units of the Yates application in this case.

(9) The applicant presented geologic testimony as follows:

(a) the primary objective in this area is the Siluro-Devonian "B" interval. The best secondary objective is the Wolfcamp Spear interval. Within this vicinity, both of these objectives have been significant gas producers. Other objectives are the Cisco and Strawn, these being less important due to their heterogeneity and difficulty in completion;

(b) the Quiniela AXQ State Well No. 2 wellbore did not encounter the Wolfcamp Spear or the Siluro-Devonian "B" intervals. Neither of these pay intervals will ever produce in this well bore. The Siluro-Devonian "B" interval has been faulted out in the vicinity of this well bore. These faults are delineated by well control and by 2-D seismic. The Wolfcamp Spear interval is present in this wellbore but has no effective porosity development;

(d) the Siluro-Devonian "B" interval is expected to be optimally developed in the vicinity of the NW/4 NE/4 of Section 5, while the

(11) Division records and the applicant's evidence presented in this case demonstrate that the drilling of an additional two wells at standard locations in this existing standard 320-acre spacing unit with a total of two wells in the NE/4 is necessary to encounter these main pay intervals in the Foor Ranch-Wolfcamp Gas Pool and the Foor Ranch-PrePermian Gas Pool and recover gas reserves that will never be recovered by the existing Quiniela AXQ State Well No. 2.

(12) Yates did not present any engineering or other evidence to demonstrate that more than two simultaneous completions within any individual pay interval within this spacing unit are necessary to prevent waste and protect correlative rights.

(13) This application should be approved to allow an additional two wells in this spacing unit with two wells total in the NE/4 of Section 5.

(14) This application should not be approved insofar as the approval would allow more than two simultaneous completions in this spacing unit for any given pay interval. The pay intervals consist of, but are not limited to, the Wolfcamp Spear, the lower Wolfcamp, the Cisco, the Strawn, the Mississippian, the Siluro-Devonian "B", and the lower Siluro-Devonian.

IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation ("Yates") is hereby approved to simultaneously dedicate three wells to existing standard 320-acre spacing and proration units consisting of the N/2 of Section 5, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico, for production from the Foor Ranch-Wolfcamp Gas Pool and the Foor Ranch-PrePermian Gas Pool. All three of these wells shall be at standard locations and two of these wells are allowed in the NE/4 of Section 5. The existing Quiniela AXQ State Well No. 2 (API No. 30-005-63364) shall be one of the three wells authorized.

(2) Yates shall not produce from any given pay interval simultaneously in both wells in the NE/4 of Section 5. Such pay intervals are vertical subsets of the Division-designated gas pools. The Artesia District office of the Division shall identify these pay intervals by correlating between wells on electric logs and shall not allow any one pay interval in the NE/4 of Section 5 to be produced by more than one well at a time.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.