

DATE IN 3-17-04	SUSPENSE 4-6-04	ENGINEER MS	LOGGED IN ms	TYPE NSL	APP NO. PME30-407855909
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ~~X~~ 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.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

3/17/04
Date

wcarr@hollandhart.com
e-mail Address

RECEIVED

MAR 17 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505



March 17, 2004

HAND-DELIVERED

Ms. Carol Leach, Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Agnes "BEB" Com Well No. 1 located in Section 3, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Leach:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Agnes "BEB" Com Well No. 1 to be drilled at an unorthodox gas well location 1200 feet from the North line and 1800 feet from the East line (Unit B) of Section 3, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. This well is located in the Atoka-Pennsylvanian Gas Pool that is governed by Special Rules and Regulations adopted by Order No. R-8170, dated March 28, 1986.

This location in the Atoka and Morrow formations is unorthodox because Rule 2(b) of the Special Rules and Regulations for the Atoka-Penn Gas Pool that provide for "Each well completed or re-completed in this pool to be located in the northwest quarter or southeast quarter of the section and no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line;...." A standard 320-acre spacing and proration unit comprised of the N/2 of Section 3 will be dedicated to the well.

The proposed unorthodox well location is located in the NE/4 of the Section and is 120 feet from an interior governmental quarter-quarter section line.

Administrative Application Unorthodox Well Location

Agnes "BEB" Com Well No. 1

March 17, 2004

Page 2

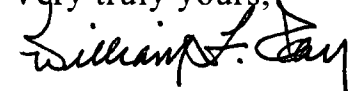
The proposed unorthodox location is the required by geologic conditions. Yates Exhibit A is a Gross Sand Isopach Map of the Middle Morrow formation that shows the proposed location for the Agnes "BEB" Com Well No. 1 intersects a Morrow sand channel running across the northeast quarter of this section. As shown on Exhibit A, to intersect this channel a location in the NE/4 is required and a well at any standard location in this section could not access these reserves.

Attached hereto as Exhibit B is a plat that shows the subject area, the 320-acre spacing unit comprised of the N/2 of Section 3 and the proposed unorthodox location. Since this well encroaches only on interior quarter section lines and the mineral interests of all affected persons will be dedicated to the well, there are no affected persons to whom notice of this application is required by Division Rule 1207 (A)(2).

I enclose in hard copy and have provided by E-mail a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,



William F. Carr

Attorney for Yates Petroleum Corporation

Enclosures

cc: Robert Bullock
John Humphrey
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

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

Attention: William F. Carr

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to your application dated March 17, 2004 for an unorthodox well location for a well to be drilled to the Atoka and Morrow formations Atoka-Pennsylvanian Gas Pool, for your proposed Agnes "BEB" Com Well No. 1. Said well to be drilled at an unorthodox gas well location in the Atoka and Morrow formations from a location 1200 feet from North line and 1800 feet from the East line (Unit G) of Section 3, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

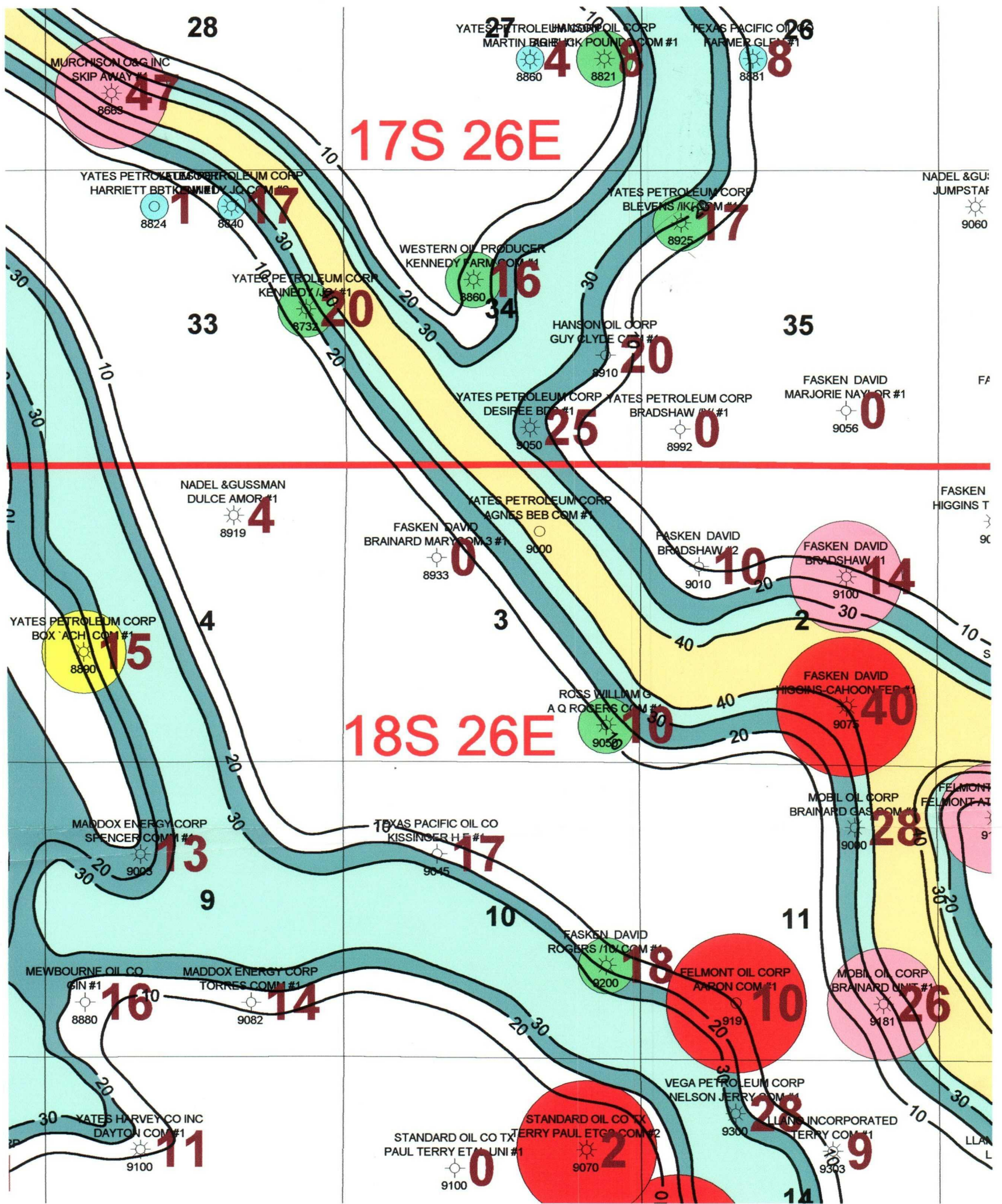
A 320-acre spacing and proration unit in the Atoka and Morrow formations comprising the N/2 of said Section 3 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Director

cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad



MORROW GAS PRODUCERS

Straight hole well
Cum Gas Volume MRRW, Production

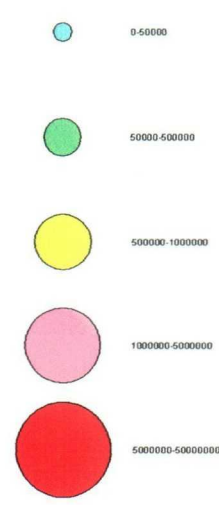


EXHIBIT A

Yates Petroleum Corporation		
Agnes 'BEB' Com #1 Location Area Gross Sand Isopach Middle Morrow Interval CI=10' GR Cutoff <= 50 api Eddy County, New Mexico		
Author: John F. Humphrey		Date Updated: March 15, 2004
	Scale: 1"=2000'	

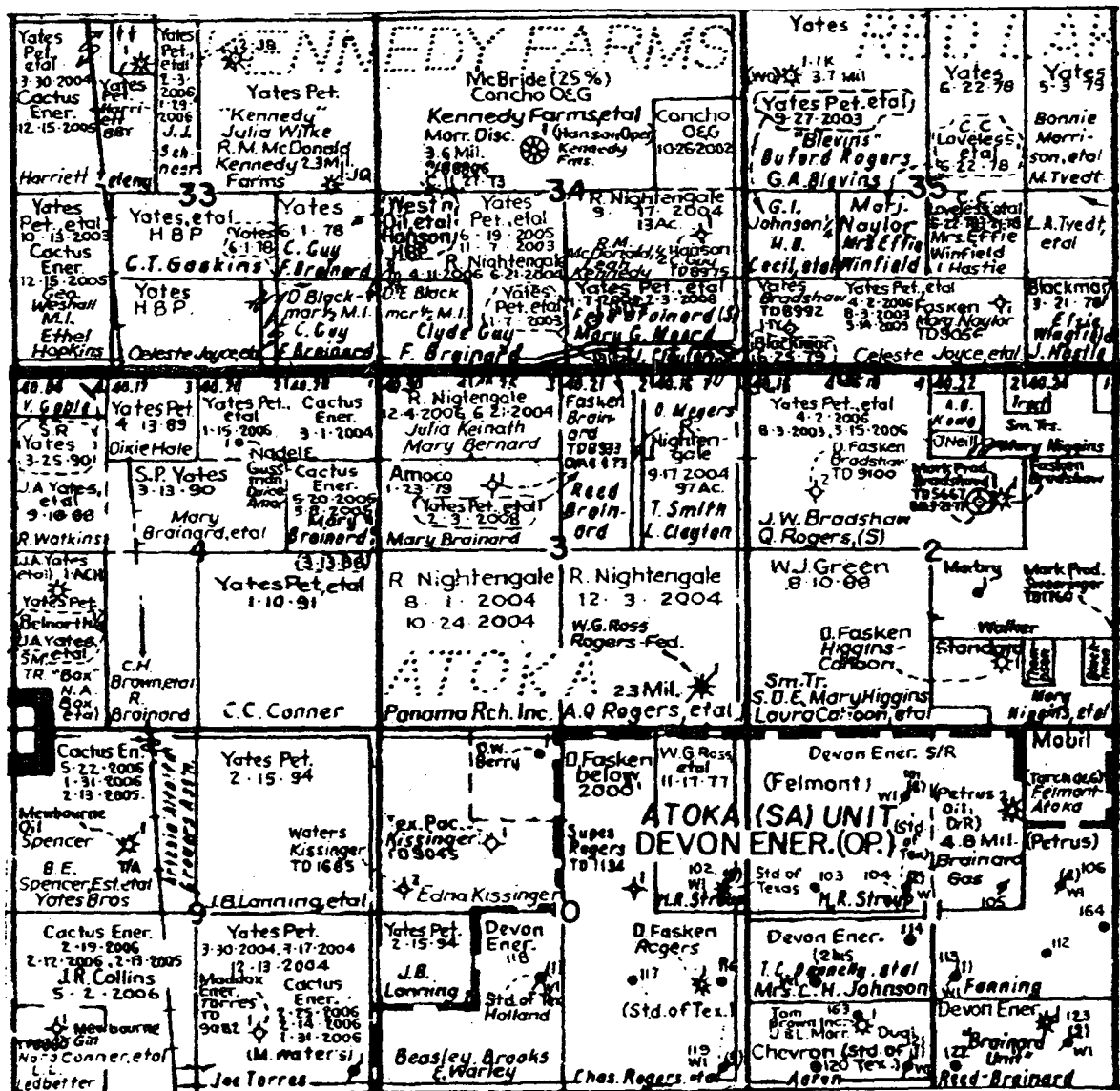


EXHIBIT B