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NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 5, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Yarbrough Oil, L. P.
c/o Oil Reports & Gas Services, Inc.
1008 W. Broadway
Hobbs, New Mexico 88240

Attention: Gaye Heard

Re: *Administrative application (Division reference No. pMES0-412631001) filed with the Division on March 29, 2004 to establish a non-standard 160-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising the NE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to Yarbrough Oil, LP's existing E. L. Steeler Well No. 8 (API No. 30-025-10790) located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 17.*

Dear Ms. Heard:

Your application is incomplete with respect to notice. Please refer to Rule 4 of the "Special Pool Rules for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001 (see copy enclosed). The subject application is hereby **denied** and is being returned to you at this time.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
Mr. Eddy W. Seay – Hobbs, NM
Mr. J. E. Gallegos, Legal Counsel for Fulfer Oil and Cattle Co., LLC – Santa Fe

DATE IN 3-29	SUSPENSE 4-19	ENGINEER MS	LOGGED IN ms	TYPE NSP	APP NO. PMSO-412631001
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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



E.L. Stecker #8
 30-025-10790

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 _____

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MAR 29 2004

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

[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.

Gaye Heard
 Print or Type Name

Gaye Heard
 Signature

Agent
 Title

3/24/04
 Date

gheard@oilreportsinc.com
 e-mail Address

March 23, 2004

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MAR 29 2004

**OIL CONSERVATION
DIVISION**

NMOCD Engineering
ATTN: Michael Stogner
Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: Yarbrough Oil Company LP
Jalmat Gas

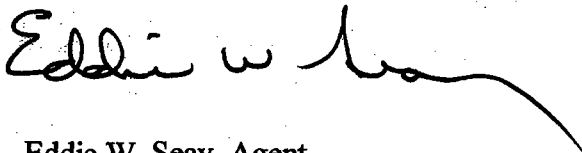
Mr. Stogner:

Yarbrough Oil Co. is seeking approval to re-enter and complete two wells on its Steeler Lease in Section 17, Township 23 S., Range 37 E., Lea Co. to Jalmat Yates Gas. Within are the C-101's for both wells. Well #8 is a standard 160 acre in the Northeast quarter. Our #4 well is 160 acres dedicated to it but we are seeking a non-standard proration unit. There is 120 acres in the SW 1/4 and 40 acres in the NW 1/4 of the SE 1/4.

Find within plat and C-101 for both wells.

If you have any questions, please call.

Thanks,



Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 June 10, 2003

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 Yarbrough Oil LP C/O Oil Reports & Gas Services, Inc. 1008 W. Broadway, Hobbs, NM 88240		² OGRID Number 025504
		³ API Number 30 - 025-10790
³ Property Code 016406	⁵ Property Name E. L. Steeler	⁶ Well No. 8

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
G	17	23S	37E		1980	North	1980	East	Lea

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
G	17	23S	37E		1980	North	1980	East	Lea

⁹ Proposed Pool 1
Jalmat Gas

¹⁰ Proposed Pool 2

¹¹ Work Type Code P	¹² Well Type Code O	¹³ Cable/Rotary Workover Unit	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3333 DF
¹⁶ Multiple No	¹⁷ Proposed Depth 2500'-2900'	¹⁸ Formation Yates	¹⁹ Contractor Halliburton	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
		See	Original	Completion	

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.

RU & install BOP. Set CIBP @ 3300'. Run Temp. Survey & Neutronlog. Perf. Yates 2650'-2890', 28 holes, 2shots w/5 Acids w/2000 gals 10% w/balls & Flush w/500 gals 2% KCL wtr & frac.

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MAR 29 2004

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

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Gaye Heard</i> Printed name: Gaye Heard Title: Agent E-mail Address: gheard@oilreportsinc.com Date: 3/24/04		OIL CONSERVATION DIVISION Approved by: Title: Approval Date: Expiration Date: Conditions of Approval: Attached <input type="checkbox"/>	
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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-10790		² Pool Code		³ Pool Name Jalmat Gas	
⁴ Property Code 016406		⁵ Property Name E. L. Steeler			⁶ Well Number 8
⁷ OGRID No. 025504		⁸ Operator Name Yarbrough Oil LP			⁹ Elevation 3333 DF

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
G	17	23S	37E		1980	North	1980	East	Lea

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
G	17	23S	37E		1980	North	1980	East	Lea

¹² Dedicated Acres 160	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

<div data-bbox="289 1554 750 1638" data-label="Text"> <p>RECEIVED</p> </div> <div data-bbox="418 1667 618 1709" data-label="Text"> <p>MAR 29 2004</p> </div> <div data-bbox="371 1738 680 1844" data-label="Text"> <p>Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505</p> </div>	<div data-bbox="1071 1011 1537 1046" data-label="Section-Header"> <p>¹⁷ OPERATOR CERTIFICATION</p> </div> <div data-bbox="1070 1050 1546 1112" data-label="Text"> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> </div> <div data-bbox="1070 1112 1347 1187" data-label="Text"> <p><i>Gaye Heard</i> Signature</p> </div> <div data-bbox="1070 1222 1170 1261" data-label="Text"> <p>Gaye Heard Printed Name</p> </div> <div data-bbox="1070 1278 1328 1301" data-label="Text"> <p>Agent gheard@oilreportsinc.com</p> </div> <div data-bbox="1070 1319 1245 1340" data-label="Text"> <p>Title and E-mail Address</p> </div> <div data-bbox="1070 1357 1131 1377" data-label="Text"> <p>3/24/04</p> </div> <div data-bbox="1070 1398 1115 1417" data-label="Text"> <p>Date</p> </div>
	<div data-bbox="1070 1483 1521 1516" data-label="Section-Header"> <p>¹⁸ SURVEYOR CERTIFICATION</p> </div> <div data-bbox="1070 1520 1546 1653" data-label="Text"> <p>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.</p> </div> <div data-bbox="1070 1701 1185 1725" data-label="Text"> <p>Date of Survey</p> </div> <div data-bbox="1070 1736 1382 1761" data-label="Text"> <p>Signature and Seal of Professional Surveyor:</p> </div> <div data-bbox="1070 1895 1201 1918" data-label="Text"> <p>Certificate Number</p> </div>



State of New Mexico
OIL CONSERVATION COMMISSION

4-8-2004
9:10AM

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Note to file:

E.L. Steeler #8

Left a voice mail message for
Cedric Seay about notification
procedures required under
~~1057-8~~ R-8170-P.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811