

DATE <u>7/23/01</u>	SUSPENSE <u>8/13/01</u>	ENGINEER <u>MS</u>	LOGGED IN <u>MV</u>	TYPE <u>NSL</u>	APP NO. <u>120540007</u>
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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]**

OIL CONSERVATION DIV.  
01 JUL 23 PM 2:07

- [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 ☐ 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

7-23-01  
 Date

wcarr@westofpecos.com  
 e-mail Address

HOLLAND & HART LLP  
AND  
CAMPBELL & CARR  
ATTORNEYS AT LAW

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

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TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043  
www.hollandhart.com

July 23, 2001

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

(30-025-23639)

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Wings "AUT" State Well No. 1, to be located 560 feet from the South line and 660 feet from the West line (Unit M) of Section 17, Township 15 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Pursuant to the provisions of Division Rule 104 F adopted on August 12, 1999, Yates Petroleum Corporation hereby seeks administrative approval of an unorthodox well location for its Wings "AUT" State Well No. 1 at a point 560 feet from the South line and 660 feet from the West line of Section 17, Township 15 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

This well was originally drilled in 1970 to a total depth of 10,100 feet to test the Wolfcamp formation for oil and tested dry and was subsequently plugged and abandoned. On February 14, 2000, the Division entered Administrative Order NSL-4407 granting the administrative application of Yates Petroleum Corporation for authorization to re-enter this well and deepen it to an approximate depth of 12,700 feet to test the Morrow Formation, Undesignated North

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
July 22, 2001  
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Feather Morrow Gas Pool. A standard 320-acre gas spacing unit comprised of the S/2 of Section 17 was to be dedicated to the well in the Morrow formation.

Yates now seeks authorization to abandon the well in the Morrow formation and attempt to complete the well as a gas well in the Wolfcamp formation. A standard 320-acre spacing and proration unit comprised of the S/2 of Section 3 will be dedicated to the well in the Wolfcamp formation.

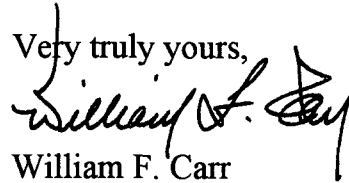
The well will be completed as a wildcat well in the Wolfcamp formation which is governed by Rule 104 C. (2) (a) of the General Rules of the Division which provide for gas wells to be located no closer than 660 feet to the outer boundary of the of the quarter section upon which the well is located nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary.

Yates is proposing this unorthodox location because it desires to utilize the existing wellbore on this tract . By using this existing wellbore, Yates will be able to realize economic savings and will be able to attempt a completion in the Wolfcamp formation. Since the well was previously a dry oil well in the Wolfcamp formation, a new Wolfcamp well could not be economically justified. The existence of the wellbore, therefore, will enable Yates to attempt a gas completion in this formation and any oil or gas produced from this formation will be reserves that otherwise would not be produced and therefore wasted.

This unorthodox well location is unorthodox in the Wolfcamp formation because it is only 560 feet from the south line of the quarter section on which it is located. It encroaches on the N/2 of Section 20 in which Pogo Producing Company owns working interest and on the NN/2 of Section 19 in which the working interest is owned 100% by Yates and its sister companies. Attached hereto as Exhibits A is a plat showing the subject spacing unit, the proposed unorthodox well location and adjoining spacing units and wells. Attached as Exhibit B is a waiver of objection form Pogo Producing Company. There are no other affected persons as defined in Rule 1207.A to whom notice of this application should be provided.

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy  
Minerals and Natural Resources  
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Your attention to this application is appreciated.

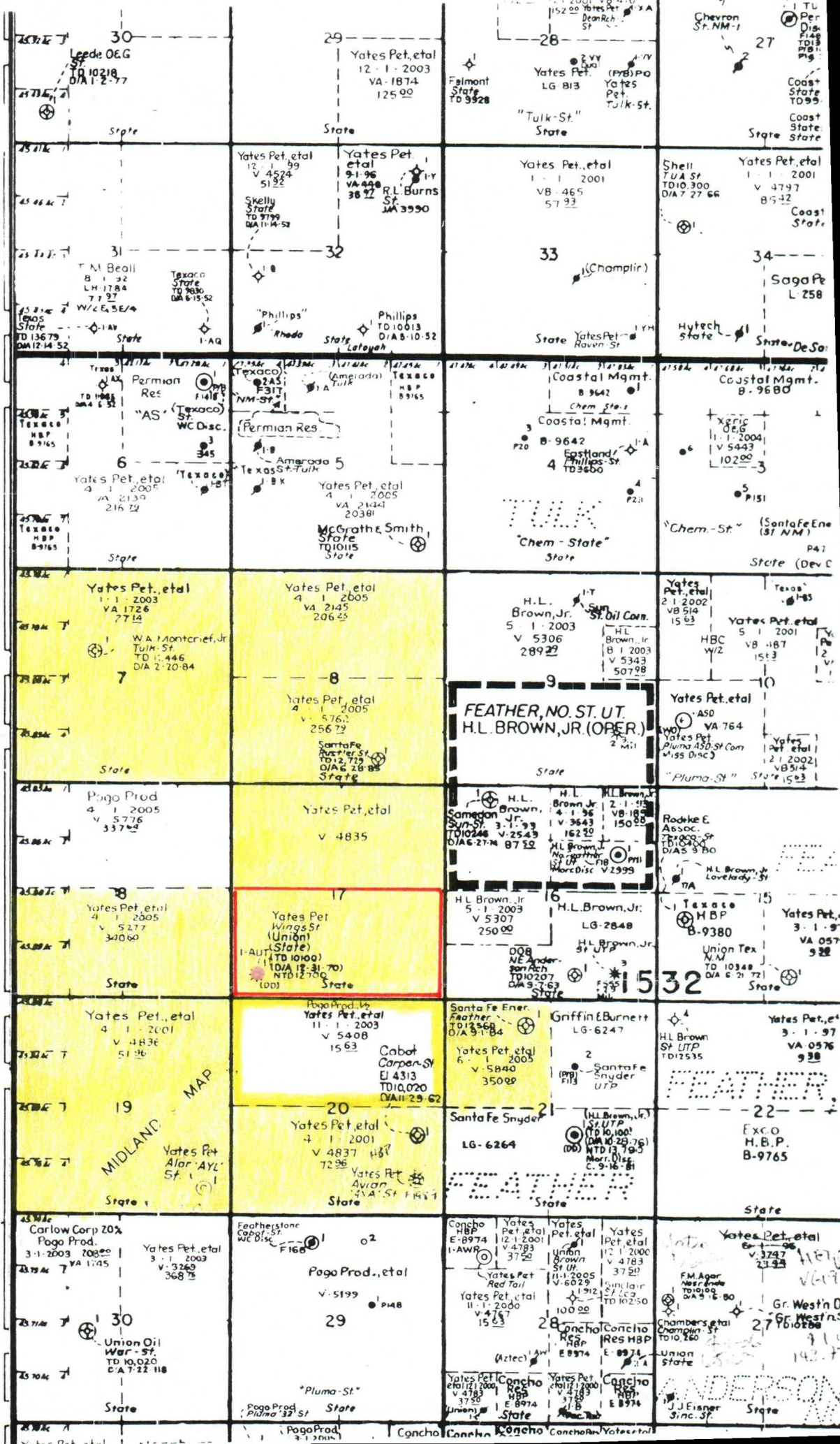
Very truly yours,  
  
William F. Carr  
Attorney for Yates Petroleum Corporation

Enclosures

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Township 15 South, Range 32 East, NMPM  
Lea County, New Mexico

Section 7: All, leased to Yates Petroleum Corporation, et al, until 1-1-2003, VA-1726

Section 8: All, leased to Yates Petroleum Corporation, et al, until 4-1-2005, VA-2145 & VA-5762

Section 17: All, leased to Yates Petroleum Corporation, et al, until 4-1-2001 (HBP), VO-4835

Section 18: S2 leased to Yates Petroleum Corporation, et al, until 4-1-2005, VO-5277, N2 leased to Pogo until 4-1-2005, V-5776

Section 19: All, leased to Yates Petroleum Corporation, et al, until 4-1-2001 (HBP), VO-4836

Section 20: N2, leased to Yates Petroleum Corporation, et al, until 11-1-2003, VO-5408, Pogo Producing Company owns 50%.

Secton 20: S2, leased to Yates Petroleum Corporation, et al, until 4-1-2001 (HBP), VO-4837

EXHIBIT

41

JUL-18-2001 WED 08:58 AM YPC LAND

FAX NO. 5057484572

P. 02

07/17/2001 17:04 FAX 015 685 8151

Pogo Prod Co - Land Dept

004

JUL-18-2001 MON 09:53 AM YPC LAND

FAX NO. 5057484572

P. 02/02

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  
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DEYTON YATES  
MANAGING VICE PRESIDENT  
RANDY B. PATTERSON  
SECRETARY  
DENNIS G. KNEZY  
TREASURER

July 16, 2001

Pogo Producing Company  
300 North Marienfeld, Suite 600  
Midland, TX 79701

Attention: Mr. Terry Gant

Re: Union State Well  
Township 15 South, Range 32 East  
Section 17  
Lea County, New Mexico

Gentlemen:


Yates Petroleum Corporation has re-entered the Union State well and deepened it to the Morrow formation at 12,700'. This bore hole is currently 560' FSL and 660' FSL of Section 17, Township 15 South, Range 32 East, Lea County, New Mexico. At this time we are proposing to attempt a re-completion into the Wolfcamp zone and are respectfully requesting that Pogo Producing Company execute this letter indicating that they have any objection to the above re-completion and then fax a signed copy of this letter to 505-748-4572 at your earliest convenience.

Should you have any questions please call.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

  
Janet Richardson  
Landman

JR/pjb

ACCEPTED and AGREED to this 16th day of July, 2001.

POGO PRODUCING COMPANY

By:   
Terry Gant, Division Landman  
Title: \_\_\_\_\_

EXHIBIT

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