



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 2, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: Ernest L. Carroll
Sr. Landman

Re: *Application for administrative review by the Division submitted on February 8, 2006 (administrative application reference No. pMES0-606153188) to reinstate and amend Division Administrative Order NSL-4663, dated November 6, 2001, which order authorized Yates Petroleum Corporation ("Yates") to reenter the plugged and abandoned Maxus Exploration Company Newkumet Federal Well No. 1 (API No. 30-005-62532), to be redesignated the Applesauce "AZR" Federal Well No. 1, located 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico, at an unorthodox gas well location for all formations and/or pools from the surface to the base of the Strawn formation that are developed on 320-acre spacing and governed under the provisions of Division Rule 104.C (2), within the N/2 of Section 25.*

Mr. Carroll:

In reviewing your application I could not but notice that the working interests in the NE/4 NW/4 (Unit C) and the NE/4 SW/4 (Unit K) of Section 24 (*Federal Lease No. NM-10593*) has changed scientifically since 2001 (see copy of previous application that resulted in the issuance of Division Administrative Order NSL-4663 attached). Is this an oversight or has Secan Oil Company, Inc. of Natchez, Mississippi since acquired all the other working interest so listed? Or perhaps there is some other reason for this difference.

Thank you.

Sincerely,

Michael E. Stogner
Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management - Roswell
William F. Carr, Legal Counsel for Yates Petroleum Corporation – Santa Fe

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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March 8, 2006

Michael E. Stogner
New Mexico Energy Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

2006 MAR 10 PM

Re: Application for administrative review by the Division submitted on February 8, 2006 (administrative application reference No pMESO-606153188) to reinstate and amend Division Administrative Order NSL-4663, dated November 6, 2003, which order authorized Yates Petroleum Corporation ("Yates") to re-enter the plugged and abandoned Maxus Exploration Company's NewKumet Federal Well No 1 (API No 30-005-62532), to be re-designated the Applesauce AZR Federal Well No 1, located 500' FNL & 990' FNL (Unit D) of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico, at an unorthodox gas well location for all formations and/or pools from the surface to the base of the Strawn formation that are developed on the 320-acre spacing and governed under the provisions of Division Rule 104.C (2), within the N½ of Section 25

Dear Mr. Stogner:

In preparation for submittal of this administrative application, the ownership of the lands you inquired about in your March 2, 2006 letter were reviewed by checking the county records and looking at federal records. I obtained new take-offs and reviewed them to determine the ownership. The new take-offs did not reflect the same ownership as listed in the 2001 application. In checking the 2001 take-offs prepared by Federal Abstract the additional owners shown on our 2001 application were taken from a document, which was not an instrument of title, but rather was furnished to us for our information. The new Federal Abstract take-off, which agrees with the County take-off, does not list these people.

In 2001, notices of the application were sent to these people, but each one was returned as undeliverable. Out of an abundance of caution, we utilized the Internet to search for these people, to send notices of the 2006 application. No new information was obtained, and each letter has been returned as undeliverable.

We therefore request that this application be expedited and approved.

Very truly yours,

Ernest L. Carroll
Senior Landman

ELC:tlh

3-8-2006 (9:00 am)
Tutkallu/ Mr. Carroll
will submit his explanation in
writing
M.S.