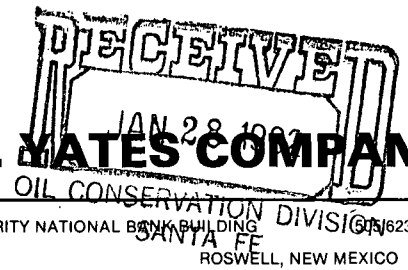


HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY



P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING
SANTA FE, NEW MEXICO 87201

January 27, 1982

State of New Mexico
Oil Conservation Division
P. O. Bx 2088
Santa Fe, New Mexico 87501

Attention: Mr. Richard Stamets

Re: Application for
Unorthodox Location
S/2 Section 12,
T-18S, R-28E,, N.M.P.M.
Eddy County, New Mexico

Gentlemen:

North Travis 12 Deep well No 1

This letter will serve as an application for the approval of a recompletion of a well at an unorthodox location.

Commission Order No. R-5643 dated February 14, 1978, established Special Rules and Regulations for the Travis - Upper Pennsylvanian Pool covering NE/4 of Section 13, T-18S, R-28E, Eddy County, New Mexico. Rule 1 thereof made "each well... recompleted...in the Upper Pennsylvanian formation within one mile" of the Pool subject to the Special Rules and Regulations for the Travis - Upper Pennsylvanian Pool. Harvey E. Yates Company is seeking the approval of a recompletion of their North Travis 12-1 in the Upper Pennsylvania formation through perforations from 9862' to 9872'. This well is located 660' FSL and 1650' FEL in Section 12 of T-18S, R-28E, which is with- in one mile of the Pool.

Rule 5 of the Special Rules permits granting without notice and hearing of any "unorthodox location necessitated by...the re-completion of a well previously drilled to another horizon." The North Travis 12-1 was originally completed in the Morrow formation through perforations from 10916 to 10956. Harvey E. Yates Company was granted permission by Commission Order No. R-6341 to drill the well at an unorthodox location.

The Travis Deep Unit, of which Harvey E. Yates Company is the operator, surrounds and offsets the North Travis 12-1. Harvey E. Yates Company has no objection to the unorthodox location.

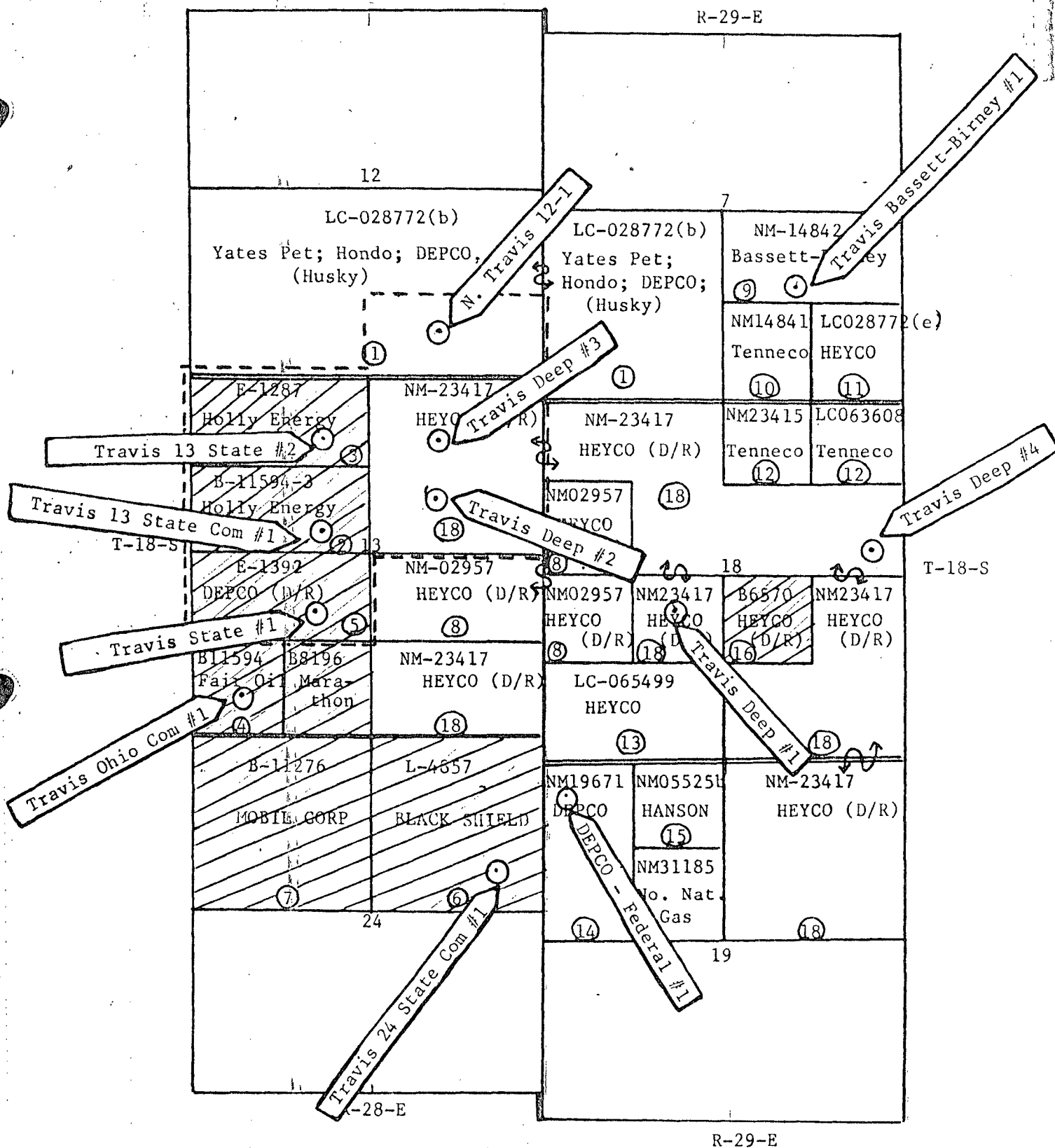
We respectfully request an administrative approval of this application.

Sincerely,

Thomas J. Hall III
Thomas J. Hall III

TJH III:j
cc: Bill Gressett
Enclosures: Plats (2)
Order R-5653
Order R-6341

R-29-E



LEGEND:

- | | |
|-----------|------------------|
| _____ | TRAVIS DEEP UNIT |
| - - - - - | TRAVIS PENN UNIT |
| ① | TRACT NUMBERS |
| //// | STATE LANDS |

WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section.

Form No. C-128
Effective 1-1-65
JAN 28 1982

Harvey E. Yates Co.			Lease N. Travis 12 Deep		Well No.
Section 12	Township 18 South	Range 28 East	County Eddy		

OIL CONSERVATION DIVISION
SANTA FE

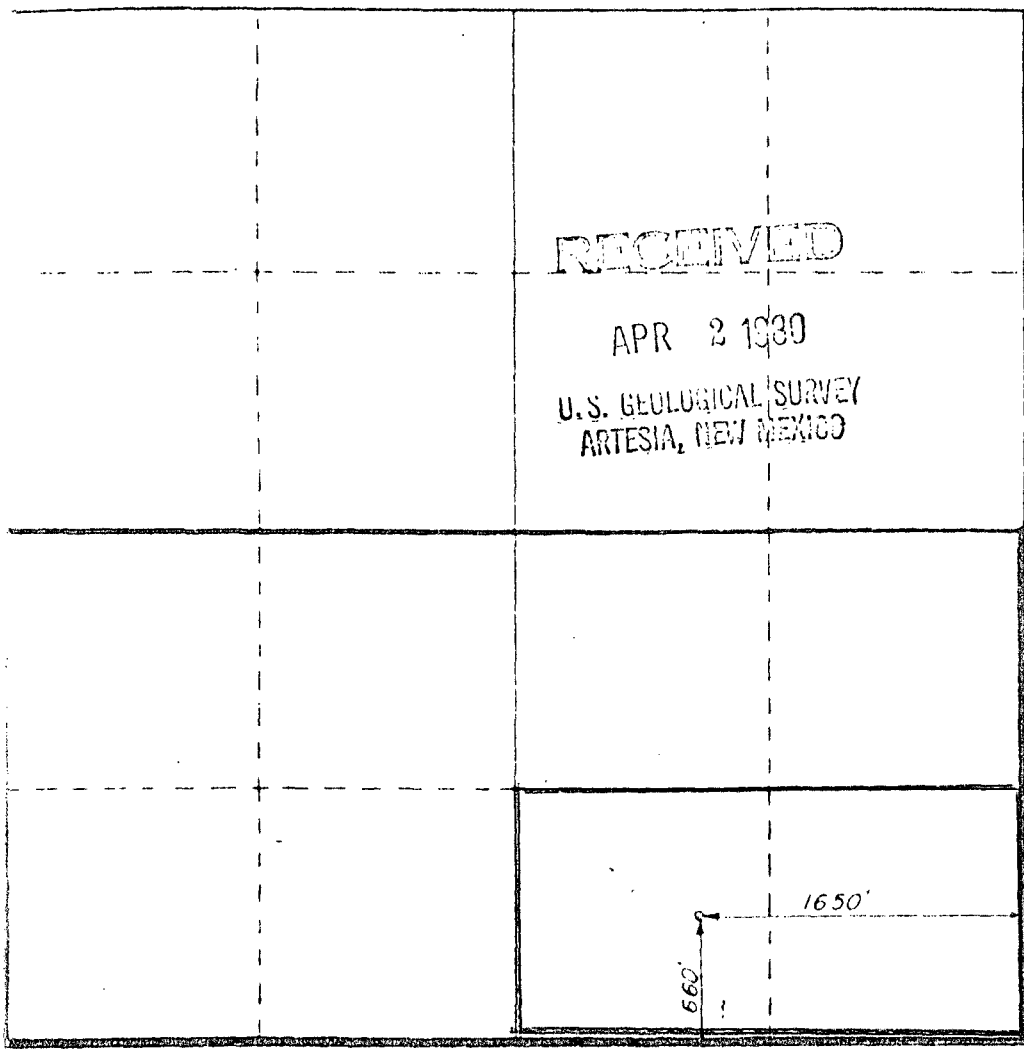
Well Location of Wells		660 feet from the South line and 1650 feet from the East line	
Well Elev. 3633.7	Producing Formation Upper Penn	Pool Travis Upper Penn	Dedicated Acreage 80

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



RECEIVED
APR 2 1980
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

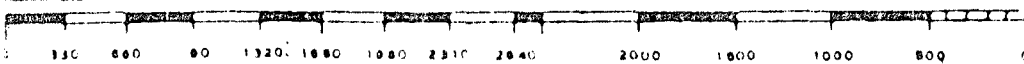
CERTIFICATION

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

Harvey E. Yates
Vice President
Harvey E. Yates Company
Date April 2, 1980

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 knowledge and belief.

Date Surveyed 3-26-1980
Registered Professional Engineer
in Oil and Land Surveyor
John W. West
Certificate No. JOHN W. WEST 878
PATRICK A. ROMERO 8868
Ronald J. Eidson 3239



(SHUGART-PENNSYLVANIAN GAS (SPACING
EXCEPTION) POOL - Cont'd.)TRAVIS-UPPER PENNSYLVANIAN POOL
Eddy County, New Mexico

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant herein, Texas Oil & Gas Corporation, proposes to drill a Pennsylvanian gas test well in the NE/4 of Section 33, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, dedicating thereto the E/2 of said Section 33.

(3) That said well would be located within one mile of the outer boundary of the Shugart-Pennsylvanian Gas Pool, and would therefore be subject to the Commission rules applicable to said pool.

(4) That said Shugart-Pennsylvanian Gas Pool was created and designated by the Commission by Order No. R-1179, effective June 1, 1958.

(5) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(6) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Shugart-Pennsylvanian Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(7) That the operator of all wells currently producing from said Shugart-Pennsylvanian Gas Pool appeared and objected to the promulgation of 320-acre spacing rules for said pool, but waived objection to limiting the application of the present 160-acre spacing rules to wells located within the boundaries of said pool as they now exist.

(8) That such limitation of the application of the pool rules would preserve the integrity of the current acreage dedication pattern for the existing wells in the Shugart-Pennsylvanian Gas Pool, and would also allow the applicant to develop its acreage outside the boundaries of said pool in accordance with the present rules applicable to Pennsylvanian gas wells in Southeast New Mexico.

(9) That limitation of the application of the present 160-acre spacing rules to wells located within the boundaries of the Shugart-Pennsylvanian Gas Pool as they now exist will not cause waste nor impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the 160-acre spacing rules applicable to the Shugart-Pennsylvanian Gas Pool shall be effective only insofar as they apply to the following described lands in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 26: S/2
Section 27: E/2
Section 34: NE/4

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

Order No. R-5643, Creating and Adopting Temporary Operating Rules for the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, February 14, 1978.

Order No. R-5643-A, May 2, 1979, makes permanent the temporary rules adopted in Order No. R-5643.

Application of Harvey E. Yates Co. for Pool Creation and Special Pool Rules, Eddy County, New Mexico.

CASE NO. 6072
Order No. R-5643

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of February, 1978, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harvey E. Yates Co., seeks the creation of a new oil pool for Upper Pennsylvanian production in Eddy County, New Mexico.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

(4) That the evidence presently available indicates that applicant's Travis Deep Well No. 2, located in Unit G of Section 13, Township 18 South, Range 28 East, Eddy County, New Mexico, has discovered a separate common source of supply which should be designated the Travis-Upper Pennsylvanian Pool; that the vertical limits of said pool should be the Upper Pennsylvanian formation and that the horizontal limits of said pool should be as follows:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 13: NE/4

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Travis-Upper Pennsylvanian Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

TRAVIS-UPPER PENNSYLVANIAN POOL - Cont'd.)

(8) That this case should be reopened at an examiner hearing in March, 1979, at which time the operators in the subject pool should be prepared to appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production, is hereby created and designated the Travis-Upper Pennsylvanian Pool, with vertical limits comprising the Upper Pennsylvanian formation, and horizontal limits comprising the following-described area:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 13: NE/4

(2) That temporary Special Rules and Regulations for the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
TRAVIS-UPPER PENNSYLVANIAN POOL

RULE 1. ~~Each well completed or recompleted in the Travis-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.~~

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. ~~Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.~~

RULE 5. ~~The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.~~

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 355 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Travis-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District office of the Commission in writing of the name and location of the well on or before April 1, 1978.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Travis-Upper Pennsylvanian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Travis-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in March, 1979, at which time the operators in the subject pool should be prepared to appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6873
Order No. R-6341

APPLICATION OF HARVEY E. YATES COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 23, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of May, 1980, the Division Director,
having considered the testimony, the record, and the recommenda-
tions of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, seeks
approval of an unorthodox gas well location for its North
Travis 12 Deep Well No. 1 to be drilled 660 feet from the South
line and 1650 feet from the East line of Section 12, Township
18 South, Range 28 East, NMPM, to test the Wolfcamp and Pennsyl-
vanian formations, Travis Field, Eddy County, New Mexico.

(3) That as a gas well in the Wolfcamp or Lower Pennsyl-
vanian formation, the S/2 of said Section 12 is to be dedicated
to the well.

(4) That said North Travis 12 Deep Well No. 1 is to be
drilled as a development well at a standard oil well location
in the Travis-Upper Pennsylvanian Pool.

(5) That approval of the application will permit the appli-
cant to produce any gas zones encountered in the Wolfcamp or
other Pennsylvanian zones without the drilling of a second
(unnecessary) well.

(6) That no offset operator objected to the proposed unorthodox location.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

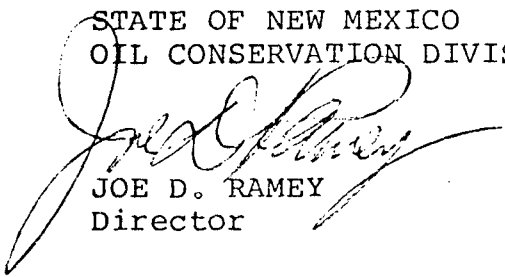
(1) That an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for the Harvey E. Yates Company North Travis 12 Deep Well No. 1 to be drilled at a point 660 feet from the South line and 1650 feet from the East line of Section 12, Township 18 South, Range 28 East, NMPM, Travis Field, Eddy County, New Mexico.

(2) That as a gas well in the Wolfcamp or Lower Pennsylvanian formation, the S/2 of said Section 12 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/