

12/3/07 DATE IN	SUSPENSE	Brooks ENGINEER	12/4/07 LOGGED IN	NSL TYPE	PKVRO733830950 APP NO.
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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



Yates Petroleum Corporation  
Shinnery AZG State #21

NSL 5722-A

**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 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

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2007 DEC 3 PM 2 30

A  
TO  
ABO

[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.

Ocean Munds-Dry      Ocean Munds-Dry      Attorney      12-3-07  
Print or Type Name      Signature      Title      Date  
e-mail Address: omundsdry@hollandhart.com

December 3, 2007

**HAND DELIVERY**

Mr. Mark Fesmire, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

UNDES East Line - ABO  
UNDES SE Line - ABO

Re: Application of Yates Petroleum Corporation, to amend Administrative Order NSL-5722 to include the Abo formation for its Shinnery AZG State Well No. 2Y, located 1650 feet from the North line and 1630 feet from the West line of Section 9, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation ("Yates") hereby seeks an amendment to Administrative Order NSL-5722, dated November 27, 2007, to include the Abo formation for its Shinnery AZG State Well No. 2Y, located 1650 feet from the North line and 1630 feet from the West line of Section 9, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

This location is unorthodox because it is governed by the Division's Statewide Rules and Regulations which provide for wells on 40-acre spacing to be located no closer than 330 feet to any boundary of the quarter-quarter section on which the well is located. The proposed location is unorthodox because it is only 310 feet from the western boundary.

This well is currently approved at an unorthodox oil well location for the Wolfcamp formation. A standard 40-acre spacing and proration unit comprised of the SE/4 NW/4 of Section 9 will be dedicated to the well. Yates requests permission to complete the well in the Abo formation. Yates originally sought this non-standard location as a replacement well to the Shinnery AZG State Well No. 2. Attached is Administrative Order NSL-5722 for your reference.

**Exhibit A** is the updated C-102 which shows the proposed unorthodox well location.

Yates owns 100% of the working interest in this W/2 spacing unit. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

Your attention to this application is appreciated.

Sincerely,



Ocean Munds-Dry

ATTORNEY FOR YATES PETROLEUM  
CORPORATION

Enclosures

cc: Robert Bullock  
OCD - Hobbs

**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 October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-38573	<sup>2</sup> Pool Code 36676	<sup>3</sup> Pool Name Lane; Abo, Southeast
<sup>4</sup> Property Code 28883	<sup>5</sup> Property Name Shinnery AZG State	
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	<sup>6</sup> Well Number 2Y <sup>9</sup> Elevation 4246' GR

<sup>10</sup> Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	9	10S	34E	F	1650	North	1630	West	Lea

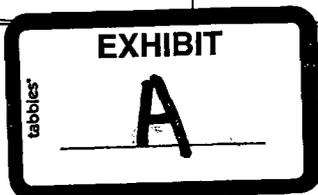
<sup>11</sup> Bottom Hole Location If Different From Surface.

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

16		<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.</p> <p><i>Storm Davis</i> 11-28-07 Signature Date</p> <p>Storm Davis Printed Name</p>





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Festire, P.E.**  
Director  
Oil Conservation Division

November 27, 2007

Administrative Order NSL-5722

Yates Petroleum Corporation  
C/o Holland & Hart  
P.O. Box 2208  
Santa Fe, NM 87504-2208

Attention: Ms. Ocean Munds-Dry, Esq.

**Shinnery AZG State Well No. 2Y (API No. 30-075-38573)**  
Vertical Well: 1650' FNL, 1630' FWL, Unit F (NON-STANDARD)  
Section 9 T10S, R34E, NMPM, Lea County, New Mexico  
40 Acre, Unit F of Section 9 Oil Spacing and Proration Unit (First Well)  
Wildcat-Wolfcamp Oil Pool (96794)

Reference is made to: Yates Petroleum Corporation's ("Yates") application for a non-standard well location (*administrative application reference No. pKVR0729952086*) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 24, 2007; and the Division's records pertinent to Yates's request.

Yates requests authority to drill this oil well to test the Wolfcamp formation at a non-standard location 310 feet from the western boundary of the proration unit. This well will be dedicated to Unit F of Section 9 and will be the first Wolfcamp oil well in this unit.

This well location was chosen after the original, standard location was abandoned after a casing collapse. Drilling this well on the same well-pad will prevent environmental damage and prevent waste.

It is our understanding that Yates has notified the operator of the affected spacing unit to the west and no objection has been received.

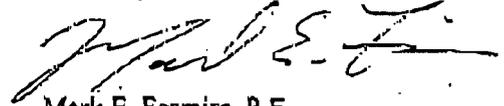
Oil Conservation Division • 1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone: (505) 476-3440 • Fax (505) 476-3462 • <http://www.emnrd.state.nm.us>

Administrative Order NSL-5722  
Yates Petroleum Corporation  
November 27, 2007  
Page 2 of 2

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Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox location for the Wildcat-Wolfcamp Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.  
Division Director

MEF/wvjj

cc: New Mexico Oil Conservation Division - Hobbs  
State Land Office - Oil, Gas, and Minerals Division