

10/24/07 DATE IN	SUSPENSE	Brooks ENGINEER	10/29/07 LOGGED IN	NSL TYPE	PKUR0730230646 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



RECEIVED

OCT 24 PM 4:34
Yates Petroleum
Straight State Unit #6
5742

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

[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 10-24-07
 Print or Type Name Signature Title Date

omundsdry@hollandhart.com
 e-mail Address



October 24, 2007

HAND-DELIVERED

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

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Strait State Unit Well No. 6 located 660 feet from the North line and 2310 feet from the West line of Section 29, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

unorthodox Sand Springs Atoka - Morrow

Pursuant to the provisions of Division Rule 104 F (2), Yates Petroleum Corporation ("Yates") hereby seeks administrative approval of an unorthodox well location for its Strait State Unit Well No. 6 located 660 feet from the North line and 2310 feet from the West line of Section 29, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The N/2 of Section 29 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's Statewide Rules and Regulations which provide for wells on 320-acre spacing to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located. The proposed location is unorthodox because it is only 330 feet from the eastern boundary of the quarter section on which the well is located. A standard 320-acre spacing and proration unit comprised of the N/2 of Section 29 will be dedicated to the well.

The unorthodox location is required by geologic conditions. As shown on the attached Basal Morrow Net Sand Isopach Map (attached as **Exhibit A**), a standard location would not be on the center of the channel. The proposed location would be near the center of the channel and encounter an estimated 40 feet of good sand. The productive lower Morrow wells are shown in purple. The adjacent wells are the Cash State Unit Well No. 5 (Section 19) and the Strait State Unit Well No. 5 (Section 20). These wells are located in the center of the channel and have thick sand. Yates has had poor results drilling on the edge of a channel. In addition to thinner sands, the porosity is not usually well developed on the channel edge. **Exhibit B** is Structural Cross-Section A-A'

and shows these lower Morrow sands in yellow. Both the Cash State Unit No. 5 and the Strait State Unit No. 5 encountered good sand thicknesses, but with the center of the channel less than 1000 feet wide, a location several hundred feet away can be the difference between a good well and a poor well.

Attached hereto as **Exhibit C** is a plat as required by Rule 104.F (3). Section 29 is a part of the Strait State Unit. Therefore, Yates is also the offsetting operator upon which the well encroaches. Also, working interest ownership is common in each spacing unit. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

The proposed location is the most efficient and reasonable way to develop these potential reserves and would be in the best interest of conservation and the prevention of waste.

Your attention to this application is appreciated.

Sincerely,

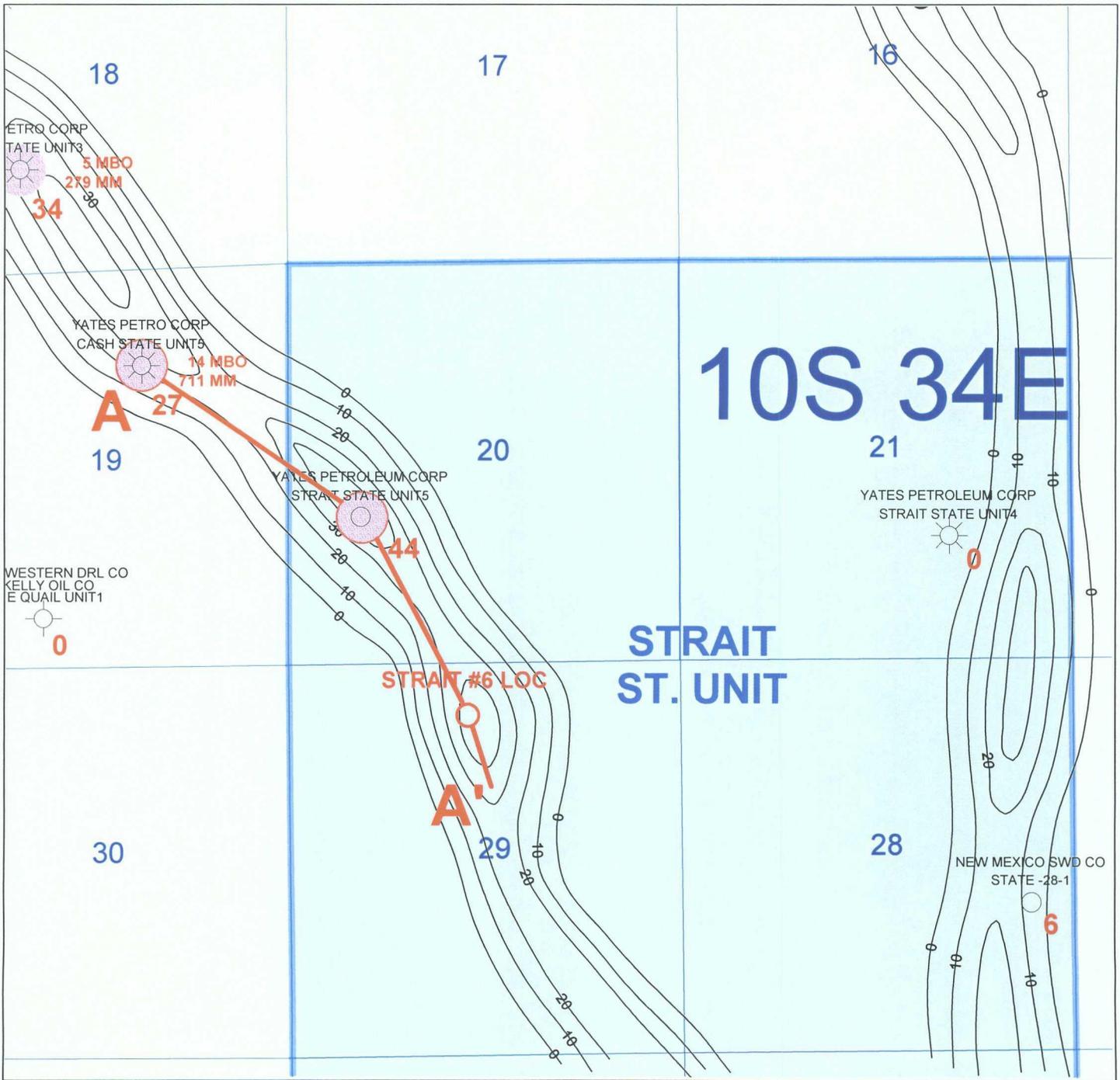


Ocean Munds-Dry
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

OCD - Hobbs



		
PROPOSED STRAIT STATE UNIT #6 Basal Morrow Net Sand Isopach Only Wells > 11,500 Shown LEA COUNTY, NM		
Author: JOHN AMIET		Date: 31 August, 2007
Scale: 1" = 2000'		Strait #6 Loc Map.gmp

44 Basal Morrow Net Feet Sand
> 6% Porosity

 Morrow Production

MBO Thousands Barrels of Oil

MM Million Cubic Feet Gas



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Ocean Monds-Dry Ocean Monds-Dry Attorney 10-24-07
 Print or Type Name Signature Title Date

omondsdry@hollandhart.com
 e-mail Address



October 24, 2007

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
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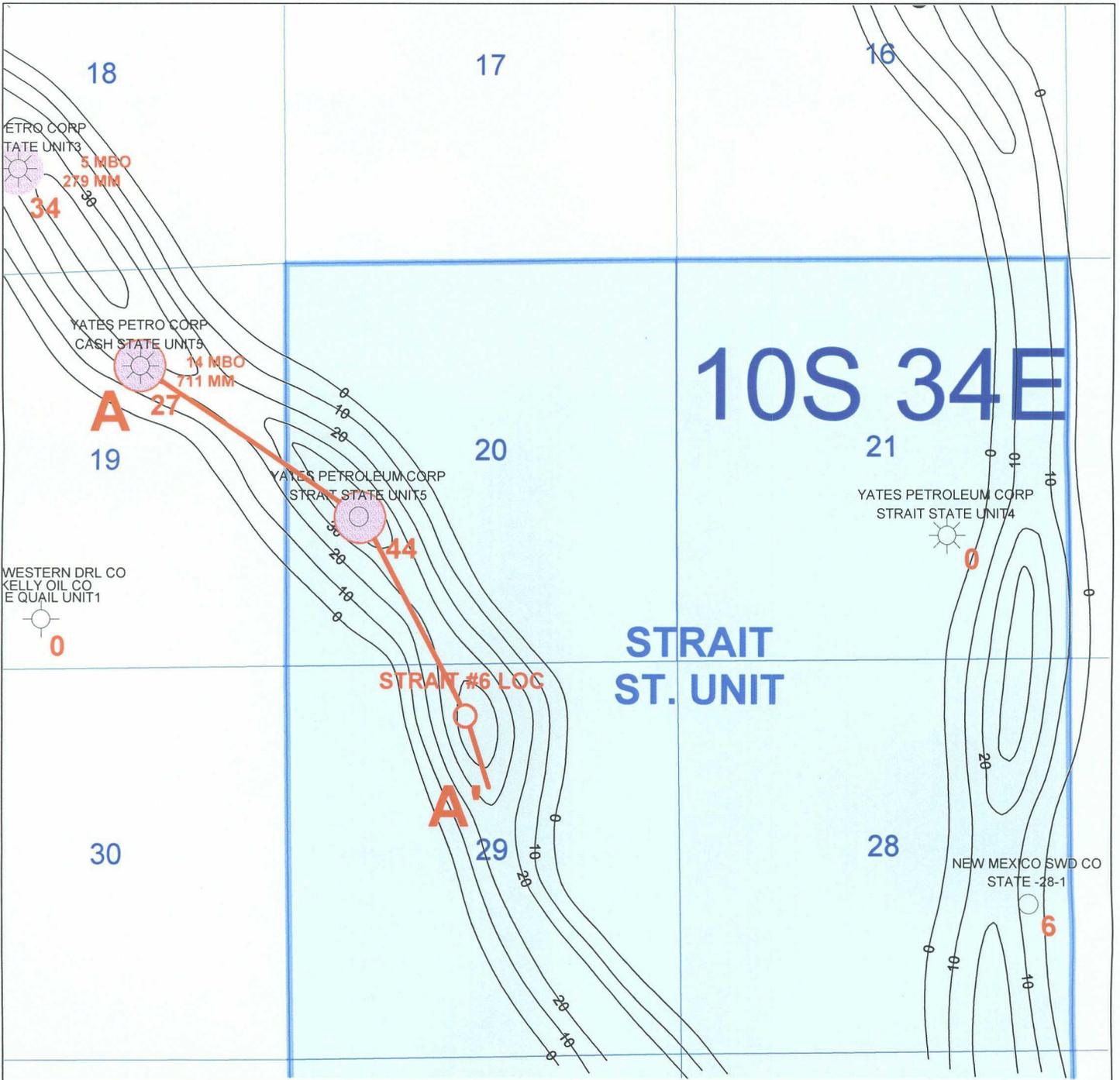


Ocean Munds-Dry
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

OCD - Hobbs





YATES
PETROLEUM
CORPORATION

PROPOSED STRAIT STATE UNIT #6
Basal Morrow Net Sand Isopach
 Only Wells > 11,500 Shown
 LEA COUNTY, NM

Author: JOHN AMIET		Date: 31 August, 2007
nc	Scale: 1" = 2000'	Strait #6 Loc Map.gmp

- 44 Basal Morrow Net Feet Sand > 6% Porosity
- Morrow Production
- MBO Thousands Barrels of Oil
- MM Million Cubic Feet Gas



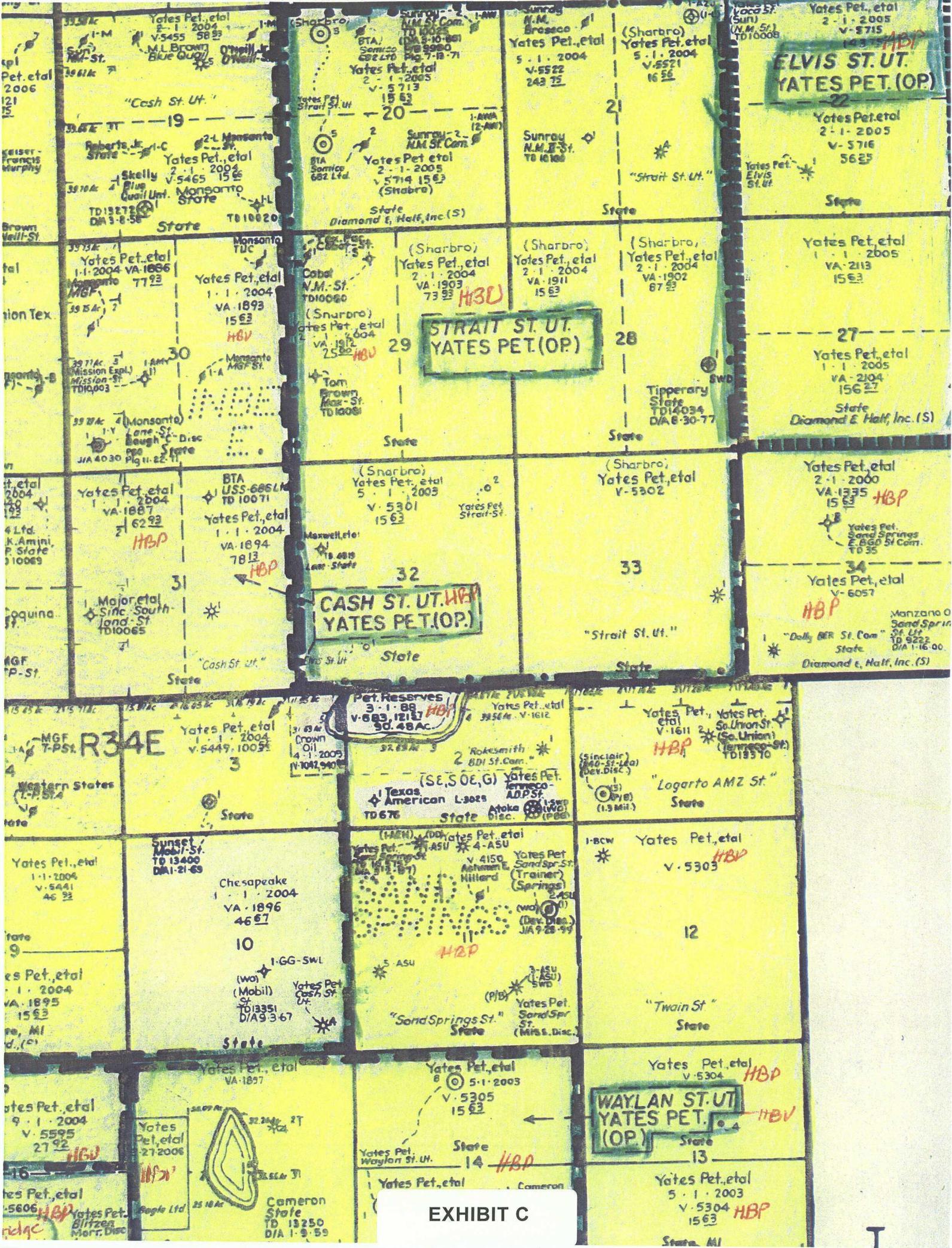


EXHIBIT C

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected. The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

23 Records Found

Displaying Screen 1 of 1

API Number	ULSTR	Footages
<input type="radio"/> 3004507765	P -25-29N-11W	790 FSL & 790 FEL
Well Name & Number: EATON A No. 001		
Operator: BP AMERICA PRODUCTION COMPANY		
<input type="radio"/> 3004507801	L -25-29N-11W	1450 FSL & 1045 FWL
Well Name & Number: SULLIVAN No. 004		
Operator: HOLECOMB OIL & GAS INC		
<input type="radio"/> 3004507813	J -25-29N-11W	1600 FSL & 1450 FEL
Well Name & Number: SULLIVAN No. 001		
Operator: MANANA GAS INC		
<input type="radio"/> 3004507859	E -25-29N-11W	1945 FNL & 660 FWL
Well Name & Number: PRE-ONGARD WELL No. 003		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3004507901	B -25-29N-11W	950 FNL & 1650 FEL
Well Name & Number: SULLIVAN No. 006		
Operator: EL PAMCO INC		
<input type="radio"/> 3004507914	C -25-29N-11W	790 FNL & 1850 FWL
Well Name & Number: SULLIVAN-A No. 001		
Operator: XTO ENERGY, INC		
<input type="radio"/> 3004523266	G -25-29N-11W	1750 FNL & 1600 FEL
Well Name & Number: PRE-ONGARD WELL No. 008		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3004523282	G -25-29N-11W	1640 FNL & 1580 FEL
Well Name & Number: PRE-ONGARD WELL No. 006A		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3004523354	G -25-29N-11W	1650 FNL & 1580 FEL
Well Name & Number: SULLIVAN No. 006B		
Operator: EL PAMCO INC		
<input type="radio"/> 3004523757	I -25-29N-11W	1675 FSL & 790 FEL
Well Name & Number: AUNT MAGGIE No. 001		
Operator: MANANA GAS INC		
<input type="radio"/> 3004523786	I -25-29N-11W	1575 FSL & 790 FEL
Well Name & Number: PRE-ONGARD WELL No. 002		
Operator: PRE-ONGARD WELL OPERATOR		
<input type="radio"/> 3004524418	P -25-29N-11W	1040 FSL & 790 FEL
Well Name & Number: EATON COM B No. 001		
Operator: BP AMERICA PRODUCTION COMPANY		
<input type="radio"/> 3004524437	B -25-29N-11W	1020 FNL & 1450 FEL
Well Name & Number: EATON A No. 001E		

mt

Bloomfield FMN

PC

PC

PC

no

MV

Operator: XTO ENERGY, INC

3004524446 C -25-29N-11W 530 FNL & 1990 FWL

Well Name & Number: BRUCE SULLIVAN COM B No. 001

Operator: BP AMERICA PRODUCTION COMPANY

3004524498 M -25-29N-11W 990 FSL & 810 FWL

Well Name & Number: SULLIVAN A No. 001E

Operator: XTO ENERGY, INC

3004525094 J -25-29N-11W 1600 FSL & 1700 FEL

Well Name & Number: AUNT MAGGIE No. 003

Operator: MANANA GAS INC

Fruitland Land

3004525744 L -25-29N-11W 1700 FSL & 510 FWL

Well Name & Number: PRE-ONGARD WELL No. 3

Operator: PRE-ONGARD WELL OPERATOR

3004527546 C -25-29N-11W 730 FNL & 2180 FWL

Well Name & Number: SULLIVAN JB No. 001

Operator: HOLCOMB OIL & GAS INC

3004531894 P -25-29N-11W 985 FSL & 820 FEL

Well Name & Number: GHOSTRIDER No. 001

Operator: EL PAMCO INC

FC

3004532220 M -25-29N-11W 860 FSL & 695 FWL

Well Name & Number: SULLIVAN No. 090

Operator: DUGAN PRODUCTION CORP

3004533223 L -25-29N-11W 1535 FSL & 1050 FWL

Well Name & Number: J B SULLIVAN No. 004Y

Operator: HOLCOMB OIL & GAS INC

3004533224 C -25-29N-11W 680 FNL & 1960 FWL

Well Name & Number: J B SULLIVAN No. 002

Operator: HOLCOMB OIL & GAS INC

this well

3004534457 J -25-29N-11W 1975 FSL & 2090 FEL

Well Name & Number: EATON A No. 001R

Operator: XTO ENERGY, INC

23 Records Found

Displaying Screen 1 of 1

Continue

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