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

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S P VATES OT CONSERVE ON DIVENDA VATES CHAIRMAN OF THE BOARD RECE VED DRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT PIT RANDY G. PATTERSON DENNIS G. KINSEY TREASURER

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105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

July 2, 1996

Mr. David Catanach New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

CERTIFIED MAIL Return Receipt Requested

Application for Unorthodox Location RE: Ed Powell Unit #1 Wildcat ABO Pool Township 26 south, Range 38 East Section 20: SE/4SE/4 Lea County, New Mexico

Dear Mr. Catanach:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox well, the Ed Powell Unit #1. This well is located on Federal Oil and Gas Lease NM 69605 at a footage location of 1250' FSL and 990' FEL for geological reasons.

The original application for permit to drill submitted by Yates requested approval to drill to a total depth of 8500' to test the ABO and intermediate formations and amended by a subsequent Sundry Notice of Intent to drill deeper to test the Mississippian at approximately 9800'.

The attached Blinebry Time Structure Map (based on 3D seismic) shows a north plunging structural nose with a closure centered in the SE/4 of Seciton 20. Development drilling for the Blinebry formation is currently taking place several miles to the northwest on structural closures. This area of Lea County has very few deep wells and no Blinebry tests on the shown closure. This test must be considered a high risk venture due to the lack of well control. The unorthodox location was selected at the top of the closure in order to optimize the changes of establishing economic hydrocarbon production. Any other location would have significantly increased the risk on an already high risk project.

Yates Petroleum Corporation and the Yates' family companies own and operate all the offset leasehole acreage, therefore, we submit no waivers of objection to the unorthodox location.

We further request this well location be approved for all formations developed on forty (40) acre spacing in the SE/4SE/4 of Section 20.

Yates Petroleum Corporation believes approval of the unorthodox Ed Powell Unit #1 should be in the best interest of conservation, would protect correlative rights, and would allow for the most complete recovery of oil-in-place.

Enclosed are application for permit to drill with amended Sundry Notice, a land plat showing all offset operators, and Blineberry structure map. Please call me at 505-748-4351 if you need further information.

Thank you.

YATES PETROLEUM CORPORATION

Cent Bullock

Robert Bullock Landman

RB:bn enclosure(s)



Im 3160-5 Ine 1990) UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT			FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993 5. Lease Designation and Serial No. <u>NM-6905</u> 69605 6. If Indian, Allottee or Tribe Name		
Do not use this for Us					
•.	7. If Unit or CA, Agreement Designation				
1. Type of Well			8. Well Name and No.		
X Oil Well Gas Well Other 2. Name of Operator			Ed Powell Unit #1		
•	EUM CORPORATION	(505) 748-1471)	9. API Well No. 30-025-33482		
•	h St., Artesia, NM 882	210	10. Field and Pool, or Exploratory Area Wildcat Abo		
	, Sec., T., R., M., or Survey Description)				
)-T26S-R38E (Unit P, SESE)	11. County or Parish, State Lea Co., NM		
2. CHECK A	PPROPRIATE BOX(s) TO	INDICATE NATURE OF NOTICE, REPOR	RT, OR OTHER DATA		
TYPE OF S	UBMISSION	TYPE OF ACTION			
Notice of	Intent		Change of Plans		
Les Houce of	Incin	Recompletion			
Subsequer	nt Report	Plugging Back	Non-Routine Fracturing		
•	•	Casing Repair	Water Shut-Off		
🗔 Final Aba	andonment Notice	Altering Casing	Conversion to Injection		
		X Other Drill Deeper	_ Dispose Water		
			(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)		
		details, and give pertinent dates, including estimated date of starting	g any proposed work. If well is directionally drille		
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APPLICATION FOR PERMIT 1 AT	80	30-025-334	182	6." IF INDIAN, ALLOTT	TE OR TRIBE NAME	
18. TYPE OF WORK		······································	l	7. UNIT AGREEMENT		
DRILL X DEEPEN [Ed Powell	_	
OIL WX WELL OTHER			* П	8. FARM OR LEASE NAME		
2. NAME OF OPERATOR						
YATES PETROLEUM CORPORATION			· · ·	9. API WELL NO.		
3. ADDRESS AND TELEPHONE NO.	00010	(EOE) 740 1471	i	30-035-33482/ 10. FIELD AND POOL, OR WILDCAT		
105 South Fourth Street, Artesia, NM, 8 4. LOCATION OF WELL (Report location clearly and in accordance with	00210	(JUD) /40-14/1 State requirements.*)		Wildcat Ab		
1250' FSL and 900' FEL UMORTHOD				11. SEC., T., R., M., OR BLK.		
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14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POS	T OFFIC	E • .	i	12. COUNTY OR PARIS		
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LOCATION TO NEAREST Property or lease line, FT.		0		HIS WELL 40		
(Also to nearest drig, unit line, if any) 18. DISTANCE FROM FROPOSED LOCATION*		ROPOSED DEPTH	20. ROTA	RY OR CABLE TOOLS		
TO NEAREST WELL, DRILLING, COMPLETED, or Applied For, on this lease, FT.	8	500	ĺ	Rotary		
21. ELEVATIONS (Show whether DF. RT, GR, etc.)					WORK WILL START*	
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PROPOSED CASI	ING AN	D CEMENTING PROGRAM	A		· · ·	
SIZE OF HOLE GRADE, SIZE OF CASING WEIGHT PER F	00T	SETTING DEPTH		QUANTITY OF CEM		
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MUD PROGRAM: Spud to 11 2 0' with FW Gel, with Cut Brine, Starch.	Pape	er, LCM; 1120' t	o 4130	' with Brine;	4130' to 8500	
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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen deepen directionally, give pertinent data on subsurface locations and measured and	, give dat true verti	a on present productive zone : cal depths. Give blowout preve	and propose nter program	d new productive zone. I , if any.	f proposal is to drill or	
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(This space for Federal or State office use)						
PERMIT NO		APPROVAL DATE				
Application approval does not warrant or certify that the applicant holds legal or a CONDITIONS OF APPROVAL, IF ANY:	equitable	title to those rights in the subject	lease which v	would entitle the applicant to	o conduct operations thereon.	
APPROVED BY /s/ Yolanda Vega	_ ASS	ISTANT AREA MANA	GER	DATE 5	20-26	

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WINKLER County

Ownership Map

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Well Information

1995

103°10'

East LEA COUNTY, NEW MEXIC

SCALE: 1" = 4,000 Ft.

REG. NO. F28637 COPYRIGHT MIDLAND MAP CO.

103°05'

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

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

CASE NO. 11395 ORDER NO. R-10500

APPLICATION OF YATES PETROLEUM CORPORATION FOR A UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION:

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 19, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of October, 1995, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Yates Petroleum Corporation, seeks approval of the Ed Powell Unit Agreement for all oil and gas in any and all formations underlying the following described 5,207.08 acres, more or less, of State and Federal lands in Lea County, New Mexico:

TOWNSHIP 26 SOUTH. RANGE 38 EAST, NMPM

Section 7: SE/4 Section 8: S/2 SW/4 Section 17: W/2 Sections 18 through 21: All Sections 28 through 33: All

(3) No interested party appeared and objected to the proposed unit agreement.

CASE NO. 11395 Order No. R-10500 Page 2

(4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Ed Powell Unit Agreement is hereby approved for all oil and gas in any and all formations underlying the following described 5,207.08 acres, more or less, of State and Federal lands in Lea County, New Mexico:

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM

Section 7: SE/4 Section 8: S/2 SW/4 Section 17: W/2 Sections 18 through 21: All Sections 28 through 33: All

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) This order shall become effective upon the approval of said unit agreement by the appropriate agency of the United States Department of the Interior and the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

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(6) 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

WILLIAM J. LEMAY Director

S E A L

07/18/96 14:27:11 ONGARD CMD : C105-WELL COMPLETION OR RECOMP CASING LOG OGOMES -EMGP OG6CLOG OGRID Identifier : 25575 YATES PETROLEUM CORPORATION Prop Identifier : 19015 ED POWELL UNIT API Well Identifier : 30 25 33482 Well No : 1 Surface Locn - UL : P Sec : 20 Twp : 26S Range : 38E Lot Idn : Multple comp (S/M/C): S TVD Depth (Feet) : MVD Depth (Feet): Spud Date P/A Date : : Casing/Linear Record: _____ S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code _____

E000	04: No matchi	ng record found. Enter data	to create.
PF01 HELP	PF02	PF03 EXIT PF04 GoTo P	F05 PF06 CONFIRM
PF07	PF08	PF09 COMMENT PF10 TLOG P	F11 PF12

CMD : ONGARD 07/18/96 14:27:36 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -EMGP OG6C101 OGRID Idn : 25575 API Well No: 30 25 33482 APD Status(A/C/P): A Opr Name, Addr: YATES PETROLEUM CORPORATION Aprvl/Cncl Date : 05-20-1996 105 S 4TH ST ARTESIA, NM 88210 Prop Idn: 19015 ED POWELL UNIT Well No: 1 U/L Sec Township Range Lot Idn North/South East/West _____ Surface Locn : P 20 26S 38E FTG 1250 F S FTG 900 F E OCD U/L : P API County : 25 Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 2983 State Lease No: Multiple Comp (Y/N) : S Prpsd Depth : 8500 Prpsd Frmtn : ABO E0009: Enter data to modify record

PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

PF01 HELP PF02

PF07

PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM