

DATE IN 12/10/03	SUSPENSE N/A	ENGINEER MS	LOGGED IN LR	TYPE NSL	APP NO. PLR0334535070
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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



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]

RECEIVED

DEC 10 2003

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

- [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.

Michael Feldewert _____ 12/10/03
 Print or Type Name Signature Title Date

mfeldewert@HollandHart.com
 e-mail Address



December 10, 2003

VIA HAND DELIVERY

Lori Wrotenbery
Director - OCD
NM Energy, Minerals & Natural Resources Dept.
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: *Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Chosa "ATR" Federal Well No. 1 (API No. 30-015-312150), Eddy County, New Mexico.*

Dear Ms. Wrotenbery:

Yates Petroleum Corporation ("Yates") seeks administrative approval for an unorthodox wildcat gas well location in the Atoka formation, and all other formations developed under 320-acre spacing, for its existing Chosa "ATR" Federal Well No. 1.

Division Order R-11521 (Case No. 12498, copy enclosed) approved this unorthodox gas well location to test the Morrow formation, Undesignated Chosa Draw – Morrow Gas Pool. The Chosa "ATR" Federal Well No. 1 was drilled and a standard 320-acre gas spacing and proration unit comprised of the W/2 of Section 8, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico has been dedicated to it. Yates proposes to now test the Atoka formation and other potentially productive formations developed under 320-acre spacing with this well.

The Chosa "ATR" Federal Well No. 1 is located 2250 feet from the South line and 1060 feet from the West line (Unit L) in Section 8. As such, this well encroaches on the interior boundary of the proration unit and does not encroach towards the outer boundaries of the unit. Yates is the operator of the W/2 of Section 8, and owns 100% of the single federal lease covering *all depths* in this area. As a result, there are no affected parties.

Enclosed is a land locator map showing the existing W/2 spacing unit, along with a copy of Division Order R-11521. Yates respectfully requests that the unorthodox well location approved



by Division Order R-11521 be extended to include the Atoka formation and all other formations developed under 320-acre spacing.

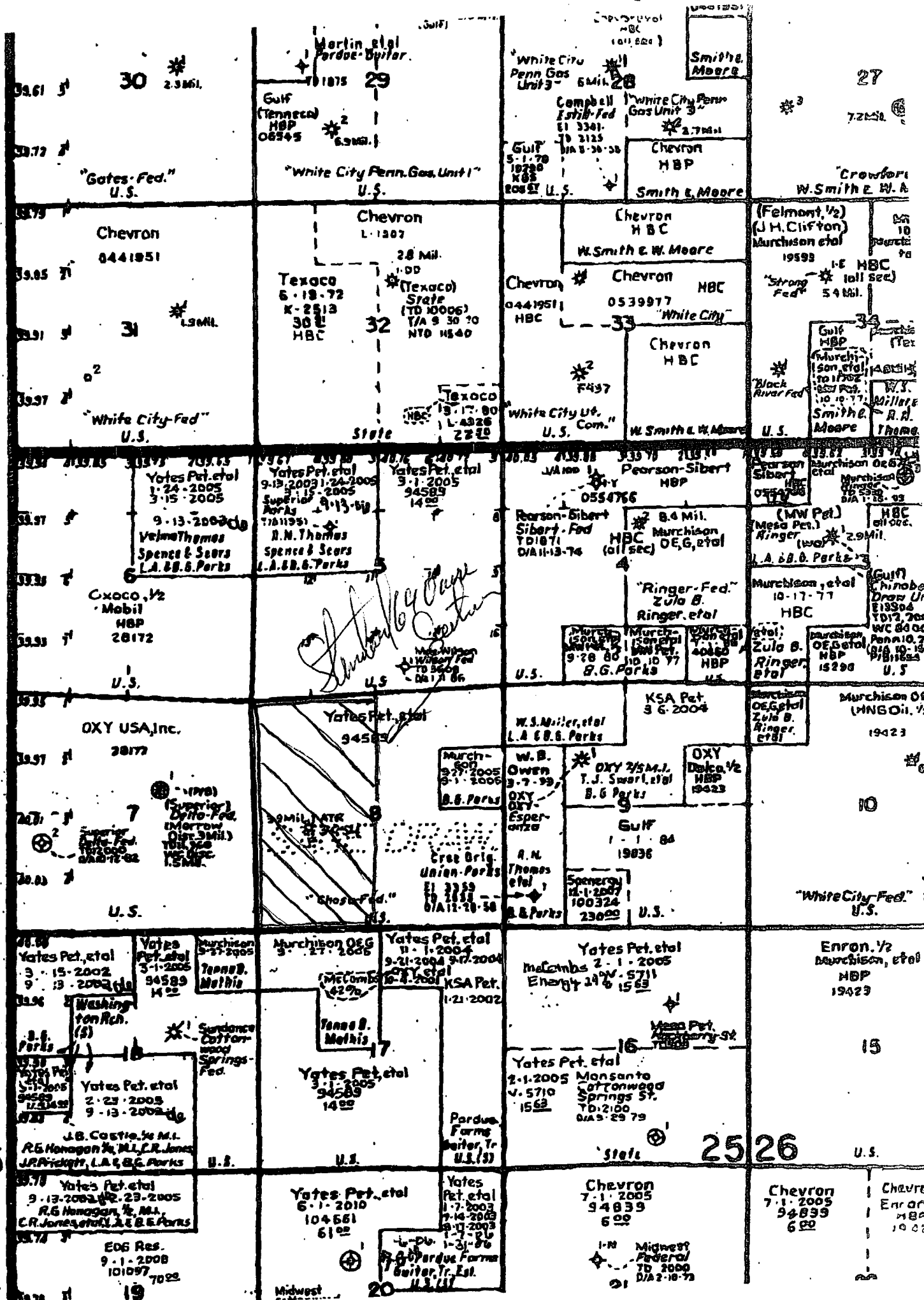
Sincerely,

Michael H. Feldewert

MHF/jlp

cc: Susan Vierra, Associate Landman for Yates Petroleum Corp.

Enclosures



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**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. 12498
ORDER NO. R-11521**

**APPLICATION OF YATES PETROLEUM CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 7, 2000, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 31st day of January, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation ("Yates"), seeks approval to drill its Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) at an unorthodox gas well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, to test the Morrow formation, Undesignated Chosa Draw-Morrow Gas Pool. The W/2 of Section 8 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for the Chosa Draw-Morrow Gas Pool.

(3) The proposed well and spacing unit are located within one mile of the Chosa Draw-Morrow Gas Pool. This pool is currently governed by Division Rule 104.C.(2), which requires standard 320-acre spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(4) The proposed location is unorthodox only with respect to the interior boundaries of the proration unit and does not encroach towards the outer boundaries of the unit.

(5) The applicant presented evidence that demonstrates:

- (a) the primary objective within the proposed well is the Morrow formation;
- (b) a well drilled within the SW/4 of Section 8 should encounter a thicker sand pay section within the Morrow formation than a well drilled within the NW/4 of Section 8, thereby increasing the likelihood of obtaining commercial gas production from this proration unit;
- (c) Yates initially attempted to locate the Chosa "ATR" Federal Well No. 1 at two standard gas well locations within the SW/4 of Section 8, but the Bureau of Land Management rejected both these locations due to topographic considerations, namely the presence of Black River and archaeological sites; and
- (d) in terms of topographic and geologic considerations, the location proposed by Yates represents the best location within the W/2 of Section 8 to develop the Morrow gas reserves underlying the proration unit.

(6) There are no affected offset operators or interest owners.

(7) No other party appeared at the hearing in opposition to the application.

(8) Approval of the proposed unorthodox gas well location will provide Yates the opportunity to develop the gas reserves underlying the W/2 of Section 8, will prevent waste and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) at an unorthodox gas well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, to test the Morrow formation, Undesignated Chosa Draw-Morrow Gas Pool.

(2) The W/2 of Section 8 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for the Chosa Draw-Morrow Gas Pool.

(3) Jurisdiction is hereby 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director