	ADOVE THIS LINE FOR DAYSKIN USE ONLY NEW MEXICO OIL CONSERVATION DIVISION
	- Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
	ADMINISTRATIVE APPLICATION CHECKLIST
٢	THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Арри	ication 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-Injoction Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PR-Positive Production Response]
[1]	TYPE OF APPLICATION - Check Those Which Apply for [A]         [A]       Logation - Spacing Unit - Simultaneous Dedication         [A]       NSL         [A]       NSL
	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 PPR WFX PMX SWD
	[D] Other: Specify Produce Well From NSL.
[2]	NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [A] Uworking, 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 Menagement - 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 TYP OF APPLICATION INDICATED ABOVE. ATTAChed.
4] pprov	<b>CERTIFICATION:</b> I hereby certify that the information submitted with this application for administrative val is accurate and complete to the best of my knowledge. I also understand that no action will be taken on t ation until the required information and notifications are submitted to the Division.

e-mail Address



105 South Fourth Street Artesia, NM 88210 505-748-1471 FAX 505-748-4572

# FAX COVER SHEET

- DATE: August 16, 2001
  - TO: Michael Stogner New Mexico Oil Conservation Division
- FAX NO: 505-476-3462
- FROM: Cy Cowan
- PHONE NO: 505-748-4372
- NUMBER OF PAGES: 5 (including this page)

MESSAGE

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



105 SOUTH FOLIRTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

August 16, 2001

Mr. Michael Stogner New Mexico Oil Conservation Division 1220 South Saint Francis Drive Santa Fe, New Mexico 87505 Via Facsimile <u>Certified Mail</u> Return Receipt Request

RE: Application for Unorthodox Location Smith Federal Gas Com. #3 1797' FNL and 2159' FEL Section 12, T22S-R23E Eddy County, New Mexico

Dear Mr. Stogner

Yates Petroleum Corporation respectfully requests administrative approval for the captioned Canyon gas well. The well located on Federal Minerals, Lease NM-0251099-A

The Smith Federal Gas Com. #3 was drilled at the captioned location for topographical reasons. The original location for this well was staked at 1650' FNL and 1650' FWL. This location fell into a draw that runs in a northwest to southeast direction, and because of this, Mr. Barry Hunt of the Carlsbad Resource Area of the Bureau of Land Management moved the well to its current location. Also, there is a dry hole located just a few hundred feet to the northeast and that was also factored into the selection of this location. Please note enclosed topographical map.

Yates Petroleum Corporation is the offset operator to the east therefore Yates requests administrative approval for this unorthodox location at your earliest convenience. We also wish this approval to cover the following formation in the Indian Basin Upper Penn Pool being the Canyon and the Wildcat Morrow.

Enclosed please find, the first page of the APD and copies of the C-102, lease plat, and topographic plat for your review.

Should you need anything further please advise.

Thank you,

Very truly yours,

CORPORATION YATEST ETRO Cy Cowa

Regulatory Agent

S. P. VATES CHAINMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY THEASURER

P. 02

Form 3160-3 (July 3392)		TED STATES	SUBMIT IN (Other last) reverse	185 OR	FORM APP OMB NO. 1 Explices: Febru	004-0136 Ny 28, 1995
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Approximately 1500' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequa cover, perforated and stimulated as needed for production.

MUD PROGRAM: 0-1500' FW Spud Mud; 1500'-7500' Cut Brine; 7500'-8100' SW Gel/Starch/Drispa

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operationa

# APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STITUE ATTONN SPECIAL STIPULATIONS ATTACHED

apen directionally, give pertinent date on subourd secure Free Blue	GRAVE If proposal is to deepen, give data on present productive zone and propo and outfors and measured and true vertical depths. Give blow out preventer progr struct Landman	DATE ADIL 13, 1999
. (This space for Federal or State office		
	• •	
PERNIT X0		
Application approval does not warrant or certily	that the applicant holds legal or equitable title to those rights in the subject lasse which	••
		••

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1901, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, factitious or fraudulent statements or representations as to any matter within its jurisdiction.

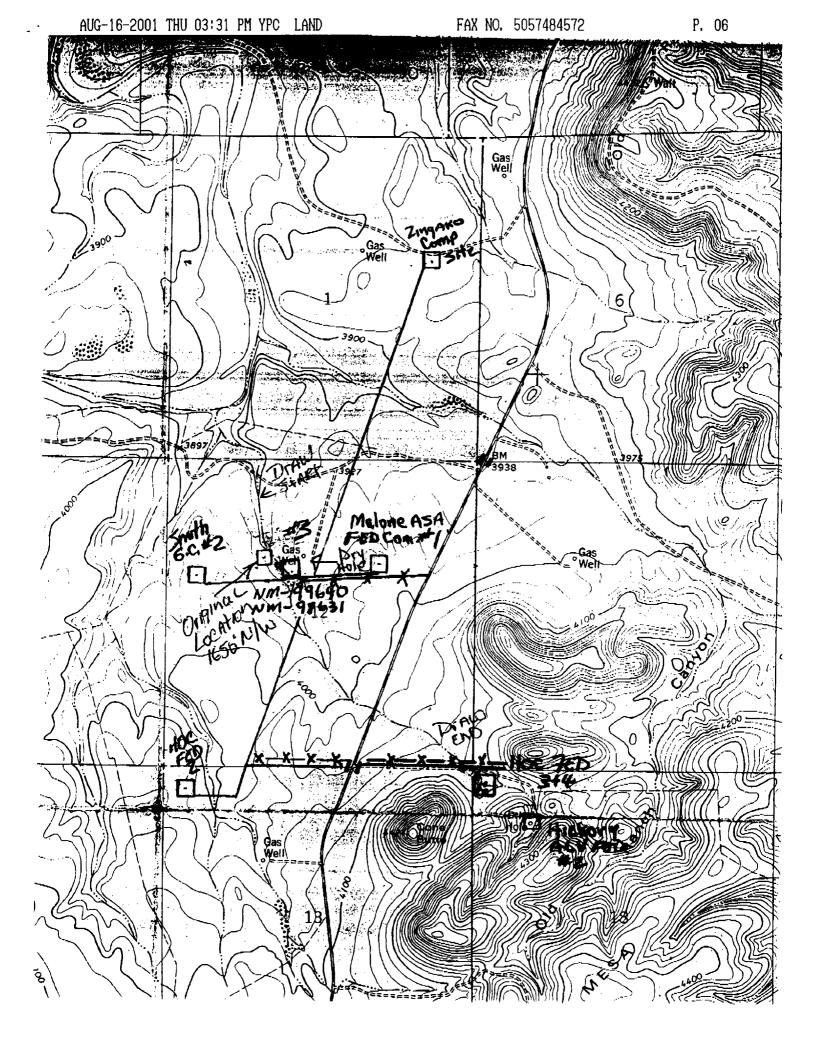
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		NEW MEXICO OI		ON DIVISION		
			Jineering Bureau - ancis Drive, Santa Fe,	NM 87505		
<u>.</u>		ADMINISTRA	TIVE APPLIC	ATION CH	ECKLIST	
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[2]	NOTIFICAT [A]	TON REQUIRED TO	: - Check Those Whic ty or Overriding Roya			
	[B]	Offset Operators	s, Leaseholders or Sur	face Owner		
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	[D]		/or Concurrent Appro agement - Commissioner of Publi			
	[E]	For all of the abo	ove, Proof of Notificat	tion or Publication	on is Attached, and/or,	
	<b>[F]</b>	Waivers are Atta	ached			

[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 infor	mation and notific	ations are submitted	to the Division.		
Note: Statement m Print or Type Name	signature		gerial and/or superv	isory capacity.	<u>8/16/0</u> / Date

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



S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

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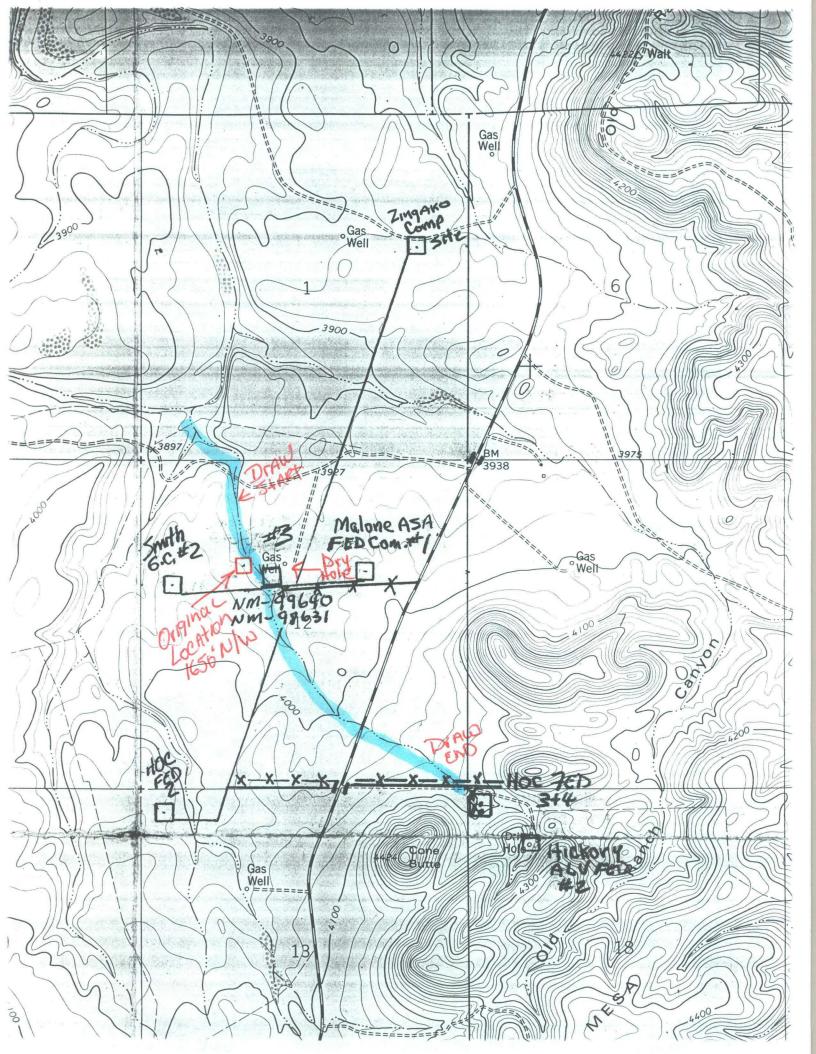
Cy Cowar Regulatory Agent /cyc

Form 3160-3 (July 3992)	Г. Л	OPERAL TED STATES	•	SUB	MIT IN TR ther instr reverse	IPLICATE	FORM APP OMB NO. 1 Expires: Februs	004-0136
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United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District I PO Box 1980, Eobbi District I	n, NM \$ <b>7</b> 2	241-1980		Energy		New Mexico stural Resources Departs		R	For evised February
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1000 Rio Brazos Rd. District IV	., Artec, 7	101 8/410		Sa	anta Fe, N	M 87504-2088			Fee Lease -
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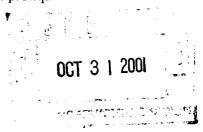
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RE: Application for Unorthodox Location Smith Federal Gas Com. #3 1797' FNL and 2159' FEL Section 12, T22S-R23E Eddy County, New Mexico Via Facsimile <u>Certified Mail</u> Return Receipt Request



Dear Mr. Stogner

Yates Petroleum Corporation respectfully requests administrative approval for the captioned Canyon gas well. The well located on Federal Minerals, Lease NM-0251099-A

The Smith Federal Gas Com. #3 was drilled at the captioned location for topographical reasons. The original location for this well was staked at 1650' FNL and 1650' FWL. This location fell into a draw that runs in a northwest to southeast direction. and because of this, Mr. Barry Hunt of the Carlsbad Resource Area of the Bureau of Land Management moved the well to its current location. Also, there is a dry hole located just a few hundred feet to the northeast and that was also factored into the selection of this location. Please note enclosed topographical map.

Yates Petroleum Corporation is the offset operator to the east therefore Yates requests administrative approval for this unorthodox location at your earliest convenience. We also wish this approval to cover the following formation in the Indian Basin Upper Penn Pool being the Canyon.

Enclosed please find, the first page of the APD and copies of the C-102, lease plat, and topographic plat for your review.

Should you need anything further please advise.

Thank you,

Very truly yours,

CORPORATION YA7

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# NEW MEXICO OIL CONSERVATION DIVISION

## SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL 0F NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III.7 Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
  - A. This information may be shown on the topo map if it does not impair the readability of the map.
  - B. The operator should certify that the information is current and correct. This information is Correct.

IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):



The proposed well location and proration unit;

An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;

The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well; # 2 Location Cannot be used for drilling #3

V. An enlargement of the topo map showing the subject area with the applicable additional information:

Terrain features not shown on the map which make an orthodox location unusable;  $\mathcal{D}_{f}A\omega$ 

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Proposed access roads and pipelines if they affect the location selection; NA

The location of any surface uses which prevent use of a legal location; N/A

- D. The location of any archeological sites identified in the archeological survey; N/A
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location.  $N/\rho$
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifing sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.  $N/\rho$
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.  $A \leq C + opo And A/ote drAW$
- VIII A statement of why directional drilling to reach a legal bottom-hole location is not feasible. Information NOT AUXID 6
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.

Form 3160-3 (July 3992)		ED STATE	S.		iit in t <u>kii</u> ber lasti reverse	LICATE	FORM APP OMB NO. 1 Expires: Februs	004-0136
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Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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# YATES PETROLEUM CORPORATION SMITH FEDERAL GAS COM. #3 1797' FNL AND 2159' FWL Section 12 T22S-R23E Eddy County, New Mexico

## H2S Drilling Operations Plan

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2.

Personnel employed at the rig site shall receive training in H2S detection, safe drilling procedures and contingency plans. H2S safety equipment shall be installed and functional 500 feet prior to encountering known or probable H2S zone at 7400' feet.

Submitted with the APD is a well site diagram showing:

- 1) Drilling rig orientation, location of flare pit.
- 2) Location of access road.

Primary briefing area will be established 150' from wellbore and up wind of prevailing wind direction. Secondary briefing area will be established 180 degrees from primary briefing area.

A H2S warning sign will be posted at the entrance of the location. Depending on conditions, a green, yellow, or red flag will be displayed.

**Green - Normal conditions** 

Yellow - Potential danger

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Red - Danger H2S present

Wind indicators will be placed on location at strategic, highly visible areas. H2S monitors (a minimum of three) will be positioned on location for best coverage and response. H2S concentrations of 10 ppm will trigger a flashing light and 20 ppm will trigger an audible siren.

H2S breathing equipment will consist of:

- 1) 30 minute "pressure demand" type working unit for each member of rig crew on location.
- 2) 5 minute escape packs for each crew member.

Breathing equipment will be stored in weather proof cases or facilities. They will be inspected and maintained weekly.

# YATES PETROLEUM CORPOR- (ION Smith Federal Gas Com. #3 1797' FNL & 2159' FWL Section 12-T22S-R23E Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

San Andres	750′
Glorietta	2200'
Bone Spring	2750′
Wolf Camp	6800'
Canyon	7550'
TD	8100′

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 250' - 350' Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.
- 4. THE PROPOSED CASING AND CEMENTING PROGRAM:
  - A. Casing Program: (All New)

<u>Hole Size</u>	Casing Size	<u>Wt./Ft</u>	<u>Grade</u>	Coupling	Interval	<u>Lenath</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1500'	1500′
8 3/4"	7.0″	23#	J-55	LT&C	0-5500'	5500′
8 3/4"	7.0″	26#	J-55	LT&C	5500'-7600'	2100′
8 3/4"	7.0″	26#	N-80	LT&C	7600'-8100'	500′

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

# Smith Federal Gas Com.#3 Page 2

# B. Cementing Program: Surface casing: 850 sx Lite (YLD 2.0 WT 12.6), tail in with 300 sx "C" + 2% CaCL2 (YLD 1.33 WT 15.6).

Production Casing: Stage I: 650 sx "H" + 5# Gilsonite + 5# CSE, DV tool @ 5000' (YLD 1.32 WT 15.1). Stage II: 850 sx Lite (YLD 2.0 WT 15.6), tail in with 100 sx "C" (YLD 1.33 WT 15.6).

## 5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
0-1500'	FW Spud Mud	8.4	28	N/C
1500'-7500'	Cut Brine	8.9-9.6	29	N/C
7500'-8100'	SW Gel/Starch/	8.9-9.6	34-36	<12cc
	Drispac			

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing. Logging: CNL/LDT, DLL w/RXO TD to casing. Coring: None DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE AND POTENTIAL HAZARDS: Anticipated BHP: From: 0 TO: 1500' Anticipated Max. BHP: 655 PSI From: 1500' TO: 8100' Anticipated Max. BHP: 3800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface and intermediate holes.

H2S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 150 F

3. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 15 days.

## MULTI-POINT SURFACE USE AND OPERATIONS PLAN Yates Petroleum Corporation Smith Federal Gas Com. #3 1797' FNL & 2159' FWL Section 12-T22S-R23E Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

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Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 30 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

## DIRECTIONS:

Go north of Carlsbad on Highway 285 to Highway 137. Turn west on Highway 137 and go approximately 14.3 miles to caliche road. Turn west on the caliche road and go approximately .03 of a mile. Turn south and go approximately 1/4 of a mile to the well location.

- 2. PLANNED ACCESS ROAD: None Needed.
  - A. There will be no new access road. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
  - C. The new road will be bladed with drainage on one side. One traffic turnout will be built.
  - D. The route of the road is visible.
  - E Existing roads will be maintained in the same or better condition.

# 3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

## 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

## 5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

## 6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate closest pit and obtain any permits and material needed for construction.

## 7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.
- 8. ANCILLARY FACILITIES: None.
- 9. WELLSITE LAYOUT:
  - A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
  - B. The reserve pits will be plastic lined.
  - C. A 400' x 400' area has been staked and flagged.
- 10. PLANS FOR RESTORATION
  - A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
  - B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
  - C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.
- 11. SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico.

# Smith Federal Gas Con #3 Page 3

## **12.** OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.
- **13.** OPERATOR'S REPRESENTATIVE
  - A. Through A.P.D. Approval:

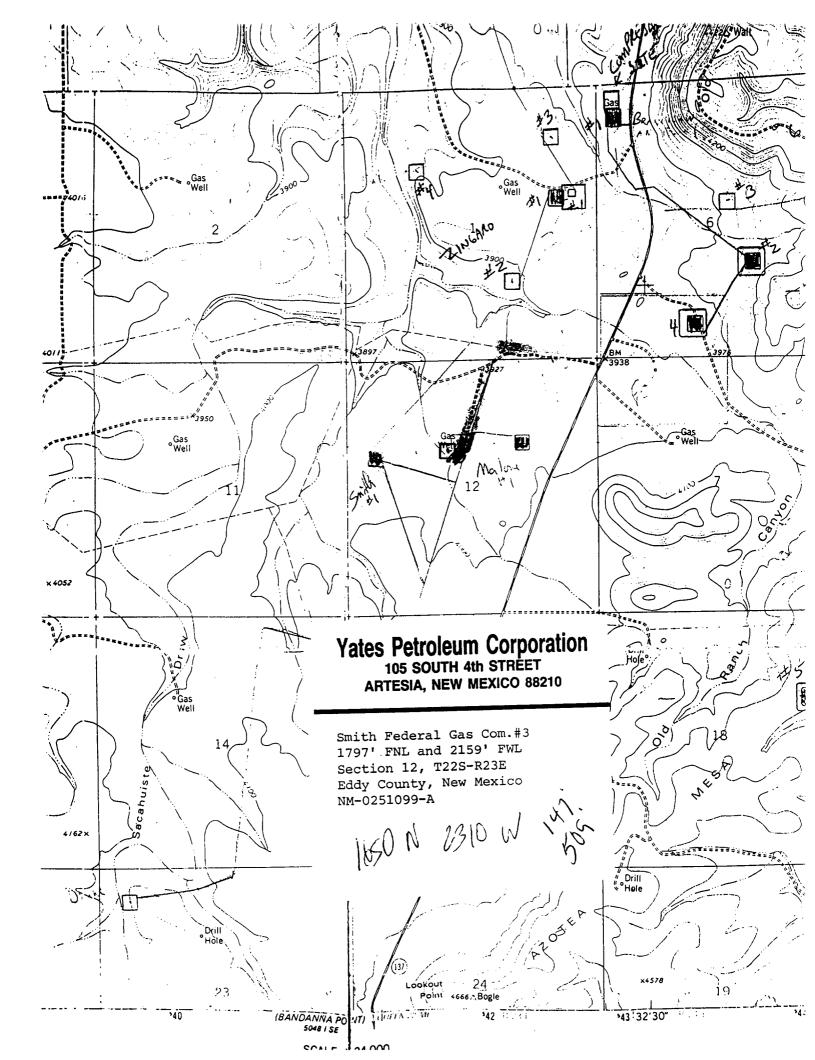
B. Through Drilling Operations, Completions and Production:

Ken Beardemphl, Landman Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 Brian Collins, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

## 14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

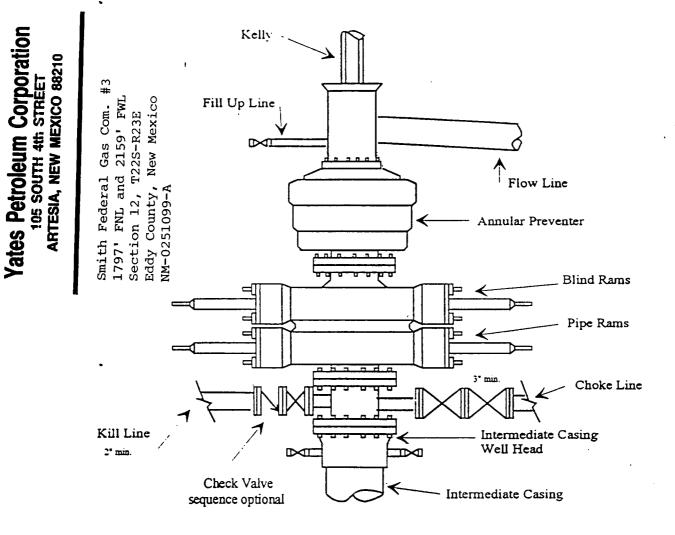
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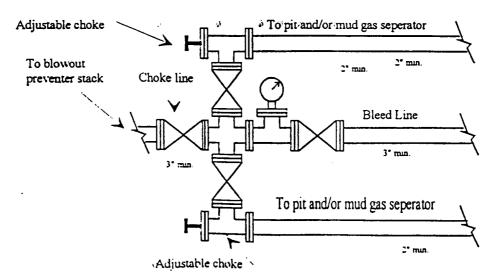


# **Yates Petroleum Corporation**

Typical 3.000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimun features



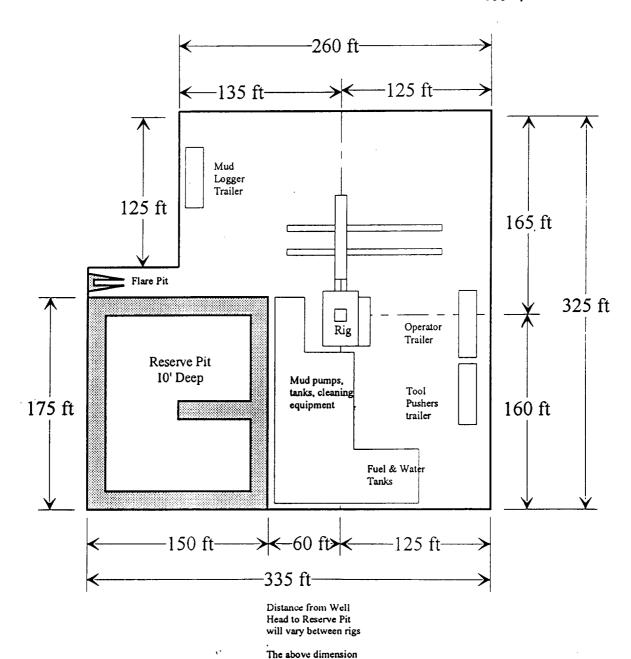
# Yates Petroleum Corporation

Location Layout for Permian Basin

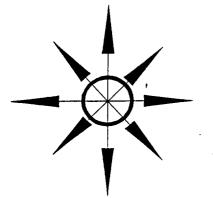
Up to 12,000'

Yates Petroleum Corporation 105 SOUTH 4th STREET ARTESIA, NEW MEXICO 88210

Smith Federal Gas Com. #3 1797' FNL and 2159' FWL Section 12, T22S-R23E Eddy County, New Mexico NM-0251099-A



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#### THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATOR'S NAME	YATES PETROLEUM CORPORATION	WELL NO. & NAME #3 SMITH FEDERAL GAS COM
LOCATION 1797	F N L & 2159'F W L	SEC. 12 , T. 22S., R. 23E .
LEASE NO. NM-O	D251099-A COUNTY EDDY	STATE NEW MEXICO

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (Stips attached) ( ) Floodplain (Stips attached) ( ) San Simon Swale (Stips attached) ( ) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(... The BLM will monitor construction of this drill site. Notify the (...) Carlsbad Remource Area Office at (505) 887-6544 () Hobbs Office at (505) 393-3612, at least 3 working days prior to commencing construction.

( $\sqrt{1}$  Roads and the drill pad for this well must be surfaced with  $\frac{7}{4}$  inches of compacted calliche.

stockpiled for reclamation. (1) Other V-Door East.

#### **III. WELL COMPLETION REQUIREMENTS**

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

( $\nearrow$  Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and reseeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Side (PLS), per acre.

- ( ) A. Seed Mixture 1 (Loamy Site) <u>Letters Control (Eragreetis lehnannlana)</u> 1.0 Side Oats Grass (Bouteloua curtipendula) 5.0 Sand Dropseed (Sporobolus cryptandrus) 1.0
- () B. Seed Mixture 2 (Sandy Sites) Sand Dropseed (<u>Sporobolus cryptandrus</u>) 1.0 Sand Lovegrass (<u>Eragrostis trichodes</u>) 1.0 Plains Bristlegrass (<u>Setaria magrostachya</u>) 2.0
- (W C. Seed Mixture 3 (Shallow Sites) Sideoats Grama (Boute curtipendula) 1.0 Constant (Eragroetis lonmonnianu) 1.0 or Boar Lovegrass (E. chloromalas)
- ( ) D. Seed Mixture 4 ("Gyp" Sites) Alkali Sacaton (Sporobolus airoides) 1.0 Four-Wing Saltbush (Atriplex canescens) 5.0

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

(1) other PANT-All permanent surface facilities not other wise excepted for Safety Considerations will be finished in a flat (dull-non-reflective) SHALE GREEN - MUNSER SOIL GOLOK CHART Number 54 4/2.

#### RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.'

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

<u>Reclamation</u>: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

#### OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

1) Lined as specified above and,

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2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and is capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

#### CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to proceed by BLM.

#### TRASH PIT STIPS

All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

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### **CONDITIONS OF APPROVAL - DRILLING**

Operator's Name: Yates Petroleum Corporation Well No. 3 - Smith Federal Gas Com Location: 1797' FNL & 2159' FWL sec. 12, T. 22 S., R. 23 E. Lease: NM-0251099-A .....

# ROSWELL CONTROLLED WATER BASIN

## I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 887-6544 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: <u>9-5/8</u> inch <u>7</u> inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the <u>Canyon</u> formation. A copy of the plan shall be posted at the drilling site.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

#### **II. CASING:**

1. 9-5/8 inch surface casing should be set at approximately 1500 feet, below usable water and circulate cement to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the <u>7</u> inch production casing is <u>sufficient to tie back 600 feet</u> above the top of the Wolfcamp at approximately 6800 feet.

#### **III. PRESSURE CONTROL:**

1. Before drilling below the <u>9-5/8</u> inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

## CONDITIONS OF APPROVAL - DRILLING (CONTINUED)

# Operator's Name: <u>Yates Petroleum Corporation</u> Well No. <u>3 - Smith Federal Gas Com</u> Location: <u>1797' FNL & 2159' FWL</u> sec. <u>12</u>, T. <u>22 S.</u>, R. <u>23 E.</u> Lease: <u>NM-0251099-A</u>

# ROSVILL CONTROLLED WATER BASH

3. After setting the <u>9-5/8</u> inch surface casing and before drilling into the <u>Wolfcamp</u> formation, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The BLM Carlsbad Resource Area office shall be notified at (505) 887-6544 in sufficient time for a representative to witness the tests.

B. The tests shall be done by an independent service company.

C. The results of the test shall be reported to the BLM Carlsbad Resource Area office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

D. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

E. Testing must be done in a safe workman like manner. Hard line connections shall be required.

#### IV. DRILLING MUD:

• • •

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the <u>Wolfcamp</u> formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

A. Recording pit level indicator to indicate volume gains and losses.

B. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

#### EXHIBIT A

BLM Serial Number: <u>NM-0251099-A</u>

Company Reference: #3 SMITH FEDERAL GAS COM

## STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

#### GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

#### 1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

/\_/ Those segments of road where grade is in excess of 10% for more than 300
feet shall be designed by a professional engineer.

#### 2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

 $\overline{\mathcal{V}}$  Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

/\_\_/ Flat-blading is authorized on segment(s) delineated on the attached map.

Page 2 of 4

### 3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FO	R TURNOUT DITCHES
Percent slope	Spacing interval
08 - 48	400' - 150'
48 - 68	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

 $\sqrt{2}/400$  foot intervals.

/\_\_/ \_\_\_ foot intervals.

ş

/\_\_/ locations staked in the field as per spacing intervals above.

/\_\_/ locations delineated on the attached map.

8. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

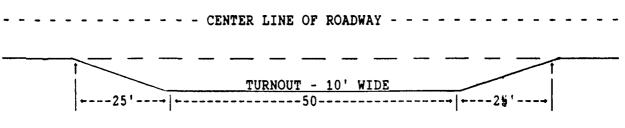
spacing interval = 400' + 100'
road slope in \$

Example: 4% slope: spacing interval =  $\frac{400}{100}$  + 100 = 200 feet

Page 3 of 4

#### 4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

#### 5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

#### 6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

#### 7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

## 8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

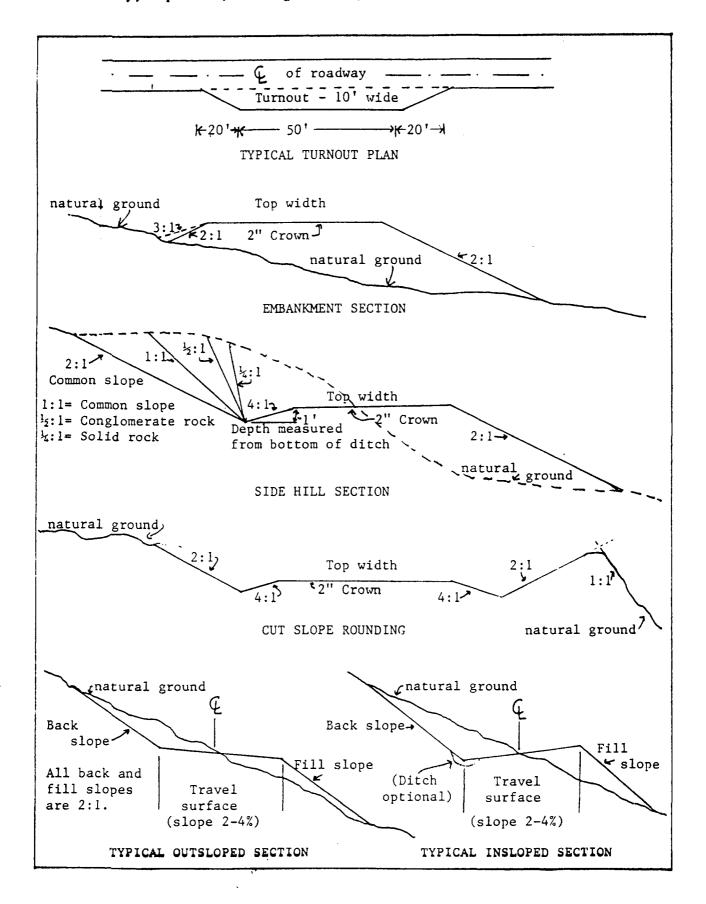
## 9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS: None.

FIGURE 1: CRO.\_-SECTIONS AND PLANS FOR TYPICAL ... OAD CONSTRUCTION REPRESENTATIVE OF BLM RESOURCE, AND HIGHER CLASS, ROADS.

(Travel way, top width, driving surface, and travel surface are synonomous.)



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2159'	**?	Ly Cowan         Printed Name         Regulatory Agent         Title         October 12, 2001         Date         SURVEYOR CERTIFICATION
		I hereby certify that the well location shown on Ship plat was platted from flakt noise of actual europy made by me or under my oupervises, and that the same is from and correct is the best of my bollof. REFER TO ORIGINAL PLAT Date Surveyed
	NM- 035021	Signature & Seal of Professional Surveyor Gertificate No. Heraphel L Jones RLS 364 GENERAL SURVEYING COMPANY

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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

NM-02 .6402 XX XX	51099·A	-	11 OPERATOR CERTIFICATION Thereby certify that the information contained herein is true and complete to the beard my knowledge and belief Signature Cy Cowan Printed Name Regulatory Agent Tule October 12, 2001 Date
740			<sup>18</sup> SURVEYOR CERTIFICATION 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 belief. REFER TO ORIGINAL PLAT
	NM- 035021		Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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ASTRACT I

HETERET II '.O. DERVER DD, Artenia, NM \$8210

DISTRICT III .000 Rin Brisos Rd., Antec, NM 87410

#### WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section

Consider Well No. -2 SMITH FEDERAL GAS COM. APACHE/MW PETROLEUM CORPORATION Usit Lotior Township Range County Section 12 22 SOUTH EDDY E 23 EAST NMIM Actual Footuge Location of Well: 2049 480 WEST NORTH line feet from the line and fost from the Ground Level Elev. Producing Formation Pool **Deducated Acreage:** 3971.5 Upper Penn Indian Basin Upr. Penn (Pro Gas) 640 Acres I. Outline the acronge dedicated to the subject well by colored pencil or factore marks on the plat below. 1. If more than ous losse is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more that one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unifization, force-pooling, etc.? If server is "yes" type of consolidation <u>Communitization</u> □ № ല Yes ver is "ao" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of if max this form if neccessary. 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-scandard unit, eliminating such interest, has been approved by the Division. OPERATOR CERTIFICATION 50% I hereby certify that the information APACHE/MW PETROLEUM CORP MOBIL sined herein in true and complete to th 50% best of my knowledge and belief. Sign σ 202 L .... Printed 1 C./ J. Pavlich Politica Drilling Manager Сопреву - 3969.8 Apache/MW Petroleum Corp. Det. 8/8/91 MOBIL 480 320 Ac. 1 3976.9 ¶א\$נוי SURVEYOR CERTIFICATION APACHE/MW PETROLEUM CORP I hereby certify that the well location she 212825 on this plat was platted from field notes actual surveys made by me or under 280 Ac. supervison, and that the same is true "USA" correct to the best of my knowledge baliaf. Date Surveyed 7-23-91 ŇŪ. APACHE/MW Signature & Seal of S Professional Surveyor 0,00 PETROLEUM CORP 212826 40 Ac. M "USA"

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Revised 1-1-10

### OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

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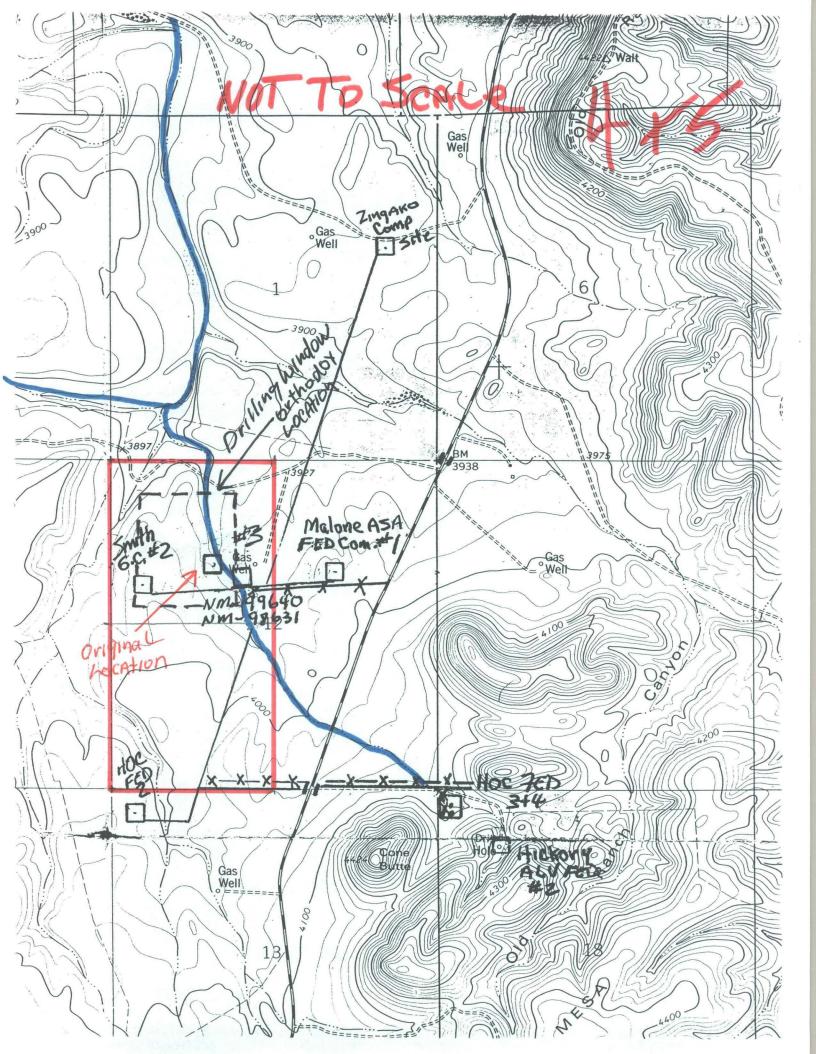
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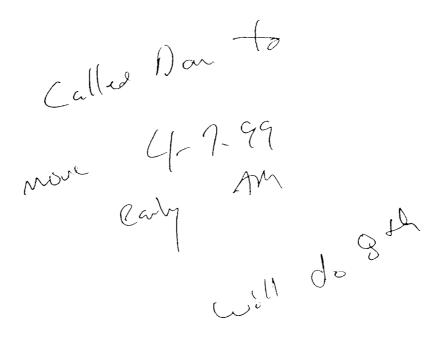
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•. Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM. I have talked with Mr. Hunt and from what he could remember from this onsite the well was originally stake at 1650' FNL and 1650' FWL of Section 12. The eastern portion of the well location fell in close proximity to a large draw which runs in a NW/SE direction. Therefore it was up to Mr. Hunt's discretion to move the location. I have personally seen the original location as the survey stakes were in place when I permitted the current location. When the BLM wants us to move a location the discussion generally takes place in the field between the parties and there is not any paperwork. My experience in dealing with the BLM I can understand why the location was moved to the east. As for Yates' response Management did approve the move. We do not have any written material from the BLM relating to this matter.

To: Ken Beardemphl Cc: Doug Hurlbut From: Brent May Subject: Smith & Malone Date: 4/6/99 Time: 1:50PM

Ken, I talked to John A. and he did not object to moving the Smith #3 and the Malone #2 location was OK with him (100-150' south of the original location).



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## STATEMENT

DATE NO. 11899 APRIL 12, 1999

TERMS

15 DAYS

YATES PETROLEUM CORPORATION

. 105 SOUTH FOURTH STREET

TO

DAN R. REDDY PE&PS

P.O. BOX 597

- ARTESIA, NEW MEXICO 88210
- \* ATTN: ACCOUNTS PAYABLE

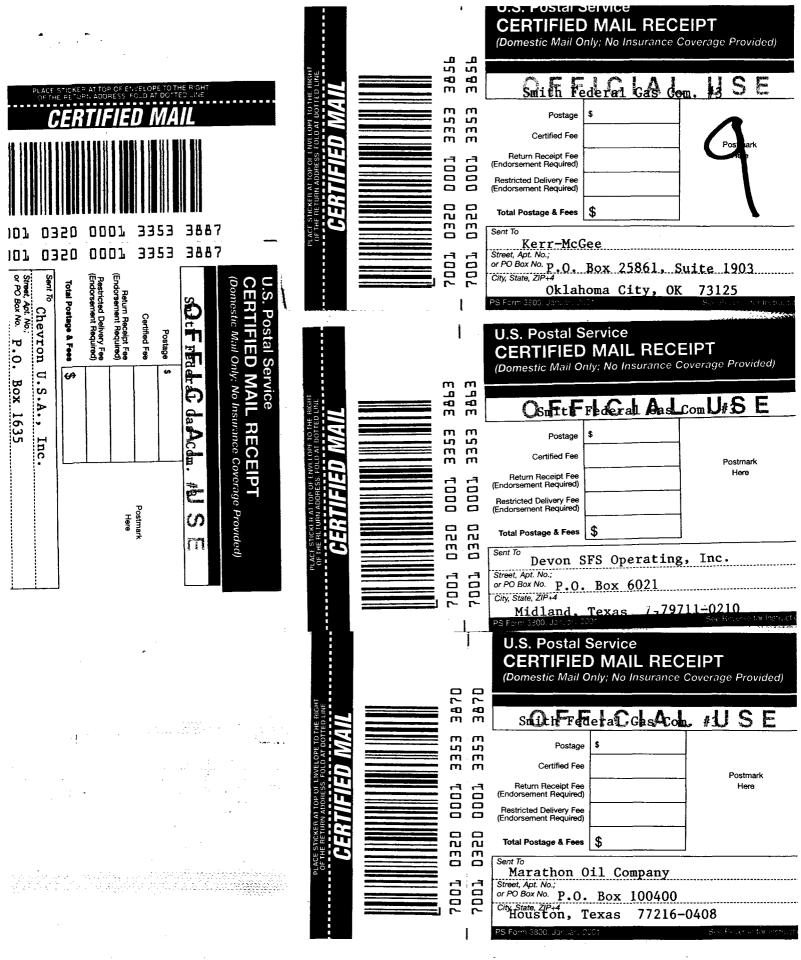
CARLSBAD, NEW MEXICO 88221-0597

P.O. #5-1659 KEN BEARDEMPHL

PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE. DATE CHARGES AND CREDITS BALANCE STAKE AND PLAT MALONE "ASA" 3/25/99 SURVEY FEDERAL COM #2/, W, T22S, R2BE, EQUAL CONTRY .KM 660' FNL, 660' FEL SURVEY, STAKE AND PLAT SMITH FEDERAL Yr GAS COM #3, SEC. 12, T22S, R23E, EDDY COUNTY, NM 1650' FNL, 1650' FWL RELOCATE SMITH FEDERAL GAS COM #3 TO: 1797' FNL, 2159' FWL RELOCATE MALONE ASA PED. COM #2-TO 810 KIN THE REAL 6.1875% TAX TOTAL DUE NOTE: PLEASE TAKE 57 DISCOUNT IF PAID WITHIN 15 DAYS OF INVOICE DATE: THANK YOU!! 44-501 • Carboniess Snap-A-Way<sup>®</sup> Forms ©1993 ACCO USA, Inc 🗾 WilsonJones. YOUR CHECK IS YOUR RECEIPT WHITE - ORIGINAL **CANARY - DUPLICATE** 

#### AMOUNT ENCLOSED \$ \_\_\_





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Unorthdox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico

Kerr-McGee P.O. Box 25861, Suite 1903 Oklahoma City, OK 73125

Devon SFS Operating, Inc. P.O. Box 6021 Midland, Texas 79711-0210

Marathon Oil Company P.O. Box 100400 Houston, Texas 77216-0408

Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

October 3, 2001

Lori Wrotenbery Director Oil Conservation Division

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210-2118

Attention: Cy Cowan

**Re:** Administrative application for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

Dear Mr. Cowan:

This letter acknowledges the receipt of your administrative application dated August 16, 2001 of an unorthodox Canyon (Upper Penn) and Morrow gas well location for Yates Petroleum Corporation's existing Smith Federal Gas Com. Well No. 3 (API No. 30-015-30687), located 1797 feet from the North line and 2159 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico. The Division received your application on August 16, 2001, and assigned it NMOCD application reference No. *pKRV0-123339590*. Please refer to this number in future correspondence with the Division.

Our preliminary review indicates that the information provided in the application is not sufficient to process an administrative order. The following information is necessary:

- (1) An amended NMOCD Form C-102 for this well showing the correct and proper acreage dedication for this well [W/2, 320 acres, being a standard 320-acre gas spacing unit for the Morrow formation and the existing 320-acre GPU in the Indian Basin-Upper Pennsylvanian Gas Pool that is currently dedicated to Yates's Smith Federal Gas Com. Well No. 2 (API No. 30-015-26834), located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12 (see Ordering Paragraph No. (3) of Division Order No. R-9922-D]; and
- (2) Proof of proper notification pursuant to Division Rule 1207.A (2) (a) 3, where the operator of the proposed unorthodox well is also the operator of the adjoining unit and ownership is not common.
- (3) A detailed report of the field trip that resulted in the BLM requiring Yates to crowd another unit, Yates's response at that time, and any written material from the BLM related to this matter;
- (4) A copy of the NMOCD Form C-102 on Yates's Smith Federal Gas Com. Well No. 2 rededicating this acreage from a 640-acre unit to its approved 320-acre, W/2 of Section 12, unit approved by Division Order No. R-9922-D.

Since the submitted information is insufficient to review, the application was ruled incomplete on October 3, 2001. Please submit the above stated information by Wednesday, October 10, 2001.

Yates Petroleum Corporation October 3, 2001 <u>Page 2</u>

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for you cooperation

Sincerely, 02 uru

Michael E. Stogner Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe Randy Patterson, Yates Petroleum Corporation - Santa Fe

• •	District I PO Box 1980, Hobbs, NM 83241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV PO Box 2088, Santa Fe, NM 87504-2088				OIL C	Minerals & ONSER PO	VA7 Box	W Mexico I Resources Departme TION DIVISIO 2088 87504-2088			In ppropri State Fee	Form C-102 February 10, 199- structions on back ate District Office : Lease - 4 Copies : Lease - 3 Copies : ENDED REPORT
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<u>District I</u> 1625 N. French D <u>District II</u> 1301 W. Grand A <u>District III</u> 1000 Rio Brazos I <u>District IV</u> 1220 S. St. Franci	a, NM 88210 M 87410 Fe, NM 87505		State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 CLL LOCATION AND ACREAGE DEDICATION PL.					Form C-10 Revised August 15, 200 Submit to Appropriate District Offic State Lease - 4 Copie Fee Lease - 3 Copie AMENDED REPOR			
<u></u>			<u>ELL LC</u>			REAGE DEDIC					
'API Number				<sup>2</sup> Pool Code	2		<sup>3</sup> Pool Na	me			
L											
<sup>4</sup> Property	Code				<sup>5</sup> Property	y Name			4 Well N	umber	
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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				<sup>17</sup> OPERATOR CERTIFICATION
				I hereby certify that the information contained herein
Í	[	[		is true and complete to the best of my knowledge and
				belief.
				Signature
				Printed Name
				Title
				Date
				10
				<sup>18</sup> SURVEYOR CERTIFICATION
				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 belief.
·				Date of Survey
				Signature and Seal of Professional Surveyor:
				Certificate Number
· · · · · · · · · · · · · · · · · · ·				

#### New Mexico Oil Conservation Division C-102 Instructions

#### IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

- 1. The OCD assigned API number for this well.
- 2. The pool code for this (proposed) completion.
- 3. The pool name for this (proposed) completion.
- 4. The property code for this (proposed) completion.
- 5. The property name (well name) for this (proposed) completion.
- 6. The well number for this (proposed) completion.
- 7. Operator's OGRID number.
- 8. The operator's name.
- 9. The ground level elevation of this well.
- 10. The surveyed surface location of this well measured from the section lines. NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
- 11. **Proposed bottom hole location.** If this is a horizontal hole indicate the location of the end of the hole.
- 12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre.
- 13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage.
- 14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:
  - C Communitization
  - U Unitization
  - F Forced pooling
  - O Other
  - P Consolidation pending

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!

- 15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling.
- 16. This grid represents a standard section. You may superimpose a non-standard section over this grid. Outline the dedicated acreage and the separate leases within that dedicated acreage. Show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. (Note: A legal location is determined from the perpendicular distance to the edge of the tract.) If this is a high angle or horizontal hole, show that portion of the well bore that is open within this pool.

Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to this completion, outline each one and identify the ownership as to both working interest and royalty.

- 17. The signature, printed name, and title of the person authorized to make this report, and the date this document was signed.
- 18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

October 3, 2001

Lori Wrotenbery Director Oil Conservation Division

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210-2118

Attention: Cy Cowan

**Re:** Administrative application for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

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- (2) Proof of proper notification pursuant to Division Rule 1207.A (2) (a) 3, where the operator of the proposed unorthodox well is also the operator of the adjoining unit and ownership is not common.
- (3) A detailed report of the field trip that resulted in the BLM requiring Yates to crowd another unit, Yates's response at that time, and any written material from the BLM related to this matter;
- (4) A copy of the NMOCD Form C-102 on Yates's Smith Federal Gas Com. Well No. 2 rededicating this acreage from a 640-acre unit to its approved 320-acre, W/2 of Section 12, unit approved by Division Order No. R-9922-D.

Since the submitted information is insufficient to review, the application was ruled incomplete on October 3, 2001. Please submit the above stated information by Wednesday, October 10, 2001.

Yates Petroleum Corporation October 3, 2001 <u>Page 2</u>

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact, me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for you cooperation

Sincerely los

Michael E. Stogner Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe Randy Patterson, Yates Petroleum Corporation - Santa Fe

District 1					State of 1	New ]	Mexico		Form C-102		
1625 N. French Dr District II 1301 W. Grand A: District III 1000 Rio Brazos R District IV 1220 S. St. Francis		Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505				1	Revised August 15, 2000 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies				
WELL LOCATION AND ACREAGE DEDICATION PLAT									<u> </u>		
	ATT Number			10010000				1001	- inc		
<sup>4</sup> Property	Code		<sup>5</sup> Property Name					<sup>6</sup> Well Number			
<sup>7</sup> OGRID	No.				<sup>8</sup> Oper	ator Na	me			<sup>9</sup> Elev	ation
	I				<sup>10</sup> Surfa	ice La	ocation				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from		North/South line	Feet from the	East/	West line	County
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UL or lot no.	Section	Township	Range	Lot Idn	Feet fron		North/South line	Feet from the	East/	West line	County
<sup>12</sup> Dedicated Acre	ts <sup>13</sup> Joint or	r Infill <sup>14</sup> Co	onsolidation (	Code <sup>15</sup> Or	der No.	<b>I</b>	I		L		

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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			<sup>17</sup> OPERATOR CERTIFICATION
			I hereby certify that the information contained herein
			is true and complete to the best of my knowledge and
			belief.
			Signature
			Signature
			Printed Name
4			Title
			Date
			buc
	·····	 	<sup>18</sup> SURVEYOR CERTIFICATION
			<i>I hereby certify that the well location shown on this</i>
			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 belief.
		 	Date of Survey
			Signature and Seal of Professional Surveyor:
			Certificate Number

#### New Mexico Oil Conservation Division C-102 Instructions

#### IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

- 1. The OCD assigned API number for this well.
- 2. The pool code for this (proposed) completion.
- 3. The pool name for this (proposed) completion.
- 4. The property code for this (proposed) completion.
- 5. The property name (well name) for this (proposed) completion.
- 6. The well number for this (proposed) completion.
- 7. Operator's OGRID number.
- 8. The operator's name.
- 9. The ground level elevation of this well.
- 10. The surveyed surface location of this well measured from the section lines. NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
- 11. Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
- 12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre.
- 13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage.
- 14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:
  - C Communitization
  - U Unitization
  - F Forced pooling
  - O Other
  - P Consolidation pending

#### 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!

- 15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling.
- 16. This grid represents a standard section. You may superimpose a non-standard section over this grid. Outline the dedicated acreage and the separate leases within that dedicated acreage. Show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. (Note: A legal location is determined from the perpendicular distance to the edge of the tract.) If this is a high angle or horizontal hole, show that portion of the well bore that is open within this pool.

Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to this completion, outline each one and identify the ownership as to both working interest and royalty.

- 17. The signature, printed name, and title of the person authorized to make this report, and the date this document was signed.
- 18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.

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			SMITH	FEDER	AL GAS						3
	OGRED					* Opera	tor Name				* Elevation
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			ORA	NON-ST	ANDARD	UNIT HAS	BEEN APPROVED	BY THE DIV	SION		
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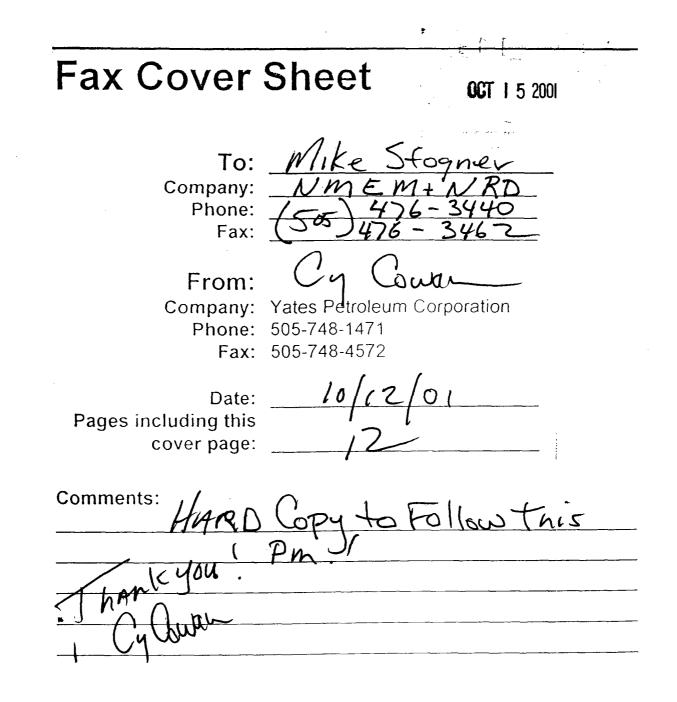
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MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471 S. P. YATES CHAIRMAN OF THE BOAHL JOHN A, YATES PRESIDENT PEVTON YATES EXECUTIVE VICE PRESIDER RANDY G. PATTERSE SECRETARY DENNIS G. KINSEY THEASURER



DISTRICT I 1685 M. Franch Dr., Hobbs, NM 86240

DISTRICT II

811 South First, Artesia, NM 88210 DISTRICT III 1000 Bio Brazos Ed., Astec, NM 87410

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

#### State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1999 Instruction on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

### OIL CONSERVATION DIVISION

#### P.O. Box 2088 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

#### AMENDED PLAT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Fool Code		
		Indian Basin Upper Penn	Gas
Property Code	Pr	Well Number	
	Smith F	ederal Gas Com.	3
OGRID No.	Op	perator Name	Elevation
025575	YATES PI	ETROLEUM CORPORATION	3940'

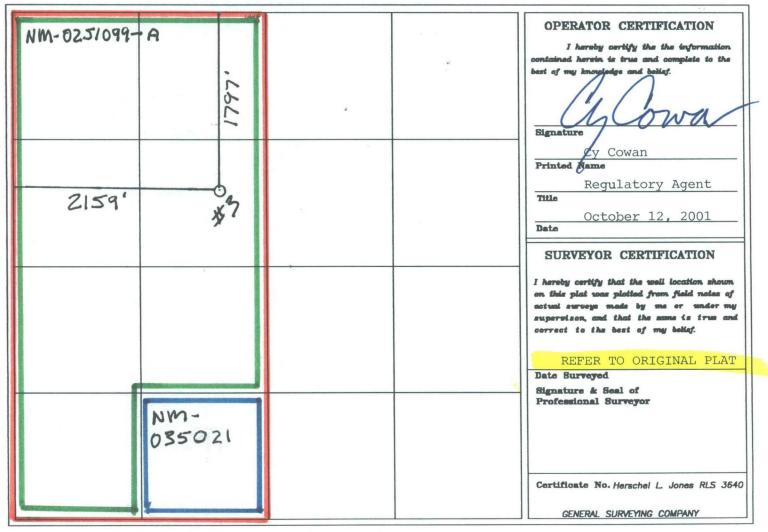
#### Surface Location

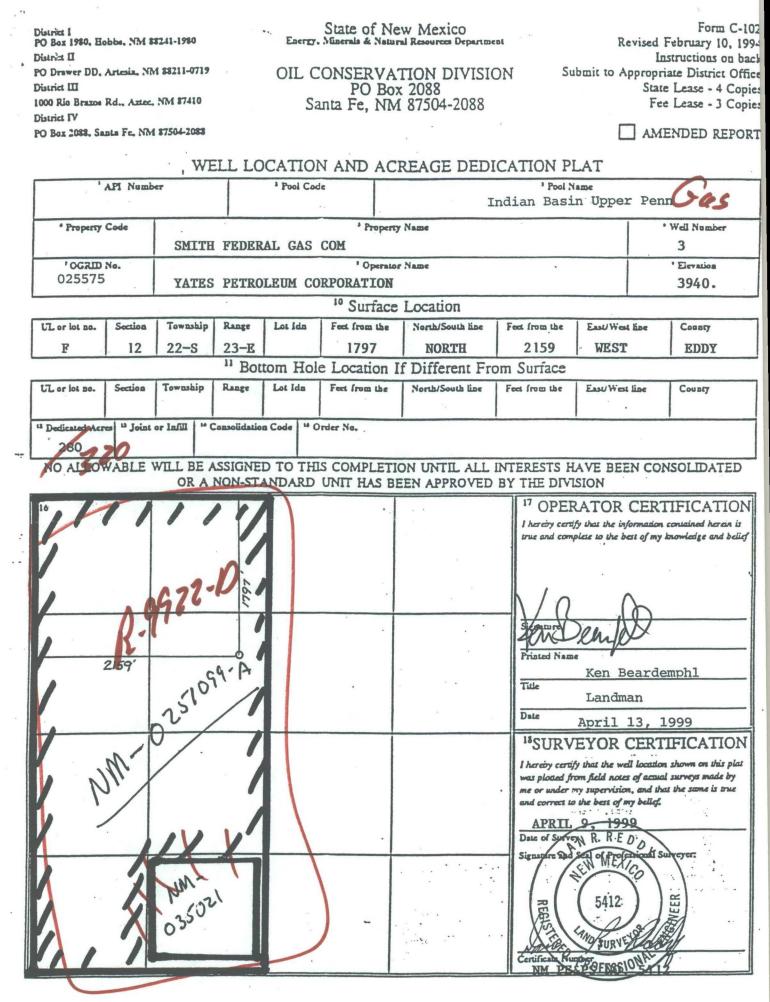
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	225	23E		1797'	North	2159'	West	Eddy

#### 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
Dedicated Acres	Joint o	r Infill	Consolidation (	Code Or	der No.		1		
320				R-	-9922-D				

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





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

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S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

October 12, 2001

TO: Addressee List Attached

Certified Mail Return Receipt Requested

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer that 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

If you have no objections to this unorthodox location please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan Regulatory Agent

Company:\_\_\_\_\_

Name:

Title:

Date:\_\_\_\_\_

Unorthdox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico

Kerr-McGee P.O. Box 25861, Suite 1903 Oklahoma City, OK 73125

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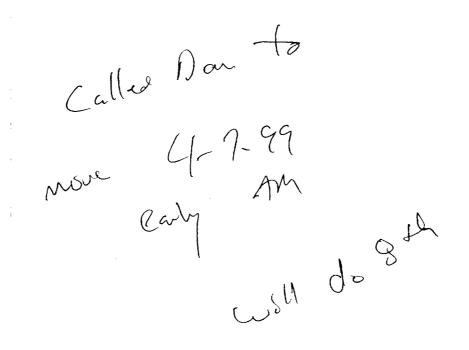
Devon SFS Operating, Inc. P.O. Box 6021 Midland, Texas 79711-0210

Marathon Oil Company P.O. Box 100400 Houston, Texas 77216-0408

Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251 3. Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM. I have talked with Mr. Hunt and from what he could remember from this onsite the well was originally stake at 1650' FNL and 1650' FWL of Section 12. The eastern portion of the well location fell in close proximity to a large draw which runs in a NW/SE direction. Therefore it was up to Mr. Hunt's discretion to move the location. I have personally seen the original location as the survey stakes were in place when I permitted the current location. When the BLM wants us to move a location the discussion generally takes place in the field between the parties and there is not any paperwork. My experience in dealing with the BLM I can understand why the location was moved to the east. As for Yates' response Management did approve the move. We do not have any written material from the BLM relating to this matter.

To: Ken Beardemphl Cc: Doug Hurlbut From: Brent May Subject: Smith & Malone Date: 4/6/99 Time: 1:50PM

Ken, I talked to John A. and he did not object to moving the Smith #3 and the Malone #2 location was OK with him (100-150' south of the original location).



DAN R. REDDY PE&PS P.O. BOX 597 CARLSBAD, NEW MEXICO 88221-0597

# STATEMENT

DATE NO. 11899 APRIL 12, 1999

TERMS

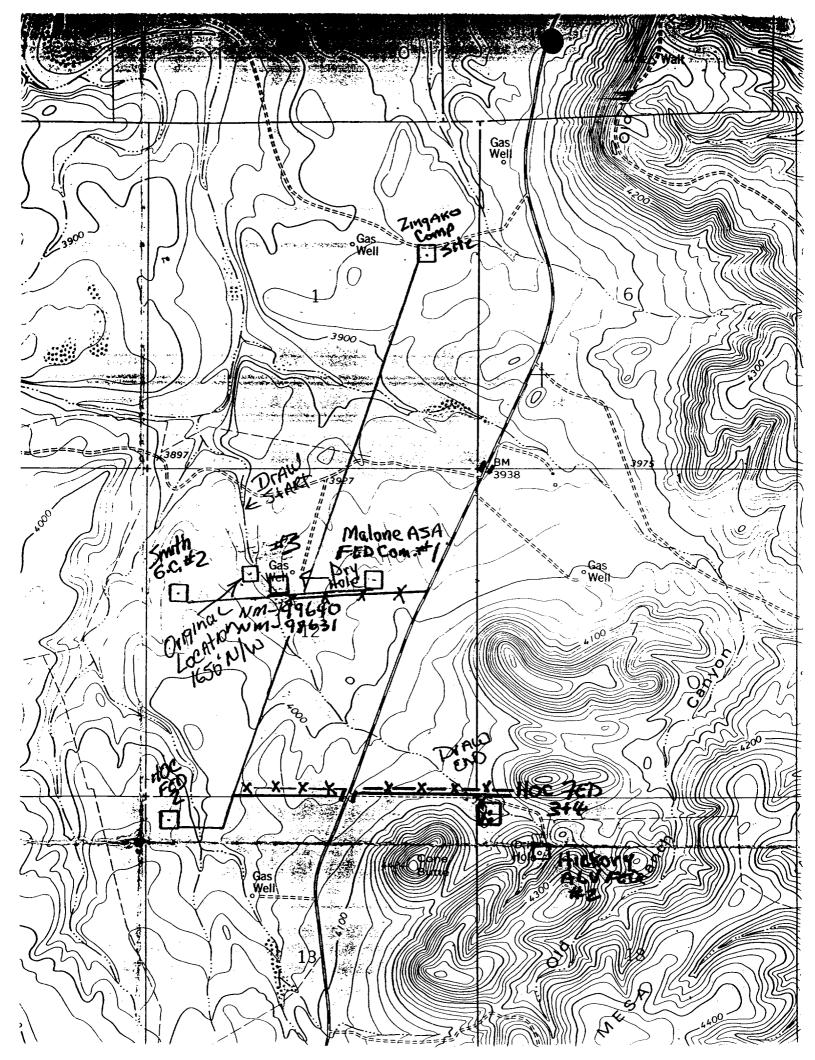
15 DAYS

- YATES PETROLEUM CORPORATION
- TO . 105 SOUTH FOURTH STREET
  - ARTESIA, NEW MEXICO 88210
  - ATTN: ACCOUNTS PAYABLE
  - P.O. #5-1659 KEN BEARDEMPHL

AMOUNT ENCLOSED \$\_\_\_\_\_

PLEA	SE DETACH AND RETURN UPPER PORTION WITH YOUR REMITT.	ANCE
DATE	CHARGES AND CREDITS	BALANCE
3/25/99 Yr Yr	SURVEY STAKE AND PLAT MALONE "AS FEDERAL COM #2, SEC 12, T22S, R2 EDDY COUNTY, AM 660' FNL, 660' FEL SURVEY, STAKE AND PLAT SMITH FEDE GAS COM #3, SEC. 12, T22S, R23E, EDDY COUNTY, NM 1650' FNL, 1650' FWL	
	RELOCATE SMITH FEDERAL GAS COM #3 TO: 1797' FNL, 2159' FWL RELOCATE MALONE ASA FED. COM #2-T 810' FML, COOL FEL 6.1875% TAX	\$-10000c
	NOTE: PLEASE TAKE 5% DISCOUNT IF PAID WITHIN 15 DAYS OF INVOICE DA THANK YOU!!	
WilsonJones® WHITE – ORIGINAL	YOUR CHECK IS YOUR RECEIPT CANARY - DUPLICATE	44-501 • Carbonies: Snap-A-Way® Forms ©1993 ACCO USA, Inc

<u>- -1</u>



**District I** State of New Mexico Form C-102 1625 N. French Dr., Hobbs, NM 88240 Revised August 15, 2000 Energy, Minerals & Natural Resources Department **District II** Submit to Appropriate District Office 1301 W. Grand Avenue, Artesia, NM 88210 **OIL CONSERVATION DIVISION** State Lease - 4 Copies **District III** 1220 South St. Francis Dr. 1000 Rio Brazos Rd., Aztec, NM 87410 Fee Lease - 3 Copies Santa Fe, NM 87505 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 AMENDED PLAT AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT <sup>1</sup> API Number Pool Code Pool Name Indian Basin Upper Penn Gas <sup>4</sup> Property Code <sup>5</sup> Property Name Well Number Smith Federal Gas Com. 2 <sup>7</sup>OGRID No. <sup>8</sup> Operator Name <sup>9</sup> Elevation Yates Petroleum Corporation 025575 3971.5 10 Surface Location UL or lot no. Section Township Feet from the North/South line Feet from the East/West line Range Lot Idn County

#### 12 22S 23E 480' Eddy E West <sup>11</sup> Bottom Hole Location If Different From Surface UL or lot no. Lot Idn Feet from the North/South line Feet from the East/West line Section Township Range County <sup>12</sup> Dedicated Acres <sup>3</sup> Joint or Infill <sup>4</sup> Consolidation Code <sup>15</sup> Order No. 320 R-9922-D

#### 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

350       Is true and complete to the best of my knowledge and belief.         Signature       Cy Cowan         Printed Name       Regulatory Agent         780       Title         October 12, 2001       Date         1%SURVEYOR CERTIFICATION       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 belief.         NMM- 0.355 02.1       NMM- 0.355 02.1	16 NM-0	251099·A	Jellasotene modia	and a second state of the	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein
55       Signature         Signature       Cy Cowan         Printed Name       Regulatory Agent         Title       October 12, 2001         Date       18         SURVEYOR CERTIFICATION       Thereby 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 belief.         REFER TO ORIGINAL PLAT         Date of Survey	and a second second				is true and complete to the best of my knowledge and
Image: Second system       Cy Cowan         Printed Name       Regulatory Agent         Title       October 12, 2001         Date       Date         Issurvey 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 belief.         REFER TO ORIGINAL PLAT         Date of Survey	in		1. 1954 C. 1. 1.	in the state of the	belief.
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#### ANTERCT I 10. Box 1980, Hubbs, NM 82149

INTERCT H

USTRICT III 000 Rio Brans Rd., Aziac, NM 87410

#### State of New Mexico E. , Minerals and Natural Resources Departmer.

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### OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

#### WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section

Operator				Lanas				Weina	
	W PETROLEUM	CORPORATI	ON	SMI	TH FEDERAL	GAS CO	M.	2	
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No allows	if necessary ble will be assigned t nee-standard unit, elin					tion, unitizati	an, forced-poolin	g, or otherwise)	
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	       				     	(	Printed Name (C.) J.	Pavlich	
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APACHE/	MW PETROLE	UM CORP	<u></u>	<u>"U</u>	\$A"			OR CERTIFI	
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FAX NO. 5057484572

P. 01

MARTIN YATES, (1) 1912 - 1985 FRANK W, VATES 1936 - 1966

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105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

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S. P. VAIUS CRAIMMAN OF THE UDA-JOHN A. VATES MC SHOCHT PEVTON VAYUS EAELITINE VICE PRESID RANDY G. PATTEH: SECONTAINS DENNIS G. KINSE THEASURER

# **Fax Cover Sheet**

To: Company: Phone:

Fax: From: Company:

From: Company: Yates Petroleum Corporation Phone: 505-748-1471 Fax: 505-748-4572

Date: Pages including this cover page:

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Comments: HARD Copy to Follow this	
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OCT-12-2001	FRI	11:55	AM	YPC	
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DISTRICT 1

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OIL CONSERVATION DIVISION

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State of New Merico

Berg, Mantale and Meland Represent Reportment.

FAX NO. 5057484572

P.O. Box 2068

Santa Fe, New Mexico 67504-2088

AMENDED REPORT

att to

AMENDED PLAT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

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						Indian Basin	Upper Penn	Gas	
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR & NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

R-9922-D

NM-025/099-	, L&LI	÷	OPERATOR CERTIFICATION
2159'	*7		Ey Cowan       Printed Base       Regulatory Agent       Title       October 12, 2001       Date       SURVEYOR CERTIFICATION
			I have y certify that the molt institut shown on this plat uses plotted from field askes of estud envoys with by our or under the supervises, and that the same is from and correct to the best of any belief. REFER TO ORIGINAL PLAT Data Burreyed Signature & Scal of
	NM- 035021		Profossional Serveyor Cortificate No. Herschel L. Jones RLS 3640 CONDRAL SURVEYING COMPANY

el Warsh 17, 1999

Form C-102

stien en bask

le Matrick Office

Neto Longe - 4 Copies Peo Longer - 2 Copies

### FAX NO. 5057484572

District I PO Bas 1988, Hobbs, NM 88241-1988 District II PO Drewer DD, Artesia, NM \$1211-0719 District III 1000 Rie Brayne Rd., Astar, NM 87418 District IV PO Bez 2008, Santa Fe, NM \$7584-2088

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State of New Mexico Energy, Missenia & Neteral Reserves Orparises

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OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

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Instructions op
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State Lease - 4 C
Fee Lease - 3 C

AMENDED REF

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MARTIN YATES, III 1912 - 1985 FRANK W. YATES 1936 - 1980



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

October 12, 2001

TO: Addressee List Attached

Certified Mail Return Receipt Requested

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South. Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. The technic description with existing special rules for the Indian Busin \* Upper Parts Care Part which that as well shall be located closer that 650' feat from a cuter \* boundary of a 130 port specific only. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

If you have no objections to this unorthodox location please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com, #3.

Very truly yours,

YATES PETROLEUN CORPORATION

\_\_\_\_\_

Cy Cowan Regulatory Agent

Company:\_\_

Name:\_

Title:

Date:

\_\_\_\_

S. P. VATES CHAIMMAN OF THE BOARD JOHN A. VATES PRESIDENT PEVTON VATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASUREN ı,

Unorthdox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico

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Kerr-McGee P.O. Box 25861, Suite 1903 Oklahoma City, OK 73125

Devon SFS Operating, Inc. P.O. Box 6021 Midland, Texas 79711-0210

Marathon Oil Company P.O. Box 100400 Houston, Texas 77216-0408

Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251 ٠

3. Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM. I have talked with Mr. Hunt and from what he could remember from this onsite the well was originally stake at 1650' FNL and 1650' FWL of Section 12. The eastern portion of the well location fell in close proximity to a large draw which runs in a NW/SE direction. Therefore it was up to Mr. Hunt's discretion to move the location. I have personally seen the original location as the survey stakes were in place when I permitted the current location. When the BLM wants us to move a location the discussion generally takes place in the field between the parties and there is not any paperwork. My experience in dealing with the BLM I can understand why the location was moved to the east. As for Yates' response Management did approve the move. We do not have any written material from the BLM relating to this matter.

P. 07

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To: Ken Beardemphl Cc: Doug Hurlbut From: Brent May Subject: Smith & Malone Date: 4/6/99 Time: 1:50PM

Ken, I talked to John A. and he did not object to moving the Smith #3 and the Malone #2 location was OK with him (100-150' south of the original location).

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Calles Don to Calles Don to Move 4-7-99 Caly An Caly do 8 A

TO

P. 08

- -7

DAN R. REDDY PE&PS P.O. BOX 597 CARLSBAD, NEW MEXICO 88221-0597

VIA	OKIG	TAAL	
DATE	NO.	1 1899	
APRIL	12.	1999	

**CTATEMENT** 

TERMS

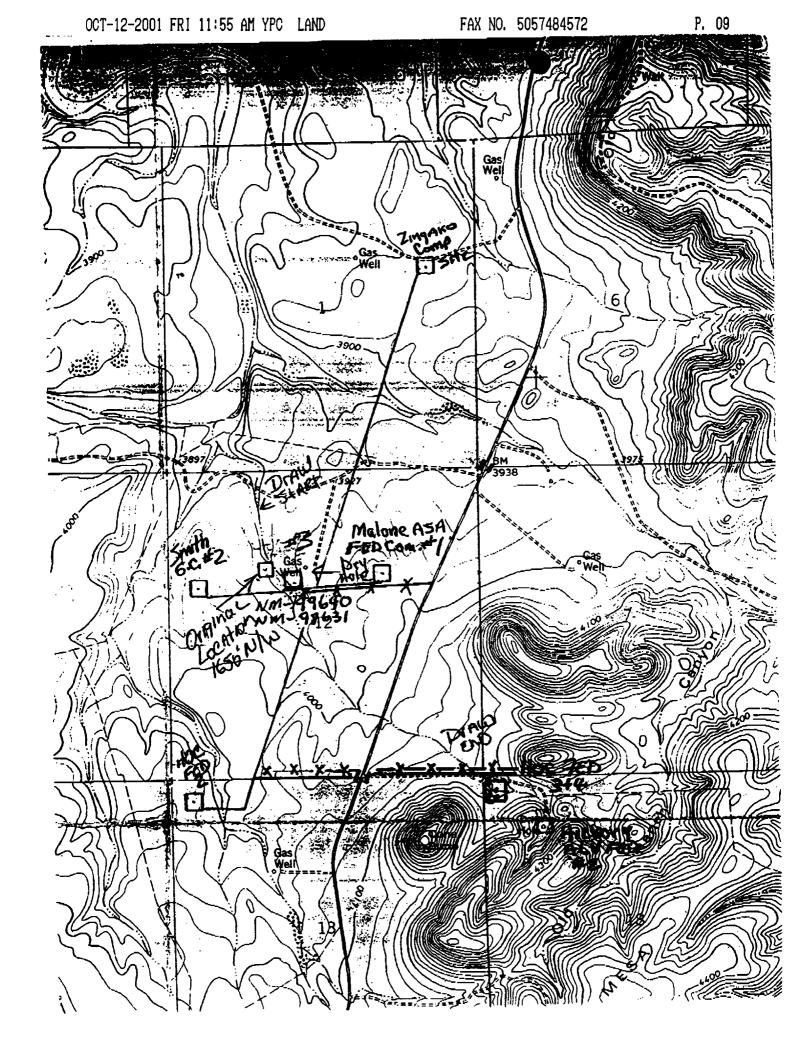
15 DAYS

YATES PETROLEUM CORPORATION

- . 105 SOUTH FOURTH STREET
  - ARTESIA, NEW MEXICO 88210
  - ATTN: ACCOUNTS PAYABLE
  - . P.O. #5-1659 KEN BEARDEMPEL

PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE. DATE CHARGES AND CREDITS BALANCE SURVEY / STAKE AND PLAT MALONE "ASA" 3/25/99 h X, T22S, R23E, FREERAL COM #2/, SEC/ EQUAL CORPLEX 660' FNL, 660' FEL SURVEY, STAKE AND PLAT SMITH FEDERAL Yr GAS COM #3, SEC. 12, T22S, R23E, EDDY COUNTY, NM 1650' FNL, 1650' FWL RELOCATE SMITH FEDERAL GAS COM #3 TO: 1797' FNL, 2159' FWL RELOCATE MALONIE ASA THD. COM THE. 6.1875% TAX TOTAL DUE NOTE: PLEASE TAKE 57 DISCOUNT IF PAID WITHIN IS DAYS OF INVOICE DATE: THANK YOU!! 44-501 - Carboniess Snap-A-Way<sup>41</sup> Forms ©1993 ACCU USA, Inc. 🗾 WilsonJones. YOUR CHECK IS YOUR RECEIPT WHITE - ORIGINAL CANARY - DUPLICATE

AMOUNT ENCLOSED \$ \_\_\_\_\_



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NM6402	51099·A	<sup>17</sup> OPERATOR CERTIFICATION I hereby cartify that the information contained herein is true and complete to the beard my knowledge and belief. Signature Cy Cowan
¥1		Printed Name Regulatory Agent THE October 12, 2001
		<sup>18</sup> SURVEYOR CERTIFICATION 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 belief. <u>REFER TO ORIGINAL PLAT</u> Date of Survey
	-mn 1502E0	Certificate Number

	Appropriate Fron - A despise - 3 despise			e.	•	rale and Natural Reso	 		
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P. 11 Ferm C-162 nd 1-1-10 2-

### **OIL CONSERVATION DIVISION** P.O. Box 2068 Santa Fe, New Maxico \$7504-208\$

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### WELL LOCATION AND ACREAGE DEDICATION PLAT.

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### NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

October 15, 2001

Lori Wrotenbery Director Oil Conservation Division

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210-2118

Attention: Cy Cowan

**Re:** Administrative application initially dated August 16, 2001 (application reference No. pKRV0-123339590) for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool." as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

Dear Mr. Cowan:

This letter acknowledges the receipt of your telefax transmission of October 12, 2001, which is a response to my letter dated October 3, 2001 concerning the subject administrative application.

My review of this supplementary data, in particular your notification, has caused some confusion and concern. Your October 12, 2001 letter to offset operators/leasehold interest owners shows the well to be unorthodox only in the Indian Basin-Upper Pennsylvanian Gas Pool while your application includes the Morrow interval. Does Yates still wish to include the Morrow interval in this application? Further, Division Rule 104.F (4) requires that a "copy of the application" be sent to all affected interests. Were the four parties identified as recipients to your October 12, 2001 notification letter provided a copy of Yates's "complete" application in this matter?

Since the submitted information is insufficient to review, the application was ruled incomplete again on October 15, 2001. Please submit the above stated information by Monday, October 22, 2001.

The Division cannot precede any further with your application until correct notice is submitted. Upon receipt that corrected notice has been provided, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for you cooperation

Sincerely.

Michael E. Stogner Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe Randy Patterson, Yates Petroleum Corporation - Artesia

MARTIN YATES, HI 1912 - 1905 MRANK W. VATES 1936 - 1900

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S. P. VAITES CRAMMAN OF THE BOARD JOHN A. YATES PRESIDENT DEVTON VATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASUMEN

P. 04

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

October 12, 2001

TO: Addressee List Attached

Certified Mail Return Receipt Requested

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South. Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer that 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

If you have no objections to this unorthodox location please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUM CORPORATION -Oh-

Cy Cowan Regulatory Agent

Company:\_\_\_\_\_

Name:\_\_\_\_

Title:\_\_\_

Date:\_\_\_\_\_

Unorthdox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico

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Kerr-McGee P.O. Box 25861, Suite 1903 Oklahoma City, OK 73125

Devon SFS Operating, Inc. P.O. Box 6021 Midland, Texas 79711-0210

Marathon Oil Company P.O. Box 100400 Houston, Texas 77216-0408

Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

October 15, 2001

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Sincerely

Michael E. Stogner Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe Randy Patterson, Yates Petroleum Corporation - Artesia

MARTIN VATES, III 1912 - 1985 PRANKW. VATES 1936 - 1980

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105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

October 12, 2001

TO: Addressee List Attached

Certified Mail Return Receipt Requested

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South. Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico

#### Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Smith Federal Gas Com. #3 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer that 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

If you have no objections to this unorthodox location please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATES PETROLEUN CORPORATION AL

Cy Cowan Regulatory Agent

|--|

Name:\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

S. P. VAITES CHANNARY OF THE BOARD JOHN A. VATES PREMIENT PEVTON VATES EXECUTIVE VICE PREMIENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASUREN

P. 04

Unorthdox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico

Kerr-McGee P.O. Box 25861, Suite 1903 Oklahoma City, OK 73125

Devon SFS Operating, Inc. P.O. Box 6021 Midland, Texas 79711-0210

Marathon Oil Company P.O. Box 100400 Houston, Texas 77216-0408

Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251

Note to File!

10-12-2001



State of New Mexico OIL CONSERVATION COMMISSION

MICHAEL E. STOGNER

From

Memo Je Rei Voire mail message lett by

Cylowin on Widnesday October 10,

2001 @ 9:16 AM;

Wants the addinational

ophered to gather and sectimit the

meening state

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New deadline dute Wil. 10.17-2001

P.O. BOX 2088 Land Office Building Santa Fe, New Mexico 87501 505-827-5811

October 18, 2001

Re: pKRVO-123339590

Mr. Michael Stogner Fax: (505) 746-3462

Mr. Stogner:

Regarding your question in your October 15, 2001 letter I am faxing you a copy of the completion report for the Smith Federal Gas Com. #3. This well is producing from the Undian Basin Upper Penn Gas Pool. We do not wish to include the Morrow interval in this application.

Also, I am faxing you a copy of our letter to the off set operators verifying we did send them a complete copy of the APD on October 18, 2001, as required by Division Rule 104.F (4). Hard copies of these faxed documents will be sent to you this PM.

I apologize for the confusion and any inconvenience this matter may have caused you.

Should you need anything further please advise.

Thank You, v Cowan

Permit Agent

OCT 2 2 2001

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



S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

October 18, 2001

TO: Addressee List Attached

**Certified Mail** Return Receipt Requested

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico

OCT 2 2 2001

Gentlemen:

Enclosed please find a copy of the Application for Permit to Drill and the Sundry Notice on the captioned well. We did not include these forms in our letter dated October 12, 2001. Please – excuse our over sight in this matter.

Should you have any questions, please do not hesitate contacting Cy Cowan at 505-748-4372.

Thank you.

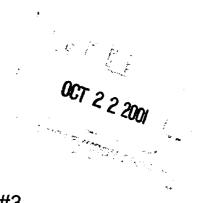
Very truly yours,

YATES PETROLEUM CORPORATION

Darlene Chavarria

Darlene Chavarria Regulatory Technician

/dc Enclosure



Unorthdox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico

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Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251



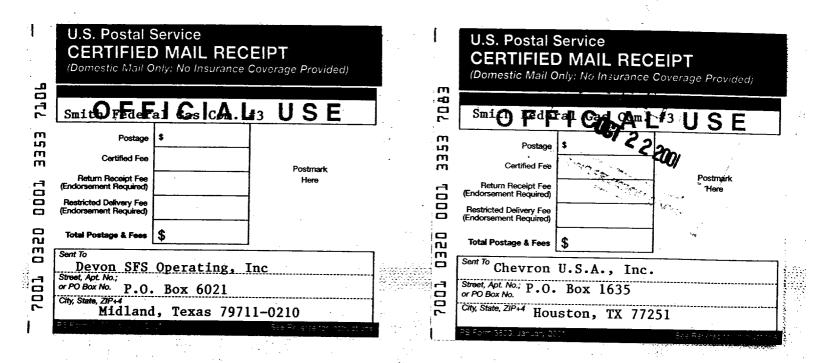
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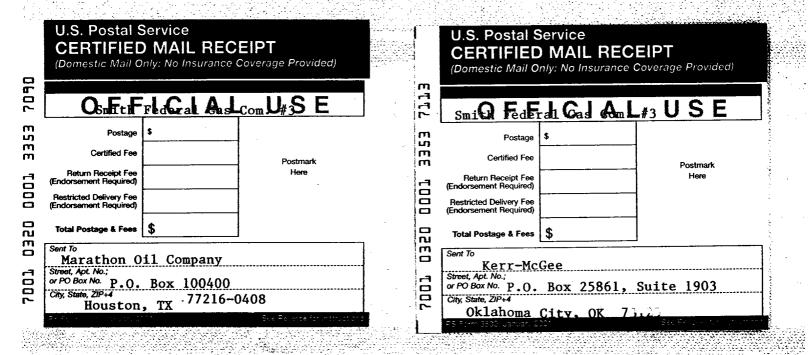
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أفيرا سأرفض تشوير المترجي بالمراجع والمحاربة

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b. TYPE OF COMPLETE		·							N/A		
	WORKOVER	DEEPEN	PLUG BACK	DIFF RESVR.	. Other			-	7. UNIT AGREEMEN	TNAME	
2. NAME OF OPERATOR	२								N/A		
Yates Petrole	im Corpoi	ration							& FARM OR LEASE	NAME, WELL	. NO.
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105 South For						48-1471			9. API WĘLL NO.		
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SIGNED	Hidh	Mip	<u> </u>		Enginee	ering Tec	hnician	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	- L LDATE	12	2/12/00
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\*(See Instructions and Spaces for Additional Data on Reverse Side) Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or angency of the United States any ----any false , fictitioius or fraudulent statements or representations as to any matter within its jurisdiction.



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YATES BUILDING - 105 SOUTH FOURTH ST. ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED



Attention: Michael Stogner New Mexico Oil Conservation Division 1220 South Saint Francis Drive Santa Fe, New Mexico 87505 Ասեսեսենենենեն անուսենենեն

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## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

October 24, 2001

Lori Wrotenbery Director Oil Conservation Division

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210-2118

Attention: Cy Cowan

**Re:** Administrative application initially dated August 16, 2001 (application reference No. pKRV0-123339590) for an exception to the well location provisions of: (i) Rule 4 of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Ordering Paragraph No. (4) of Division Order No. R-9922-D; and (ii) Division Rule 104.C (2) (a) for the Undesignated South Indian Basin-Morrow Gas Pool, within the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

Dear Mr. Cowan:

The Division is in receipt of your letter dated October 18, 2001 containing: (i) a request that the Morrow interval be withdrawn from this application; and (ii) an amended notification letter to all effected parties to this application.

It is my understanding that Yates interprets Division Rule 104.F (4), which requires a "copy of the application" be sent to all affected interests, to mean the "APD". This is not the case; "application" means just that, a copy of the application provided the Division for the location exception.

This is not a small oversight, especially with the number of applications filed by Yates and the fact that Yates was represented on the committee that changed Rule 104. In the future the Division will expect proof that Division Rule 104.F (4) has been adequately and fully complied with. Failure to do so will subject all request for location exceptions to the Division's hearing process.

Since the submitted information is still insufficient, this application is again ruled incomplete as of October 24, 2001. Please submit the above stated information by Wednesday, October 31, 2001.

The Division cannot precede any further with your application until correct notice is submitted. Upon receipt that corrected notice has been provided, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you; however, should you need an additional week to gather this data, contact me in Santa Fe at (505) 476-3465 to arrange this extension. Thank you for you cooperation.

Sincerely.

Michael E. Stogner Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe Randy Patterson, Yates Petroleum Corporation - Artesia

MARTIN YATES, III 1512 - 1085 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

Öctober 29, 2001

New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Frances Drive Santa Fe, New Mexico 87505

Attention: Mr. Michael Stogner

Re: No. pKRVO-123339590 Smith Federal Gas Com. #3

Dear Mr. Stogner:

Please be advised via this Fax that my response to your letter dated October 24, 2001, will be put in the mail this P.M. and should reach you by October 31<sup>st</sup>.

After reviewing the complete application that has been sent to all of the offset operators should you need anything further please advise.

Thank you, for your concern in this matter and once again, I apologize for any inconvenience this may have caused you.

Very truly yours,

YATES PETROLEUM CORPORATION

Jowa

Cy Cowan Permit Agent

/cyc

S. P. YATES Chammen of the Board

JOHNA VATES

PRESIDENT

PEYTON VATES

EXECUTIVE VICE PRESIDENT FLANDY (S. PATTERSON SECRETARY

DENNIS G. KINSEY TREASLACE

OCT-29-2001 MON 05:29 PM YPC LAND

MARTIN YATES, BI RANK W. VATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

S P YATES MAMAN OF THE BOM JOHN & VATES PACSACHT PEYTON VATES ECUTIVE VICE PRESIDI ANDY G PATTERS DENNIS G KINSE THEASUHER

# **Fax Cover Sheet**

To: Company: Phone: Fax:

465

From: Company: Phone: Fax:

etroleum Corporation Yates 505-748-1471 505-748-4572

Date: Pages including this cover page:

Comments: Ø

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



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

S. P. YATES MAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON, YATES COUTIVE VICE PRESIDENT CANDY G. PATTERSON SECRETARY DENNIS G. KINSEY

# **Fax Cover Sheet**

To: Company: Phone: Fax:

From:

Company: Yates Petroleum Corporation Phone: 505-748-1471 Fax: 505-748-4572

 $\circ$ 

Date: Pages including this cover page:

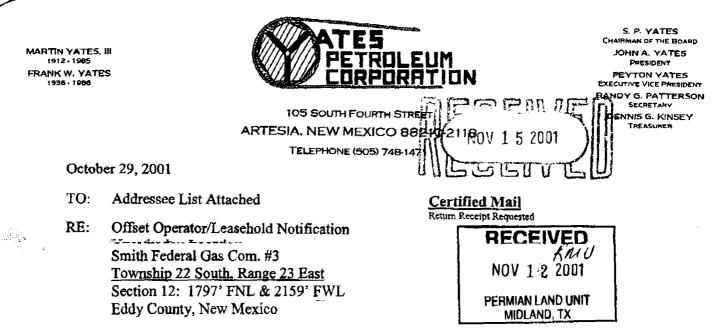
Comments: (177 0 (H ₩

P. 01

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**Unorthdox Location** Smith Federal Gas Com. #3 Township 22 South, Range 23 East Section 12: 1797' FNL and 2159' FWL Eddy County, New Mexico Kerr-McGee P.O. Box 25861, Suite 1903 Oklahoma City, OK 73125 Devon SFS Operating, Inc. P.O. Box 6021 Midland, Texas 79711-0210 Marathon Oil Company P<sub>2</sub>O. Box 100400 Houston, Texas 77216-0408 Chevron U.S.A., Inc. P.O. Box 1635 Houston, Texas 77251

P. 02



### Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil conservation Division that the Smith Federal Gas Com. #3 well located at an unorthodox location which is described above. This location does not comply with existing special rules for the Indian Basin Upper Penn Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Smith Federal Gas Com. #3.

Very truly yours,

YATESPETRØI **UM CORPORATION** 

Cy Cowa

Regulatory Agent

Company Name: Title: Date:

P. 04

S. P. YATES CHAIRMAN OF THE BOARD

JOHN A. YATES

PRESIDENT

PEYTON VATES

EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY

DENNIS G. KINSEY

1.6

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



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

October 29, 2001

TO: Addressee List Attached

Certified Mail

Return Receipt Requested

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico

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Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowa

Regulatory Agent

DEVON SFS OPERATING, INC. Company: Name: ເປ Title: DR. ADUS CAND Date:

RECEIVED NOV 0-7-2001 LAND DEPARTMENT

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



S. P. YATES CHAIRMAN OF THE BOAKD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENY RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

P. 05

105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

October 29, 2001

TO: Addressee List Attached

RE: Offset Operator/Leasehold Notification Unorthodox Location Smith Federal Gas Com. #3 <u>Township 22 South, Range 23 East</u> Section 12: 1797' FNL & 2159' FWL Eddy County, New Mexico Certified Mail Return Receipt Requested

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Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowah

Regulatory Agent

McGee Oil & GAS Onshore L. P. Company: Name: erc+er Title: 1 05101 ١ Date:

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



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

October 12, 2001

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Very truly yours,

TROLEUM CORPORATION P6 YATES

Cy Cowan Regulatory Agent

larathon Company: Name. Title: MARGER Date:

S. P. VATES CHAIRMAN OF THE BOARO JOHN A, VATES PRESIDENT PEYTON VATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON STIGRETARY DENNIS G. KINSEY TREASURER

Sec Also Order Nos R-4922 R-9922-A R-9972-6 R-9922-(

### 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:

NOMENCLATURE CASE NO. 12006 ORDER NO. R-9922-D

APPLICATION OF MARATHON OIL COMPANY, YATES PETROLEUM CORPORATION, ORYX ENERGY COMPANY, DEVON ENERGY CORPORATION (NEVADA) AND SANTA FE ENERGY RESOURCES, INC. FOR THE EXPANSION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL AND THE CONCOMITANT CONTRACTION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL, APPROVAL OF FOUR NON-STANDARD 320-ACRE GAS PRORATION UNITS, AN UNORTHODOX GAS WELL LOCATION, AND APPORTIONMENT OF GAS ALLOWABLES, EDDY COUNTY, NEW MEXICO.

### ORDER OF THE DIVISION

### BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this <u>7th</u> day of December, 1998, the Division Director, having considered 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 Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre spacing and proration units ("GPU") with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The current gas allowable for the Indian Basin-Upper Pennsylvanian Gas Pool is approximately 6.5 MMCFG per day per GPU.

Nomenclature Case No. 12006 Order No. R-9922-D Page 2

(3) The Indian Basin-Upper Pennsylvanian (Prorated) Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RAI	<u>NGE 23 EAST, NMPM</u>
Section 3:	W/2
Section 4:	All
Sections 8 and 9:	All
Section 10:	W/2
Section 15:	W/2
Sections 16 through 30:	All
Sections 32 through 36:	All
TOWNSHIP 21 SOUTH, RAI	NGE 24 EAST. NMPM
Sections 19 through 21:	All
Sections 28 through 32:	All
TOWNSHIP 22 SOUTH. RAD	NGE 23 EAST. NMPM

Sections 1 through 5:	All
Sections 8 through 17:	All
Section 21:	N/2
Section 22:	All.

(4) The Indian Basin-Upper Pennsylvanian Associated Pool is currently governed by the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool," as promulgated by Division Order No. R-9922, as amended, which require standard 320-acre oil and gas spacing units with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary, and with no more than one well per 80-acre tract to be drilled or produced on a standard proration unit. The special depth bracket allowable for the pool is 1,400 barrels of oil per day. The limiting gas-oil ratio for the pool is 7,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 9.8 MMCFG per day. -

(5) The Indian Basin-Upper Pennsylvanian Associated Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH.	RANGE 24 EAST. NMPM
Section 27:	S/2
Sections 33 and 34:	All

Nomenclature Case No. 12006 Order No. R-9922-D Page 3

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPMSections 2 through 10:AllSection 11:N/2Sections 16 and 17:All.

(6) The applicants, Marathon Oil Company, Yates Petroleum Corporation, Oryx Energy Company, Devon Energy Corporation (Nevada), and Santa Fe Energy Resources, Inc. seek an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico to include:

Section 36:	E/2
TOWNSHIP 21 SOUTH, RA	NGE 24 EAST. NMPM
Sections 20 and 21:	All
Sections 28 through 32:	All
TOWNSHIP 22 SOUTH, RA Section 1:	NGE 23 EAST. NMPM E/2

Section 18: All

AND THE concomitant contraction of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom:

TOWNSHIP 21 SOUTH. RANGE 23 EAST. NMPMSection 36:E/2TOWNSHIP 21 SOUTH. RANGE 24 EAST. NMPMSections 20 and 21:AllSections 28 through 32:AllTOWNSHIP 22 SOUTH. RANGE 23 EAST. NMPMSection 1:E/2Section 1:E/2Section 12:E/2Section 13:E/2.

Nomenclature Case No. 12006 Order No. R-9922-D Page 4

(7) In conjunction with the proposed adjustment to the boundaries of the two subject pools, the applicants seek to establish the following four 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool within Section 36, Township 21 South, Range 23 East, NMPM, and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico: ſ

(A) the W/2 of Section 36, comprising 320 acres, which is to be dedicated to the existing Lowe State Gas Com Well No. 1 (API No. 30-015-10342), located 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 36;

(B) the W/2 equivalent of Section 1, comprising 336.57 acres, on which there is currently no well;

(C) the W/2 of Section 12, comprising 320 acres, which is to be dedicated to the existing Smith Federal Gas Com Well No. 2 (API No. 30-015-26834) located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12; and

(D) the W/2 of Section 13, comprising 320 acres, which is to be dedicated to the HOC Federal Gas Com Well No. 2 (API No. 30-015-26939) located 330 feet from the North and West lines (Unit D) of Section 13.

(8) The proposed acreage and pool rededication results in the Lowe State Gas Com Well No. 1 being only 928 feet from the outer boundary of its newly designated 320acre gas proration unit. The resulting unorthodox gas well location for this well requires proper authorization pursuant to the appropriate rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool.

(9) On behalf of the applicants, Marathon Oil Company presented geologic, petroleum engineering, and oil and gas mineral ownership and land evidence, which demonstrates that this application should be granted and which is summarized as follows:

(A) In the Indian Basin area, the Upper Pennsylvanian interval contains multiple compartmentalized reservoirs, which are productive of oil, gas and water from several dolomitized horizons from the top of the Cisco formation to

the base of the Canyon formation.

(B) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Gas Pool, including the extension area, and the Indian Basin-Upper Pennsylvanian Associated Pool were originally developed with flowing gas wells on 640-acre gas spacing such that, once the gas wells stopped flowing as a result of water encroachment, the wells were abandoned.

(C) The Indian Basin-Upper Pennsylvanian Gas Pool attained its maximum extension in the 1970s and, since then, water encroachment has advanced from east to west slowly watering out the flowing gas wells. Currently, flowing gas production occurs west of a structural contour line at minus 3300 feet subsea elevation.

(D) In 1992, Yates Petroleum Corporation reentered and recompleted the Hickory "ALV" Federal Well No 1 (API No. 30-015-10566), located 1650 feet from the North and West lines (Unit F) of Section 17, Township 22 South, Range 24 East, NMPM. Using the same high capacity pumps used in the nearby South Dagger Draw-Upper Pennsylvanian Associated Pool, Yates was able to achieve rates of 400 BOPD, 500 MCFGPD and 1200 BWPD in a former Indian Basin-Upper Pennsylvanian Gas Pool well which had previously been depleted. Thereafter the Division entered Order No. R-9922 and created the Indian Basin-Upper Pennsylvanian Associated Pool.

(E) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are in a structural feature separated from the Indian Basin-Upper Pennsylvanian Gas Pool by a structural saddle at the top of the Cisco at a subsea elevation of minus 3500 feet. New wells located within 320-care spacing units in the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are now producing or have the potential to produce oil and gas that was not previously recovered when this area was originally developed as part of the Indian Basin-Upper Pennsylvanian Gas Pool.

> (F) Current oil and gas production from the Cisco/Canyon formations in the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area required extensive formation "de-watering." Hydrocarbons are mobilized by continuous movement of large volumes of water with artificial lift.

(G) Pressure data demonstrates that:

(i) the Indian Basin-Upper Pennsylvanian Associated Pool, with a pressure on average of 1600 psi, is not in pressure communication with the Indian Basin-Upper Pennsylvanian Gas Pool, which has a current pressure on average of 500 psi; and

(ii) wells in the extension area of Township 21 South, Range 24 East, NMPM, have a pressure related to the Indian Basin-Upper Pennsylvanian Associated Pool.

(H) Production data demonstrates that:

(i) there are no flowing gas wells in the extension area; and

(ii) old flowing gas wells in the extension area were abandoned when they watered out and new wells are attaining oil and gas production by using high capacity pumps.

(I) The division of Section 36, Township 21 South, Range 23 East, NMPM and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM (the transition area) into non-standard 320-acre, more or less, gas proration and spacing units will provide an equitable "buffer" between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool because:

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> (i) wells have been located or can be located such that drainage by wells in the Indian Basin-Upper Pennsylvanian Associated Pool can be met with counter drainage from wells located or to be located on the eastern side of each of the four 320-acre, more or less, non-standard gas spacing and proration units in the Indian Basin-Upper Pennsylvanian Gas Pool provided that wells located on the eastern side of these units can be no closer than 660 feet from the eastern boundary, which is also the setback requirement for wells in the Indian Basin-Upper Pennsylvanian Associated Pool; and

(ii) wells located in the Indian Basin-Upper Pennsylvanian Gas Pool will not suffer unfair competition from wells located or to be located in these four, non-standard gas proration units because allowables will be apportioned based upon the gas proration system adopted for the Indian Basin-Upper Pennsylvanian Gas Pool.

(J) The granting of this application should not impair the correlative rights:

(i) of any working interest owner within any of the existing 640-acre GPUs because there are voluntary joint operating agreements requiring that all those owners continue to share in production and pay costs from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit;

(ii) of any overriding royalty interest owner or the federal royalty under a federal oil and gas lease within any of the existing 640-

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> acre GPUs because there are federal communitization agreements requiring that all those owners continue to share in production from the new 320-acre spacing units on the same proportional basis as in the original 640acre unit;

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(iii) under Section 32, Township 21 South, Range 24 East, NMPM, which consists of two 320-acre State of New Mexico leases and is operated by Marathon Oil Company, because there are no overriding royalty owners and the State Land Office desires that the communitization agreement for the existing 640-acre proration unit terminate and be replaced by two 320-acre proration units coextensive with the two State leases; and,

(iv) under Section 36, Township 21 South, Range 23 East, NMPM, which consists of two State of New Mexico leases and is operated by ORYX Energy Company, because there are no overriding royalty owners and the State Land Office desires that the existing 640-acre communitization agreement terminate and be replaced by two 320-acre communitization agreements.

(10) The evidence and testimony presented at the hearing further indicate that:

(A) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are a single structural feature such that wells located in this area should be subject to the same special rules and regulations.

(B) Geologic and petroleum engineering evidence demonstrate that substantial volumes of oil and gas, which otherwise would not be produced, can be economically recovered from the extension area if that area is subject to the

> current rules applicable to the Indian Basin-Upper Pennsylvanian Associated Pool, thereby preventing waste.

> (C) Making the extension area part of the Indian Basin-Upper Pennsylvanian Associated Pool will afford the opportunity to increase the de-watering process in the reservoir and improve recovery efficiencies for both oil and gas.

> (D) The adoption of the four 320-acre, more or less, nonstandard gas proration and spacing units will establish a temporary "buffer" or transition area between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool, which at this time will establish equity and protect correlative rights.

(11) The applicants are all of the operators of wells in the extension area and they have met and unanimously agreed upon this application.

(12) In accordance with Division notification rules, notification of this application and request for hearing has been sent to the owners within the proposed expansion area and to the offset operators to each non-standard gas proration and spacing unit and no objections have been received by either the Division or Marathon Oil Company, which sent out these notices.

(13) In order to prevent waste, to prevent the drilling of unnecessary wells, to prote correlative rights and provide for a more orderly development of the Cisco/Canyon formations, is necessary to do the following:

(A) contract the Indian Basin-Upper Pennsylvanian Gas Pool and <u>expand</u> the Indian Basin-Upper Pennsylvanian Associated Pool as described in Finding Paragraph No. 6;

(B) approve the four non-standard 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool as described in Finding Paragraph No. 7; and,

(C) approve an unorthodox gas well location for the Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line (Unit K) of said Section

36.

(14) Marathon Oil Company, Santa Fe Energy Resources, Inc. and ORYX Energy Corporation were present at the hearing and Marathon Oil Company, on behalf of the applicants, provided technical land, geologic and engineering testimony concerning the reservoir and, these pools. ſ

(15) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(16) Approval of the applicant's request will allow the interest owners the opportunity to economically recover their share of the oil and gas in the subject pools, will not reduce ultimate recovery from the subject pools, and will not violate correlative rights.

#### **IT IS THEREFORE ORDERED THAT:**

(1) The Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby <u>contracted</u> by the deletion of the following described area:

TOWNSHIP 21 SOUTH. RANGE 23 EAST. NMPM						
Section 36:	E/2					
TOWNSHIP 21 SOUTH.	<u>RANGE 24 EAST. NMPM</u>					
Sections 20 and 21:	All					
Sections 28 through 32:	All					
TOUNISUID 22 SOLITU	RANGE 23 EAST. NMPM					
Section 1:	E/2					
Section 12:	E/2					
Section 13:	E/2.					

(2) Concomitantly, the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein the following described area:

TOWNSHIP 21 SOUTH. RANGE 23 EAST. NMPMSection 36:E/2

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TOWNSHIP 21 SOUTH.	RANGE 24 EAST. NMPM
Sections 20 and 21:	All
Sections 28 through 32:	All
TOWNSHIP 22 SOUTH. Section 1: Section 12: Section 13:	RANGE 23 EAST. NMPM E/2 E/2 E/2.

TOWNSHIP 22 SOUTH. RANGE 24 EAST. NMPMSection 18:All.

(3) The difference of the Section of the Section Basin-Upper Pointsylvanian Gas Pool within Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, are hereby approved:

(A) the W/2 of Section 36, comprising 320 acres, which is to be dedicated to the existing Lowe State Gas Com Well No. 1 (API No. 30-015-10342), located at an unorthodox gas well location for the 320-acre GPU, 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 36;

(B) the W/2 of Section 1, comprising 336.57 acres, on which there is currently no well;

(C) the W/2 of Section 12, comprising 320 acres, which is to be dedicated to the acisting Smith Federal Gas Com Well-No. 2 (APL No. 30.014 20024) Jocated 2000 for from the North and 480 feet from the West lines (Unit E) of Section 12; and,

(D) the W/2 of Section 13, comprising 320 acres, which is to be dedicated to the HOC Federal Gas Com Well No. 2 (API No. 30-015-26939) located 330 feet from the North line and 330 feet from the West line (Unit D) of Section 13.

(4) Any future well located in any of these four non-standard gas promition and specing units no closer than 660 first to the eastern boundary of the unit shall be considered

#### to be at a standard location.

## (5) The apportionment of gas allowables for the four non-standard GPU's shall be incomplished by applying a 0.5 acreage factor to each of the non-standard GPU's.

(6) An unorthodox gas well location for the following well in the Indian Basin-Upper Pennsylvanian Gas Pool, which became unorthodox as a result of the change in pool boundary, is hereby approved: Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line and of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

(7) The locations of all wells presently drilling to or completed in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

(8) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area shall have dedicated thereto 320 acres; or, pursuant to Paragraph C of Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(9) Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to being shut-in.

(10) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DOFF ? Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

iWrotenberg

LORI WROTENBERY Director

SEAL

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CMD : OG5SECT

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ONGARD INQUIRE LAND BY SECTION 10/03/01 11:07:58 OGOMES -TPLC PAGE NO: 2

## Sec : 12 Twp : 22S Rng : 23E Section Type : NORMAL

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40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
PF01 HELP PF02		PF04 GoTo PF05	PF06
PF07 BKWD PF08 FWI	D PF09 PRINT P	PF10 SDIV PF11	PF12

ONGARD 10/03/01 11:08:05 CMD : INQUIRE WELL COMPLETIONS OGOMES -TPLC OG6IWCM API Well No : 30 15 26834 Eff Date : 01-01-1995 WC Status : S Pool Idn : 79040 INDIAN BASIN; UPPER PENN (PRO GAS) OGRID Idn : 25575 YATES PETROLEUM CORPORATION Prop Idn : 16869 SMITH FEDERAL GAS COM Well No : 002 GL Elevation: 3971 U/L Sec Township Range North/South East/West Prop/Act(P/A) \_\_\_\_ \_\_\_ \_\_\_\_ B.H. Locn : E 12 22S 23E FTG 2049 F N FTG 480 F W Р Lot Identifier: Dedicated Acre: 640.00 Lease Type : F Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) : M0025: Enter PF keys to scroll PF01 HELPPF02PF03 EXITPF04 GoToPF05PF06PF07PF08PF09PF10 NEXT-WCPF11 HISTORYPF12

PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : OG6ACRE	ONGARD C102-DEDICATE ACREAGE	10/03/01 11:08:09 OGOMES -TPLC Page No : 1
Pool Idn : 79040 I Prop Idn : 16869 Spacing Unit : 37810	26834 Eff Date : 04-30-19 NDIAN BASIN;UPPER PENN (PRO SMITH FEDERAL GAS COM OCD Order : Acreage : 640.00	991 9 GAS) Well No : 002 Simultaneous Dedication:
S Bas	e U/L Sec Twp Rng Acreage	L/W Ownership Lot Idn
	A 12 22S 23E 40.00 B 12 22S 23E 40.00 C 12 22S 23E 40.00 D 12 22S 23E 40.00 E 12 22S 23E 40.00 F 12 22S 23E 40.00 G 12 22S 23E 40.00 H 12 22S 23E 40.00 H 12 22S 23E 40.00 I 12 22S 23E 40.00 a to modify or PF keys to s	N FD N FD N FD N FD N FD N FD N FD N FD
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CMD : OG6ACRE		ONGA C102-DEDIC	RD ATE ACREAGE	10	)/03/01 11:08:20 OGOMES -TPLC Page No : 2
Pool Idn Prop Idn Spacing Unit	: 79040 IN : 16869 S : 37810 C :	6834 Eff Da DIAN BASIN;UP MITH FEDERAL OCD Order : Acreage	PER PENN (PRC GAS COM	GAS) Simultaneous	Well No : 002 Dedication:
	S Base	U/L Sec Twp	Rng Acreage	L/W Ownersh	nip Lot Idn
		K1222SL1222SM1222SN1222SO1222S	23E40.0023E40.0023E40.0023E40.0023E40.0023E40.0023E40.00	N FD N FD N FD N FD N FD	
PF01 HELP PF07 BKWD PF07 BKWD			PF04 GoTo PF10 LAND		PF06 CONFIRM PF12 RECONF

Page: 1 Document	Name: untitled						
CMD :		ONGARD			10/03/0		
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES - TPL Page No: 1							
OGRID Identifier	r : 25575 YATES PET	TROLEUM	CORPOR	RATION			
	: 79040 INDIAN BAS	-					
API Well No	: 30 15 26834 Rep	port Pe	riod -	From : 01 20	00 To : (	08 2001	L
					<b>-</b> -		
API Well No Pr	roperty Name	Prodn.	Days	Production	n Volumes	3	Well
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30 15 26834 SMI	 ITH FEDERAL GAS CO	01 00	 28	43881	24	2788	 F
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Reporti	ing Period Total (Ga	as, Oil)	 : 				
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Page: 1 Document Name: untitled						
	ONGARD 10/03/01 11:08:3 RD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPL Page No: 2					
OGRID Identifier : 25575 YATES PETROLEUM CORPORATION Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS) API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001						
API Well No Property Name	Prodn. Da	ays Produc	tion Volumes	Well		
	MM/YY P:	rod Gas	Oil Wat	er Stat		
30 15 26834 SMITH FEDERAL GAS CO	08 00 3	 1 57799		 8 F		
30 15 26834 SMITH FEDERAL GAS CO	09 00 3	0 54175	1	F		
30 15 26834 SMITH FEDERAL GAS CO	10 00 3	0 49467	10 1	37 F		
30 15 26834 SMITH FEDERAL GAS CO	11 00 3	0 51210	32 25	95 F		
30 15 26834 SMITH FEDERAL GAS CO	12 00 3	1 52143	25 24	45 F		
30 15 26834 SMITH FEDERAL GAS CO	01 01 33	1 49990	21 18	90 F		
30 15 26834 SMITH FEDERAL GAS CO	02 01 23	8 44944	22	93 F		
Reporting Period Total (Gas, Oil) : E0049: User may continue scrolling.						
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CMD : OG6IPRD :	NQUIRE PRO	ONGARD DUCTION	BY POC	DL/WELL	(	/01 11:0 DGOMES - Page No	-TPLC
OGRID Identifier : 255 Pool Identifier : 79040 API Well No : 30	INDIAN BA	SIN;UPP	ER PENN	N (PRO GAS)		08 2003	L
API Well No Property M	 ame	Prodn.	Days	Product	ion Volume	 es	Well
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30 15 26834 SMITH FEDER						2779	F
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## PI/DWIGHTS PLUS DRILLING WIRE ™ NEW MEXICO Section II - 09/10/2001

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#### DRILLING PROGRESS

	D	RILLING PROGRESS	
YATES PETROLEUM CORPORATION 4 WALT CANYON 'AMA' FEDERAL API 30-015-28361 IC 30015793862001	NEW MEXICO DIS 3-22S-24E E NW NE 860 FNL 1780 FEL SEC	STRICT 1,2,4-EDDY COUNTY CONTINUED EDDY COUNTY UNDESIGNATED; 10330 MORROW (PMT APP'D 19960224) (FR:19940927 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 3869 GR LOCATION DATA: FORMERLY ABND LOC 6/27/97 UNDER SAME API 32 MI NW CARLSBAD, NM; VERTICAL;	D
CONTR: UTI DRILLING, RIG # 306; S REL: 20010422 10300 TD, 10300 DT		N @ 1613 W/1150 SACK,7 IN @ 8800 W/180 SACK,4 1/2 IN @ 10300 W/150 SACK; <b>RIG</b> ER DETAILS (LDIR:20010621) \$\$\$\$	
SANTA FE SNYDER CORPORATION 6 NAGOOLTEE PEAK '5' FEDERAL CON API 30-015-31397 IC 30015793702000		INDIAN BASIN; PENNSYLVANIAN UPPER PROJ TVD: 8600; (PMT APP'D 20001023) (FR:20000614 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS. STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 4328 GR LOCATION DATA: 17 MI W CARLSBAD, NM DIRECTIONAL; PBHL: 1320 FNL 925 FEL SEC 5-22S-24E W2 NE NE	D
LOC CHGD FROM 2516 FSL 2575 FE	L OF SEC (LDIR:20001030) LC	DC; \$\$\$\$	
SANTA FE SNYDER CORPORATION 4 OLD RANCH CANYON '7' FEDERAL API 30-015-31151 IC 30015790982000	<b>7-22S-24E</b> NE SW NW 1599 FNL 1248 FWL SEC	INDIAN BASIN; 8500 PENNSYLVANIAN UPPER (PMT APP'D 20000417) (FR:20000308 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 3996 GR LOCATION DATA: 16 MI W CARLSBAD, NM DIRECTIONAL; PBHL: MD 8500 1360 FSL 990 FWL SEC 7-22S-24E SE NW SW	D
CONTR: MCVAY DRILLING, RIG # 8; RPTD WOCT, NO FURTHER DETAILS (		20000603 8650 TD, (PENNSYLVANIAN) (TD REACHED:20000601) 8650 DTDLAST	•
SANTA FE SNYDER CORPORATION 5 OLD RANCH KNOLL '8' FEDERAL API 30-015-31326 IC 30015791022000 LOC; \$\$\$\$	<b>8-22S-24E</b> SW NE SW 1822 FSL 1903 FWL SEC	INDIAN BASIN; 8500 PENNSYLVANIAN UPPER (PMT APP'D 20000829) (FR:20000308 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 4293 GR LOCATION DATA: 16 MI W CARLSBAD, NM DIRECTIONAL; PBHL: MD 8500 2300 FNL 1900 FWL SEC 8-22S-24E SW SE NW	D
SANTA FE SNYDER CORPORATION 6 OLD RANCH KNOLL '8' FEDERAL API 30-015-31161 IC 30015790972000	8-22S-24E N2 SE NE 1905 FNL 660 FEL SEC	INDIAN BASIN; 8500 PENNSYLVANIAN UPPER (PMT APP'D 20000519) (FR:20000308 OKC MSW) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 550 W TEXAS, STE 1330, MIDLAND, TX 79701, (915)687-3551 EL: 4233 GR LOCATION DATA: FORMERLY ABANDONED LOCATION 11/17/99 BY SANTA FE ENERGY OPERATING PARTNERS LO #3 OLD RANCH KNOLL '8' FEDERAL UNDER API 30-015-28242 & IC 30-015-70541-94 16 MI W CARLSBAD, NM; VERTICAL;	Ð
API NUMBER ADDED (LDIR:2000060	6) <b>LOC; \$\$\$</b>		
YATES PETROLEUM CORPORATION 4 ANEMONE 'ANE' FEDERAL API 30-015-28133	<b>9-22S-24E</b> S2 NW SE 1650 FSL 1980 FEL SEC	WILDCAT; 10600 MORROW (FR:20010405 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: 0&G <b>OPER ADD:</b> P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 <b>EL:</b> 3995 GR LOCATION DATA: FORMERLY ABND LOC 12/1/1997 UNDER SAME API 31 MI NW CARLSBAD, NM; 1.25 MI SW/7942 (CNYN) OIL PROD IN INDIAN BASIN FIELD; VERTICAL;	WD
CONTR: PATTERSON-UTI ENERGY IN © 10450 W/115 SACK; RIG REL: 2001		SPUD:20010323 CSG: 9 5/8 IN @ 1621 W/1150 SACK,7 IN @ 8745 W/550 SACK,5 1/2 WOCT (LDIR:20010606) \$\$\$\$	IN
YATES PETROLEUM CORPORATION 5 ANEMONE 'ANE' FEDERAL API 30-015-31323 IC 30015772902000	<b>9-22S-24E</b> C NE NE 660 FNL 660 FEL SEC	WILDCAT; 10600 (PMT APP'D 20000828) (FR:20000218 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4078 GR LOCATION DATA: 31 I NW CARLSBAD, NM 1/4 MI E/8106 (CNYN) OIL PROD IN INDIAN BASIN FLD; VERTICAL;	WD

CONTR: UTI DRILLING, RIG # 166; SPUD:20000922 CSG: 9 5/8 IN @ 1790 W/400 SACK,7 IN @ 10600 W/1470 SACK; DRLG COMMENTS: DRLD TO 40 FT W/SPUDDER SPUD 10/12/2000 W/ROTARY RIG; RIG REL: 20001114 10600 TD, 10600 DTD ....WELL DRLD, NO FURTHER DETAILS (LDIR:20010601) \$\$\$\$

## PI/DWIGHTS PLUS DRILLING WIRE ™ NEW MEXICO Section II - 09/10/2001

**PAGE 127** 

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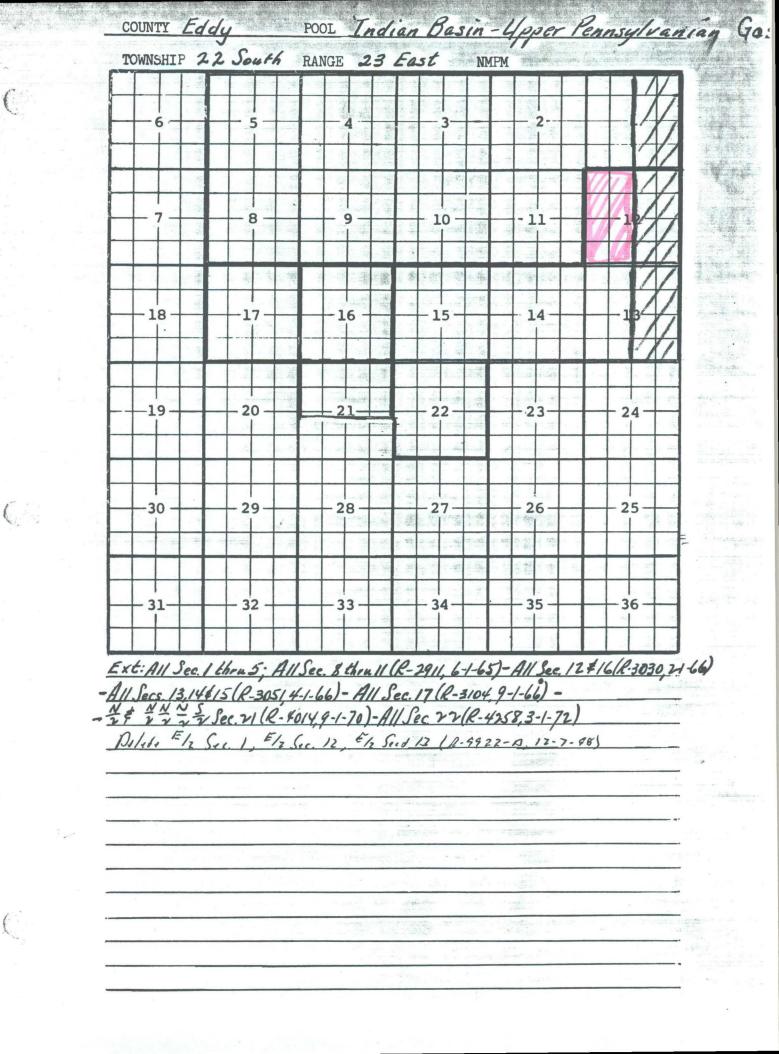
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		RILLING PROGRESS			
NEW MEXICO DISTRICT 1,2,4-EDDY COUNTY CONTINUEDMARATHON OIL COMPANY11-22S-23EINDIAN BASIN; 8000 PENNSYLVANIAN UPPER (PMT APP'D 20000913)3 SMITH FEDERALNW SE NE(FR:20000605 OKC WSN) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPERAPI 30-015-313421514 FNL 870 FEL SECADD: BOX 552, MIDLAND, TX 79702, (915)682-1626 EL: 3933 GRIC 30015783652000LOCATION DATA: 15 MI NW CARLSBAD, NM VERTICAL;					
REACHED:20001025) PRODUCING 1ST SALES DEC 2000, CUM PROD FO	INTERVALS DATA: # 01 PEI DR 28 DAYS DURING DEC 2000	3 IN @ 1210,7 IN @ 8370; <b>8370 TD,</b> (PENNSYLVANIAN INTERPRETED) (TD RF (PENNSYLVANIAN) 7364-7964; UNREPORTED TREATMENT U GAS: UG IP NOT F 13263 MCFG 18 BO 18618 BW <b>8370 DTD COMP:20001115 (EST), # 01 IPU GA</b> LDING FOR DATA(LDIR:20010709) \$\$\$\$	,		
YATES PETROLEUM CORPORATION 3 MALONE 'ASA' FEDERAL API 30-015-31701 IC 300157022699	<b>12-22S-23E</b> S2 NW SE 1650 FSL 1980 FEL SEC	INDIAN BASIN; 8300 PENNSYLVANIAN UPPER (PMT APP'D 20010409) (FR:19991118 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 4007 GR LOCATION DATA: 30 MI NW CARLSBAD, NM VERTICAL;	D		
FTG CHGD FROM 1980 FSL, 1980 I	FEL SEC (LDIR:20010423) <b>LOC</b> ;	\$\$\$\$			
YATES PETROLEUM CORPORATION 2 MALONE 'ASA' FEDERAL COM API 30-015-30769 IC 300157010299	<b>12-22S-23E</b> NE NE 810 FNL 660 FEL SEC	INDIAN BASIN; 8100 PENNSYLVANIAN UPPER (PMT APP'D 19990927) (FR:19990421 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 3963 GR LOCATION DATA: 20 MI SW LAKEWOOD, NM VERTICAL; PREV LEASE: MALONE 'ASA' FEDERAL COM	D		
		91123 CSG: 16 IN @ 40,9 5/8 IN @ 1476 W/1045 SACK,7 IN @ 8000 W/950 SACK; <b>F</b> NO FURTHER DETAILS (LDIR:20010621) <b>\$\$\$\$</b>	liG		
YATES PETROLEUM CORPORATION 3 SMITH FEDERAL GAS COM API 30-015-30687 IC 300157010199	<b>12-22S-23E</b> SE NW 1797 FNL 2159 FWL SEC	INDIAN BASIN; 8100 PENNSYLVANIAN UPPER (PMT APP'D 19990623) (FR:19990421 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: P O BOX 1908, ROCK SPRINGS, WY 82902, (307)382-4005 EL: 3940 GR LOCATION DATA: 20 MI SW LAKEWOOD, NM VERTICAL;	9		
CONTR: UTI DRILLING, RIG # 306; DTDWELL DRLD, NO FURTHER D		N @ 1484 W/400 SACK,7 IN @ 8010 W/1025 SACK; RIG REL: 20010220 8010 TD,	8010		
MARATHON OIL COMPANY 2 MERSHON GAS COM API 30-015-31404 IC 30015763692000 LOC; \$\$\$\$	<b>21-22S-23E</b> NE NW NW 415 FNL 1201 FWL SEC	INDIAN BASIN; 8200 PENNSYLVANIAN UPPER PERMIT: 10/25/00 (FR:20000808 OKC WSN) LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: BOX 552, MIDLAND, TX 79702, (915)682-1626 EL: 4245 GR LOCATION DATA: 15 MI NW CARLSBAD, NM VERTICAL;	D		
YATES PETROLEUM CORPORATION 2 WALT CANYON 'AMA' FEDERAL API 30-015-28129	<b>3-22S-24E</b> SE NW SW 1450 FSL 790 FWL SEC	INDIAN BASIN; 8700 PENNSYLVANIAN UPPER (FR:20000329 MIDL MJA) LEASE TYPE:FEDERAL TARGET OBJ: OIL; <b>OPER ADD</b> : 105 S 4TH ST, YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4027 GR LOCATION DATA: FORMERLY ABANDONED LOCATION 11/17/99 UNDER SAME API NUMBER 32 MI NW CARLSBAD, NM; HORIZONTAL;	D		
SACK; DRLG COMMENTS: SPD M HOLE & RAN 7 CSG; LOG TYPES: 0 10096-10103 10136-10146 10208-102	ARCH 20 W/RT RESUMED OPE CBND, GR, CCL; <b>RIG REL:</b> 200 14 10217-10224 10226-10234 102	G: 9 5/8 IN @ 1616 W/1200 SACK,7 IN @ 8975 W/750 SACK; LNR: 4 1/2 IN @ 8572 V RATIONS W/UTI DRILLING #165 ON OCT 6, SET WHIPSTOCK, DRLD TO 8041 IN HO 01103 <b>10391 TD,</b> (TD REACHED:20001102) <b>PROD TEST(S): # 01</b> PERF (MORRC 249-10256 10336-10340 W/ 336 SHOTS ; ACID (10096-10340) W/ 3500 GAL ACID 7 1/2 BRIDGE PLUG 10096-10340; <b>10391 DTD</b> WELL DRLD, NO FURTHER DETAILS	DRIZ DW)		

YATES PETROLEUM 3-22S-24E INDIAN BASIN; 8700 PENNSYLVANIAN UPPER (FR:20000211 MIDL MJA) CORPORATION SE NW NW LEASE TYPE:FEDERAL TARGET OBJ: GAS; OPER ADD: 105 S 4TH ST, 3 WALT CANYON 'AMA' FEDERAL YATES BLDG, ARTESIA, NM 88210, (505)748-1471 EL: 4076 GR LOCATION 1115 FNL 810 FWL SEC API 30-015-28319 DATA: 32 MI NW CARLSBAD, NM FORMERLY ABANDONED LOCATION 11-17-99 UNDER SAME API AND IC 30-015-70401-94; VERTICAL;

(LDIR:20010601) \$\$\$\$

CONTR: PATTERSON DRILLING, RIG # 47; SPUD:20000208 CSG: 20 IN @ 40,9 5/8 IN @ 1654 W/2712 SACK,7 IN @ 10480 W/1450 SACK; DRLG COMMENTS: SPD 2/10/00 W/RT; LOG TYPES: CBND, GR, CCL; RIG REL: 20000319 10484 TD, (MORROW) (TD REACHED: 20000316) PROD TEST(S): # 01 PERF (MORROW) 10133-10140 10154-10158 10178-10188 10200-10208 10226-10230 10241-10243 10268-10276 W/ 200 SHOTS ; ACID (10133-10276) W/ 150 GAL ACID 7 1/2% FE HCL; FRACTURING (10133-10276) W/ 77000 GAL FOAM 208273 LB SAND CO2 & N2; TREATMENT (10133-10276) W/ 252 TON TREATMENT PLUGGED OFF 10050 FT 10133-10276; # 02 PERF (CANYON SERIES) 7976-7994 8008-8016 8022-8033 W/ 40 SHOTS ; ACID (7976-8033) W/ 32000 GAL ACID 20% FE HCL ADDITIVE: GELA 10484 DTD ....WELL RELEASED TO PRODUCTION DEPT AUG 29 2000 (LDIR:20010621) \$\$\$



	<i></i>				$\mathcal{O}($	b-A	ftesi	ia II
	m 3160-5 ugust 1999) UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT						FORM API OMB No. 1 Expires Noven	1004-0135
			-			5. Lease		
		IY NOTICES AND REPOR his form for proposals to a					51099-A an, Allottee or	T-the Norma
	abandoned we	ell. Use Form 3160-3 (APD)	for such pl	roposals.				The Name
1. T	ype of Well	([:]1][:?.\##:: <b>+0]][:[:]</b> [:][:][:][:][:][:][:][:][:][:][:][:][:][	£ĴÛ(15)QIRI	evera de		7. If Unit	or CA/Agree	ment, Name and/or No.
		Other					Name and No.	
	ame of Operator	· _ ·						Gas Com. #3
	ates Petroleum Co		2h Phone N	o (includo and	(and a)	9. APIW		- 306 87
Ja. n	Ja. Address         105 South Fourth Street         3b. Phone No. (include area code)           Artesia, New Mexico         88210         (505) 748-1471							xploratory Area
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)					4		Jpper Penn	
1797' FNL and 2159' FWL						y or Parish, St		
5	Section 12, T22S-	-R23E						
					; <del></del>			New Mexico
	12. CHECK AP	PPROPRIATE BOX(ES) TO	INDICATE	NATURE (	OF NOTICE, R	EPORT, O	R OTHER	DATA
T	PE OF SUBMISSION			TYPE C	OF ACTION			
		Acidize [	Deepen		Production (Star	t/Resume)	U Water	Shut-Off
X	Notice of Intent	Alter Casing	Fracture T	reat	Reclamation	-	Well I	ntegrity
П	Subsequent Report	Casing Repair	New Const	ruction	Recomplete		🗴 Other	EXTEND APD
_		Change Plans	Plug and A	bandon 🗌	Temporarily Ab	andon		
	Final Abandonment Notice	Convert to Injection	Plug Back		Water Disposal			·····
lf A fc te d	the proposal is to deepen dire ttach the Bond under which the slowing completion of the inv sting has been completed. Fi etermined that the site is ready	ed Operation (clearly state all pertin ectionally or recomplete horizontally the work will be performed or provi volved operations. If the operation inal Abandonment Notices shall be y for final inspection.)	y, give subsurfa ide the Bond N results in a mu filed only afte	ace locations an lo. on file with htiple completion r all requirement	d measured and tro BLM/BIA. Requint n or recompletion nts, including recla	ue vertical de red subseque in a new inte amation, have	pths of all per nt reports sha rval, a Form 3 e been comple	tinent markers and zones. Il be filed within 30 days 8160-4 shall be filed once sted, and the operator has
đ	ate for one (1)	year to June 23, 20	01	•	w_12_1			1011
1	Chank you.	2001 RECEIVED OCD - ARTESIA Net Color	E	ncting	23/206	21		
	hereby certify that the foregoin	bing is true and correct						
1	Name (Printed/Typed)	- ·		Title Roga				
	Jamie S			rue Regu	ilatory Teo	chnician	n	
2	Signature Ami	Savori		Date 5	116/00			
		THIS SPACE F	OR FEDERA	L OR STAT	E OFFICE USE			
Appr	oved by (OR	NG. 5850.) JOE C. LA!	74	Title	stroleum En	Spinod.	Date 1/?	3/2001
Cond	itions of approval, if any, are	e attached. Approval of this notice gal or equitable title to those rights	does not warr	ant or lease Office	CFO			/
Title State	18 U.S.C. Section 1001 and 3 s any false, fictitious or fraudu	Title 43 U.S.C. Section 1212, make ulent statements or representations as	it a crime for a store any matter	ny person know within its jurisdi	ingly and willfully iction.	to make to a	iny departmen	t or agency of the United

Form 3160-3 (July 1992)	DEPARTMENT	ED STATES	ARTESIA, M	ons. Divisi	TE• FORM AP	1004-0136 Lary 28, 1995
APPL	ICATION FOR P	ERMIT TO D	RILL OR DEE	EPEN	6. IF INDIAN, ALLOTTE	B OR TRIBE NAME
b. TIPE OF WELL		DEEPEN	-		7. UNIT AGREEMENT	16869
WELL	EUM CORPORATION	06575	SINGLE	MULTIPLE	8. FARM OR LEASE NAME, WA Smith Federal 9. AT WELL NO.	
3. ADDRESS AND TELEFHONE NO. 105 South For	urth Street, Art		exico 8821.02	305) 74824	- 30 - OIS -	30687 
At surface 1797' FNL and At proposed prod. son 	• •	LIKE APP BY STATE	ALC State / of Direme	ARIESIA	11. SEC. T. B., M., OB AND SUBVEY OF A Section 12 G 12. COUNTY OF PARISE	2, T22S-R23E
15. DISTANCE FROM PROP- LOCATION TO NEARES PROPERTY OR LEASE 1 (Also to nearest dr)	T LINE, FT. ] g. unit line, if any)	.797'		29999	OF ACRES ASSIGNED THIS WELL 280	
18. DISTANCE FROM FROM TO NEAREST WELL, D OR APPLIED FOR, ON TH	RILLING, COMPLETED.	1	19. FROPOSED DEPTH 8100!	20. RO	TARY OR CABLE TOOLS Rota	ry
21. ELEVATIONS (Show wh		40' GR		<u> </u>	22. APPROX. DATE WO ASAP	DEK WILL START*
23.		PROPOSED CASING	GAND CEMENTING	2000NTR	DLLED WATER D	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOO	T SETTING D	EPTH	QUANTITY OF CEME	
<u>    14  3/4"                                 </u>	<u>9 5/8"</u> 7"	36# 			1150 s <b>344.00</b> 1600 sx Circ	ulate
Approximately 2 gravel and cave	n Corporation pr 1500' of interme ings. If commer ted and stimulat	diate casing cial, produc	g will be set ction casing	and cement will be rur	t circulated to	shut off

MUD PROGRAM: 0-1500' FW Spud Mud; 1500'-7500' Cut Brine; 7500'-8100' SW Gel/Starch/Drispac.

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operational.

NSL-

## APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

* Y. D.			
BIGNED The Den	Myll	TITLE Landman	DATE April 13, 1999

(This space for Federal or State office use) -----

PERMIT NO. .

APPROVAL DATE \_

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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Lange D. B.	Mar me	Assistant Field Office Manager, Lands and Minerals	DATE _	6-23-99
	*See Instru	ctions On Reverse Side		

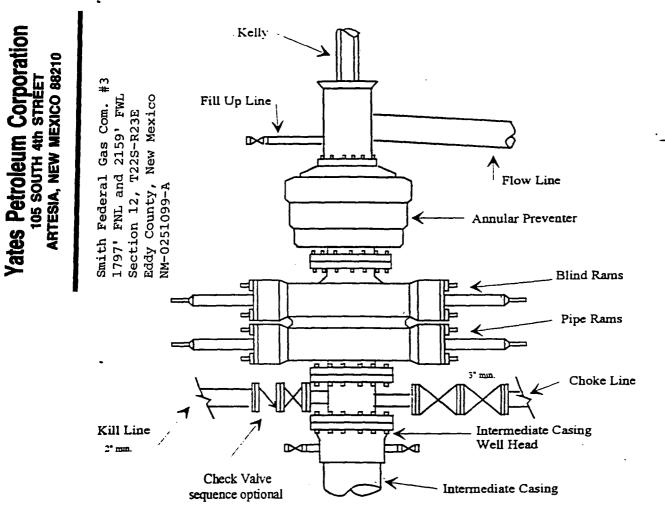
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District I PO Box 1980, B	obbs. NM I	1241-1980		Energy	State of Ne	W Mexico				Form
District []				Energy, Minerais & Natural Resources Department				R		February 10 structions (
PO Drawer DD.	Artesia. N	M 88211-0719		OIL CONSERVATION DIVISION				ibmit to A		ate District
District III		104 97110		PO Box 2088					State	Lease - 4
1000 Rio Brazos District IV	Kd., <u>Aner</u>	, ANI 87410		Sa	anta Fe, NM	87504-2088			Fee	Lease - J
	PO Box 2088, Santa Fe, NM 87504-2088							C	] AME	NDED RI
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	API Namb	er		<sup>1</sup> Pool Coo	de	 1	'Pool N ndian Basi		Penr	1
* Property	* Property Code				' Property					Well Number
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' OGRED					' Operator	Name	•		<u> </u>	* Elevation
025575		YATES	PETRO	LEUM CO	RPORATION					3940.
					<sup>10</sup> Surface	Location				
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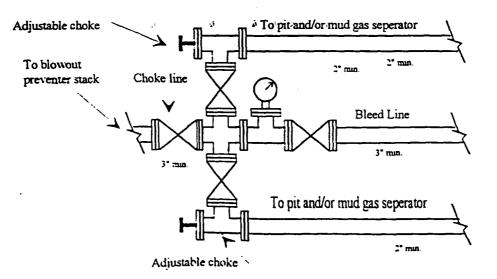


## **Yates Petroleum Corporation**

Typical 3.000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



## Typical 3,000 psi choke manifold assembly with at least these minimun features



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ONGARD 10/03/01 11:00:40 CMD : INQUIRE WELL COMPLETIONS OGOMES -TPLC OG6IWCM API Well No : 30 15 26834 Eff Date : 01-01-1995 WC Status : S Pool Idn : 79040 INDIAN BASIN; UPPER PENN (PRO GAS) OGRID Idn : 25575 YATES PETROLEUM CORPORATION Prop Idn : 16869 SMITH FEDERAL GAS COM Well No : 002 GL Elevation: 3971 U/L Sec Township Range North/South East/West Prop/Act(P/A) \_\_\_\_ \_\_\_ \_\_\_\_\_ B.H. Locn : E 12 22S 23E FTG 2049 F N FTG 480 F W P Lot Identifier: Dedicated Acre: 640.00 Lease Type : F Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) : M0025: Enter PF keys to scroll

PF01 HELPPF02PF03 EXITPF04 GoToPF05PF06PF07PF08PF09PF10 NEXT-WCPF11 HISTORYPF12 NXTREC

CMD : OG6ACRE	ONGARD C102-DEDICATE ACREAGE				
Pool Idn : 79040 IN Prop Idn : 16869 S Spacing Unit : 37810 O	CD Order :				
S Base	U/L Sec Twp Rng Acreage	L/W Ownership Lot Idn			
	A       12       22S       23E       40.00         B       12       22S       23E       40.00         C       12       22S       23E       40.00         D       12       22S       23E       40.00         E       12       22S       23E       40.00         F       12       22S       23E       40.00         G       12       22S       23E       40.00         H       12       22S       23E       40.00         I       12       22S       23E       40.00	N FD N FD N FD N FD N FD N FD N FD N FD			
		PF05 PF06 CONFIRM PF11 NXTSEC PF12 RECONF			

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CMD :ONGARD10/03/01 11:01OG6IPRDINQUIRE PRODUCTION BY POOL/WELLOGOMES -TPage No:Page No:Page No:								
OGRID Identifier : 25575 YATES PETROLEUM CORPORATION Pool Identifier : 79040 INDIAN BASIN;UPPER PENN (PRO GAS) API Well No : 30 15 26834 Report Period - From : 01 2000 To : 08 2001								
API Well No Property Name			Product Gas					
	·							
30 15 26834 SMITH FEDERAL GAS CO	01 00	28	43881	24	2788	F		
30 15 26834 SMITH FEDERAL GAS CO	02 00	27	36255	14	228	F		
30 15 26834 SMITH FEDERAL GAS CO	03 00	31	46821	22	32	F		
30 15 26834 SMITH FEDERAL GAS CO	04 00	29	36036	10	3	F		
30 15 26834 SMITH FEDERAL GAS CO	05 00	29	43938	4	41	F		
30 15 26834 SMITH FEDERAL GAS CO	06 00	30	34546			F		
30 15 26834 SMITH FEDERAL GAS CO	07 00	31	54316	24	19	F		
Reporting Period Total (Gas, Oil) :								
M0025: Enter PF keys to s PF01 HELP PF02 PF03 EX				ישת	OF CONFI	ТЭM		
PF01 HELP PF02 PF03 E2 PF07 BKWD PF08 FWD PF09								

CMD :ONGARD10/03/01 11:01:01:01:00OG61PRDINQUIRE PRODUCTION BY POOL/WELLOGOMES - TH Page No:OGRID Identifier :25575 YATES PETROLEUM CORPORATIONPool Identifier :79040 INDIAN BASIN; UPPER PENN (PRO GAS)API Well No:30 15 26834 Report Period - From :01 2000 To :08 2001						-TPLC : 2		
AFI WEII NO	. 50 15	20034 Re	port re			2000 10 :	08 200.	L
API Well No	Property Nam	Prodn.	Days	Product	ion Volume	es	Well	
			MM/YY		Gas			Stat
30 15 26834	SMITH FEDERAL	GAS CO	08 00	31	57799			 F
30 15 26834	SMITH FEDERAL	GAS CO	09 00	30	54175	1		F
30 15 26834	SMITH FEDERAL	GAS CO	10 00	30	49467	10	137	F
30 15 26834	SMITH FEDERAL	GAS CO	11 00	30	51210	32	2595	F
30 15 26834	SMITH FEDERAL	GAS CO	12 00	31	52143	25	2445	F
30 15 26834	SMITH FEDERAL	GAS CO	01 01	31	49990	21	1890	F
30 15 26834	SMITH FEDERAL	GAS CO	02 01	28	44944		2293	F
Reporting Period Total (Gas, Oil) :								
	9: User may co			-				
PF01 HELP					O PF05			RM
PF07 BKWD	PF08 FWD	PF09	PF	10 NXT	POOL PF11 N	XTOGD PF1	.2	

CMD :	C	ONGARD			10/03	/01 11:0	)1:04
OG6IPRD II	NOUIRE PROI	DUCTION	BY PO	OL/WELL	(	OGOMES -	TPLC
	~					Page No:	3
OGRID Identifier : 25575 YATES PETROLEUM CORPORATION							Ũ
Pool Identifier : 79040							
						00 2001	
API Well No : 30 19	5 26834 Rep	port Pe	r10a -	FION : UI	2000 10 :	08 2001	-
				Deeduat			wall
API Well No Property Na	ame						Well
		MM/YY	Prod	Gas	011	Water	Stat
30 15 26834 SMITH FEDERA			31			2779	F
30 15 26834 SMITH FEDERA	AL GAS CO	04 01	30	41367		2074	F
30 15 26834 SMITH FEDERA	AL GAS CO	05 01	31	41575		1682	F
30 15 26834 SMITH FEDERA	AL GAS CO	06 01	30	38824		1559	F
30 15 26834 SMITH FEDERA	AL GAS CO	07 01	31	37693	1	1454	F
Reporting Period	l Total (Ga	as, Oil	) :	860868	188	22027	
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E0049: User may o	continue so	crollin	a.				
-	PF03 EXIT		-	o PF05	PF	16 CONFI	RM
PF07 BKWD PF08 FWD				POOL PF11 N			
FFUI DAWD FFUO FWD	FFUJ	FF	TO NATI	ECOL FLII N	ATOGD FF.	12	