MESO-213453836

**CERTIFIED MAIL** 

Return Receipt Requested

Jan 18, 2002 Mari M.S.

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



CHAIRMAN OF THE BOARD

JOHN A. YATES
PRESIDENT

PEYTON YATES
EXECUTIVE VICE PRESIDENT

RANDY G. PATTERSON
SECRETARY

DENNIS G. KINSEY
TREASURER

S. P. YATES

## 105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

March 15, 2002

Mr. Michael Stogner New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87508

RE:

Non-Standard Location Pathfinder AFT St. #9

Township 10 South, Range 27 East Section 21: 660' FSL & 2200' FWL Chaves County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for a non-standard location for a Wolfcamp gas well location, the Pathfinder AFT St. #9. The well is located on state of New Mexico oil and gas lease LG-5246 which covers all of Section 21, Township 10 South, Range 27 East.

Yates permitted the initial well August 20, 1990 as a 6600' Fusselman test and the well was completed October 13, 1990 in the Fusselman formation and produced according to the Diablo Fusselman Associated Pool Rules.

On June 2, 1997 Yates made application with the NMOCD to re-complete and directionally drill the Pathfinder AFT St. #9 utilizing the existing wellbore and that application was approved by administrative Order DD-179 (H) dated July 3, 1997. This re-completion was successful in the Fusselman formation and produced according to the Diablo-Fusselman Associated Pool Rules

On February 22, 2002 a C-101 was filed with the OCD to re-complete the Pathfinder AFT St. #9 in the Wolfcamp formation and return the well to production. This re-completion attempt was successful and this well is now subject to the Diablo Wolfcamp Gas Pool Rules which require 320 acre spacing and a 660' set back from the outer boundary of the quarter section. The location of 2200' FWL does not comply with these rules and therefore makes this location non-standard. There is, however, no encroachment involved as the Yates companies own 100% of the working interest in the Wolfcamp formation in Section 21. There are no overriding royalty owners on the Yates working interests and therefore no notification has been given in this application. Yates hereby requests administrative approval to produce this well in the Wolfcamp formation only.

Please find enclosed a land plat, C-101 and C-102 and administrative application checklist. If I can provide additional information please call me at 505-748-4351.

Very truly yours,

YATES PETROLEUM CORPORATION

Het Bullock

Robert Bullock Landman

RB:bn enclosure(s)

DATE IN .	SUSPENSE	ENGINEER	LOGGED IN .	TYPE	APP NO.

ABOVE THIS LINE FOR DIVISION USE ONLY

#### NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE **Application Acronyms:** [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] IDHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD Check One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [C] ☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR [D]Other: Specify NOTIFICATION REQUIRED TO: - Check Those Which Apply, or (Does Not Apply [2] Working, Royalty or Overriding Royalty Interest Owners [A] [B]Offset Operators, Leaseholders or Surface Owner [C] Application is One Which Requires Published Legal Notice Notification and/or Concurrent Approval by BLM or SLO [D] U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office For all of the above, Proof of Notification or Publication is Attached, and/or, [E] [F]Waivers are Attached SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE [3] OF APPLICATION INDICATED ABOVE. **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division. Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

e-mail Address

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District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

### State of New Mexico Energy Minerals and Natural Resources

Form C-101 Revised March 17, 1999

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit to appropriate District Office State Lease - 6 Copies Fee Lease - 5 Copies

AMENDED REPORT

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23 I hereby certify that the information given above is true and complete to the OIL CONSERVATION DIVISION						ON						
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District I

1625 N. French Dr., Hobbs, NM 88240

District II 811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

## State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT

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#### STATE OF NEW MEXICO

#### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO SANTA FE, NEW MEXICO 87505 (505) 827-7131

July 3, 1997

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Attention: Eric Cummins

Administrative Order DD-179(H)
High Angle/Horizontal

#### Dear Mr. Cummins:

Reference is made to your application dated June 2, 1997 for authorization to initiate a high angle/horizontal directionally drilling project in the Diablo-Fusselman Pool within a portion of a single State lease (LG-5426) operated by Yates Petroleum Corporation ("Yates") comprising the S/2 of Section 21, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico.

#### The Division Director Finds That:

- (1) The application by Yates has been duly filed under the provisions of Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The Diablo-Fusselman Pool currently comprises all of Section 21 and the N/2 of Section 28, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico and is subject to "General Rules and Regulations for the Associated Oil and Gas Pools in Northwest and Southeast New Mexico/Special Rules and Regulations For The Diablo-Fusselman Associated Pool", as promulgated by Division Order Nos. R-9131-A/R-5353-K, issued in Case 9854 and dated August 3, 1990, as amended by Division Order No. R-9131-B, dated February 5, 1991, and R-9131-C/R-5353-K-1, dated April 15, 1992, which includes provisions for:
  - (i) 80-acre oil spacing and proration units;
  - (ii) 160-acre gas spacing and proration units;

- (iii) well location requirements whereby each well, oil or gas, shall be no closer than 330 feet to the outer boundary of the proration unit or 330 feet to any governmental quarter-quarter section line or subdivision inner boundary;
- (iv) an oil allowable of 222 barrels of oil per day for an 80-acre oil spacing and proration unit and a limiting gas-oil ratio ("GOR") of 6,500 cubic feet of gas per barrel of oil which results in a casinghead allowable of 1,443 MCF per day; and,
- (v) maximum daily production allowed for a standard 160-acre gas spacing and proration unit pursuant the Associated Pool rules is 2,886 MCF;
- (3) It is our understanding that Yates indents to apply horizontal drainhole technology to the Fusselman formation as a way to delay or alleviate water coning;
- (4) The "project area" proposed by Yates would consist of an area comprising 320 acres within a single State lease (LG-5426) comprising the S/2 of said Section 21;
- (5) Within this project area Yates seeks:
  - a) the ability to traverse quarter section and quarter-quarter section lines within the project area in order to combine oil or gas spacing and proration units to accommodate such wellbores;
  - b) drill the proposed horizontal wellbores to within 330 feet of the outer boundary of the project area; and,
  - c) the assignment of an allowable for a horizontally drilled well based upon the number of standard 160 or 80-acre proration units, whichever is

- (6) Within this 320-acre project area Yates currently has four wells that are drilled to and completed in the Diablo-Fusselman Associated Pool;
  - a) Pathfinder "AFT" State Well No. 11 (API No. 30-005-62810), located 1650 feet from the South line and 1980 feet from the East line (Unit J);
  - b) Pathfinder "AFT" State Well No. 3 (API No. 30-005-62636), located 1650 feet from the South line and 2310 feet from the West line (Unit K);
  - c) Pathfinder "AFT" State Well No. 9 (API No. 30-005-62795), located 660 feet from the South line and 2200 feet from the West line (Unit N); and,
  - d) Pathfinder "AFT" State Well No. 10 (API No. 30-005-62801), located 660 feet from the South line and 2310 feet from the East line (Unit O);
- (7) Initially, it is Yates' intent to utilize the existing wellbore of its above-described Pathfinder "AFT" State Well No. 9 to drill a medium radius horizontal drainhole a lateral distance of approximately to 1,000 feet within the upper portion of the Fusselman formation;
- (8) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

#### IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation ("Yates") for high angle/horizontal directional drilling within a "project area", in the Diablo-Fusselman Associated Pool within a portion of its Pathfinder "AFT" State lease comprising 320 acres underlying the following described acreage in Chaves County, New Mexico:

#### TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 21: S/2.

(2) Yates is further authorized to proceed with their initial plans to recomplete the existing Pathfinder "AFT" State Well No. 9 (API No. 30-005-62795), located 660 feet from the South line and 2200 feet from the West line (Unit N) of said Section 21 by plugging-back, milling a window in the existing production casing, kick-off from the vertical in a north-northeasterly direction, drill a medium radius curve hole to approximately 90 degrees so as to encounter the upper portion of the Fusselman formation and continue drilling horizontally a distance of approximately 1,000 feet.

<u>PROVIDED HOWEVER THAT</u> any drainhole drilled within said project area may traverse quarter section and quarter-quarter section lines provided that the horizonal or producing portion of any drainhole shall be located no closer than 330 feet from the outer boundary of the above-described "project area".

<u>PROVIDED FURTHER THAT</u> the applicant shall determine the actual location of the kick-off points in each well prior to commencing directional drilling operations. Also, the applicant shall conduct a directional survey on the lateral portion of any horizontal wellbore during or after completion of drilling operations.

- (3) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.
- (4) The allowable assigned to the proration units designated to the Diablo-Fusselman Associated Pool within the project area shall be assigned by the supervisor of the Division's Artesia district office and shall be equal to:
  - (a) 222 barrels of oil per day times the number of standard 80-acre oil spacing and proration units that are developed/traversed by a horizontal drainhole; or,
  - (b) 2,886 MCF per day times the number of standard 160-acre gas spacing and proration units that are developed/traversed by a horizontal drainhole; or,
  - (c) The supervisor of the Division's Artesia district office may assign a "project allowable" based on the number of tracts that are

either developed by conventionally drilled wells or traversed by a horizontal drainholes, in which case the operator may then produce the assigned project allowable from the wells within the project area in any proportion.

- (5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F, and Division Order Nos. R-9131-A/R-5353-K, R-9131-B, and R-9131-C/R-5353-K-1.
- (6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).
- (7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J/JEMAY

Director

SEAL

cc: Oil Conservation Division - Artesia New Mexico State Land Office - Santa Fe

#### Stogner, Michael

From:

Arrant, Bryan

Sent:

Friday, May 10, 2002 10:10 AM

To:

Stogner, Michael

Subject:

Verbal Approval of NSLs

#### Mike,

I'm getting from operators noted on C-104s that say: 'Verbal approval received from Stogner with Santa Fe OCD for NSL'. One of note is the Yates Pet. Pathfinder "AFT" State #9, located in Sec. 21 of T-10S-27E in Chaves County. I went ahead and signed off on their testing allowable on this well back on April 4th, however I haven't signed off on their final C-104 until I get from you the 'actual' NSL approval. What I need from you is whenever you give a verbal approval, I need to be aware of this so I know what going on.

I don't want to see the possibility of operators using this to produce a well and it not really happen.

Thanks, Bryan

2

## county Chaves Pool Diablo-Wolfcamp Gas

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3-19-2002 Talled w/ Billarr about hutter this in a fact track Contact Tun to affer test attouch 660'F5L 2200'FWL 5/2 deduction

FORM NO. 500 PRINTED AND FOR BALE BY HALL-POORBAUGH PRESS, ROSWELL, NEW MEXICO

Sec : 21 Twp : 10S Rng : 27E	CMD : OG5SECT	
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CMD : OG6IWCM ONGARD

INQUIRE WELL COMPLETIONS 05/14/02 13:45:24 OGOMES -TQJR

API Well No : ა 0 5 62795 Eff Date : 03-04-2002 WC Status :

×

Pool Idn OGRID Idn 76053 DIABLO; WOLFCAMP (GAS)

25575 YATES PETROLEUM CORPORATION

Prop Idn 12626 PATHFINDER AFT STATE

Well No 009

GL Elevation: 3822

U/L Sec Township Range North/South East/West Prop/Act(P/A)

Lot Identifier: B.H. Locn Z 21 108 27E FTG 660 F S FTG 2200 F W Д

Dedicated Acre: 320.00

Lease Type

PF01

HELP

PF02 PF08

PF09

PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

PF03 EXIT

PF04 GoTo

PF05

PF06

PF07

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

Date: 5/14/2002 Time: 01:45:42 PM

1		OG6ACRE	CMD :
		C102-DEDICATE ACREAGE	ONGARD
	Page No : 1	OGOMES -TQJR	05/14/02 13:45:29

Spacing Unit API Well No Prop Idn Pool Idn 30 76053 DIABLO; WOLFCAMP (GAS) 55984 OCD Order : 12626 PATHFINDER AFT STATE 5 62795 HIT Date : 03-04-2002 Simultaneous Dedication: Well No : 009

Sect/Twp/Rng 21 10S 27E Acreage 320.00 Revised C102? (Y/N)

Dedicated Land: Ŋ Base U/L Sec T O Z Z L X L H 21 10S 10S 10S 10S 108 108 10S 10S Twp Rng Acreage 27E 27E 27E 27E 27E 27E 27E 27E 40.00 40.00 40.00 40.00 40.00 40.00 40.00 40.00 L/W z z Z Z Z Z Z Z Ownership LS ST TS TS TS T Lot Idn

PF07 BKWD PF01 HELP E0005: Enter data PF02 PF08 FWD PF09 to modify or PF03 EXIT PF keys to scroll PF10 LAND PF04 GoTo PF05 PF11 NXTSEC PF12 PF06 CONFIRM RECONF