

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

2004 JUL 6 PM 3 21

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners  
 [B]  Offset Operators, Leaseholders or Surface Owner  
 [C]  Application is One Which Requires Published Legal Notice  
 [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr  
 Print or Type Name

William F. Carr  
 Signature

ANDREW  
 Title

7/6/04  
 Date

wcarr@hollandhart.com  
 e-mail Ad

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Case No. 13229 Exhibit No. 4  
 Submitted by:  
 Yates Petroleum Corporation  
 Hearing Date: September 16, 2004



July 6, 2004

**HAND-DELIVERED**

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

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Hanlad "AKZ" State Well No. 2 (**API No. 30-005-62911**) located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Hanlad "AKZ" State Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico. An unorthodox gas well location for this well was approved in the Ordovician formation by Division Order No. R-972, dated September 16, 1992. Yates now seeks approval of this location up hole in the Wolfcamp and Strawn formations.

This location in the Wolfcamp and Strawn formations is unorthodox unorthodox because Rule 104.C(2)(a) of the General Rules of the Division provides in part that wells in the Wolfcamp or any older formation shall be "...no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary." A standard 320-acre spacing and proration unit comprised of the S/2 of Section 13 will be dedicated to the well.

The proposed unorthodox well location is located in the SW/4 of the Section and is 330 feet from the outer boundary of the quarter section on which it is located.



Administrative Application  
Unorthodox Well Location  
Hanlad "AZK" State Well No. 2  
July 6, 2004  
Page 2

Attached hereto as **Exhibit 1** is a plat that shows the subject area, the 320-acre spacing unit comprised of the S/2 of Section 13, the proposed unorthodox location, and adjoining spacing units and wells. **Exhibit 2** is the C-102 originally filed for the well that shows the surveyed location of the well. The well only encroaches on properties to the South that are operated by Yates related companies. However, pursuant to Rule 104.F(4) of the General Rules of the Division, a copy of this application, including a copy of the plat described above has been sent to all affected parties by certified mail-return receipt requested. These affected parties are identified on **Exhibit 3** to this application and have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Yates Petroleum corporation also requests that the order issued in this matter be issued with an effective date of October 15, 2003.

I enclose in hard copy and have provided by E-mail a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr  
Attorney for Yates Petroleum Corporation

Enclosures

cc: Chuck Moran  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210-2118



Submit to Appropriate District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**

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

**DISTRICT I**  
 P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>HANLAD "AKZ" STATE</b>			Well No. <b>2</b>		
Unit Letter <b>M</b>	Section <b>13</b>	Township <b>8 SOUTH</b>	Range <b>27 EAST</b>	County <b>CHAVES</b>		NMPM		
Actual Footage Location of Well: <b>330</b> feet from the <b>SOUTH</b> line and <b>1225</b> feet from the <b>WEST</b> line								
Ground level Elev. <b>3943'</b>		Producing Formation <b>ORDOVICIAN</b>			Pool <b>WILDCAT ORDOVICIAN</b>		Dedicated Acreage: <b>320</b> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 

Yes     No    If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

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-standard unit, eliminating such interest, has been approved by the Division.

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
*Clifton R. May*

Printed Name  
**Clifton R. May**

Position  
**Permit Agent**

Company  
**Yates Petroleum Corporation**

Date  
**September 24, 1992**

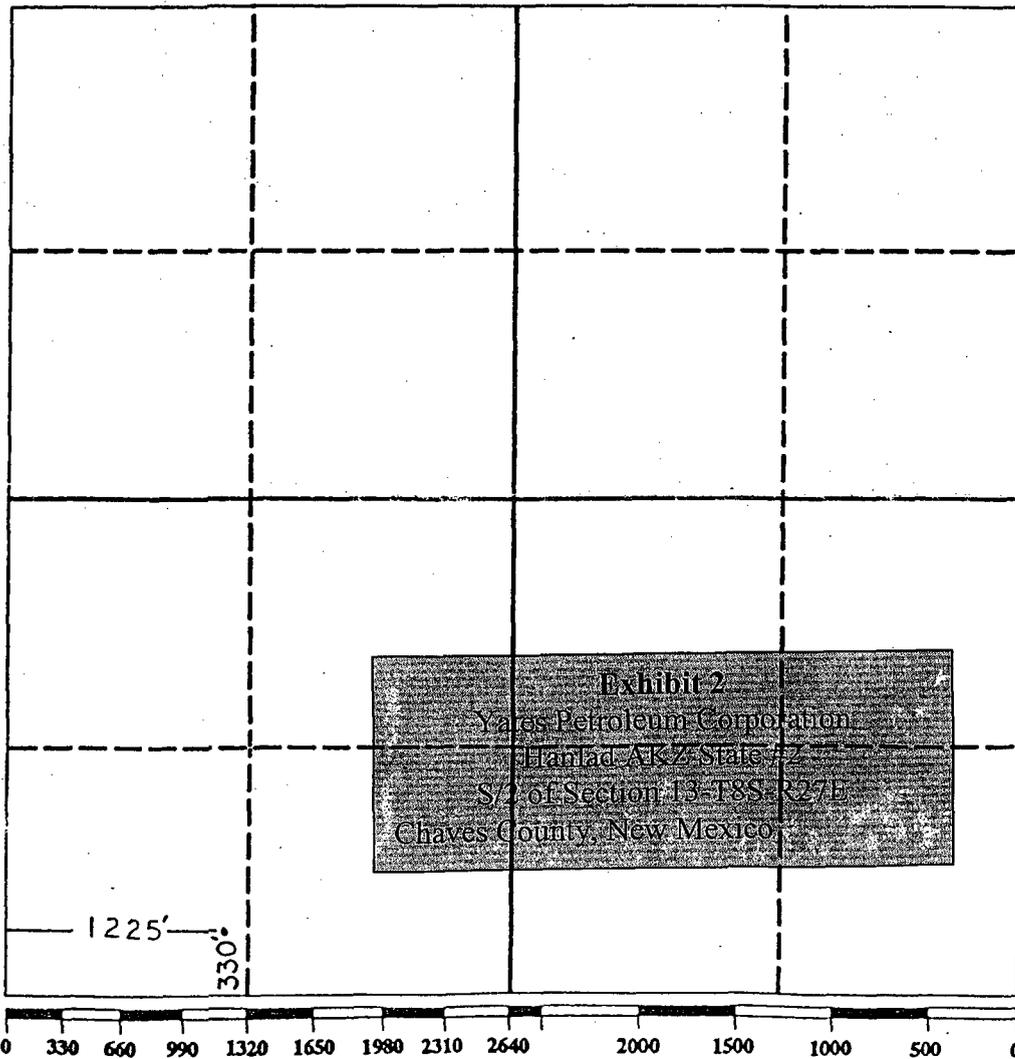
**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes or actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
**9/23/92**

Signature & Seal of Professional Surveyor  
*Herschel L. Jones*

Certificate No. **3040**



**EXHIBIT 3**

Yates Petroleum Corporation  
Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911)  
330' FSL & 1225" FWL  
S/2 of Section 13, Township 8 South, Range 27 East, N.M.P.M.,  
Chaves County, New Mexico.

**AFFECTED PERSONS - NOTIFICATION LIST**

**S/2 of Section 13, T-8-S, R-27-E**  
**Working Interest Owners**

Yates Drilling Company  
Myco Industries  
Abo Petroleum Corporation  
104 South Fourth Street  
Artesia, New Mexico 88210

**Royalty Owner**

State of New Mexico  
Lease Number VB-0427

**Section 24, T-8-S, R-27-E**  
**Working Interest Owners**

Yates Drilling Company  
Myco Industries  
Abo Petroleum Corporation  
104 South Fourth Street  
Artesia, New Mexico 88210

**Royalty Owner**

State of New Mexico  
Lease Numbers VO-6371 (W/2) and VO-6400 (E/2)

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

Attention: William F. Carr

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Carr:

Reference is made to your application dated July 6, 2004 for an unorthodox well location for in the Wolfcamp and Strawn formations, for the Yates Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911) effective October 15, 2003. Said well was originally drilled to the Ordovician formation at an unorthodox gas well location approved by Division Order No. R-9721, Dated September 16, 1992 and is located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County, New Mexico.

A standard 320-acre spacing and proration unit in the Wolfcamp and Morrow formations comprising the S/2 of said Section 13 is to be dedicated to said well.

This application has been duly filed under the provisions of Rule 104 of the General Rules of the Oil Conservation Division.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the following described unorthodox gas well location within this 320-acre unit in the Wolfcamp and Strawn formations effective October 15, 2003 is hereby approved:

**Hanlad "AKZ" State Well No. 2**

**330' FSL & 1225' FWL (Unit M)**

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

Sincerely,

Mark E. Fesmire, P.E.  
Director

cc: New Mexico Oil Conservation Division – Artesia  
U. S. Bureau of Land Management – Carlsbad



July 6, 2004

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED INTEREST OWNERS**

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911) located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plat which was filed with the New Mexico Oil Conservation Division on this date by Yates Petroleum Corporation for administrative approval of an unorthodox well location for its Hanlad "AKZ" State Well No. 2 located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County, New Mexico, effective October 15, 2003.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox well location may be approved.

Very truly yours,

William F. Carr  
Attorney for Yates Petroleum Corporation

Enclosure

cc: Mr. Chuck Moran  
Yates Petroleum Corporation

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage)

**SENDER: COMPLETE THIS SECTION**

**COMPLETE THIS SECTION ON DELIVERY**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

A. Received by (Please Print Clearly) *Kathy Donaghe* B. Date of Delivery  
 C. Signature *Kathy Donaghe*  Agent  
 Addressee  
**X** **KATHY DONAGHE**

1. Article Addressed to:

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No  
**070904**

Yates Drilling Co  
 MYCO Industries  
 Abo Petroleum Corp.  
 105 South Fourth Street  
 Artesia, NM 88210

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Copy from):

7001 1140 0002 5602 4883

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage)

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

A. Received by (Please Print Clearly) *[Signature]* B. Date of Delivery  
 C. Signature *[Signature]*  Agent  
 Addressee

1. Article Addressed to:

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

New Mexico State Land Office  
 310 Old Santa Fe Trail  
 Post Office Box 1148  
 Santa Fe, NM 87504-1148

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Copy from):

7001 1140 0002 5602 4876

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

**OFFICIAL U.S. MAIL**

44519 0092 Postage	\$ .83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

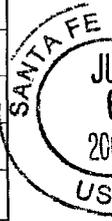


Sent To *Yates Drilling, Myco & A*  
 Street, Apt. No.; or PO Box No. *105 South Fourth S*  
 City, State, ZIP+4 *Artesia, NM 88210*

PS Form 3800, January 2001 See Reverse

**OFFICIAL U.S. MAIL**

44519 0092 Postage	\$ .83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88



Sent To *NM SLO*  
 Street, Apt. No.; or PO Box No. *P.O. Box 1148*  
 City, State, ZIP+4 *Santa Fe NM 87504*

PS Form 3800, January 2001 See Reverse

7001 1140 0002 5602 4883

7001 1140 0002 5602 4876