

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

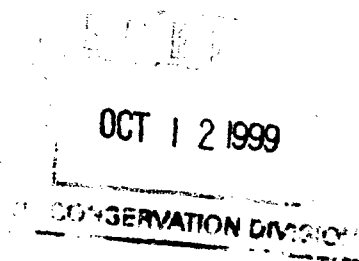


105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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

October 7, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508



12283

RE: Application for Unorthodox Location
Yates Valley "ATM" St. Com. #1
Comanche Spring Montoya Gas Pool
Township 10 South, Range 26 East
Section 36: E/2
Chaves County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Montoya gas well, the Yates Valley "ATM" State Com. #1. The well is located on State of New Mexico minerals, 1650' FNL and 2310' FEL of Section 36, Township 10 South, Range 26 East. The existing well bore was originally drilled to a TD of 6711' by BHP Petroleum and abandoned as a dry hole in February of 1990.

The Yates Valley "ATM" State Com. #1 is on the eastern flank of a small anticline. The anticline is bounded by a basement fault that runs up through the Mississippian. The Yates Valley "ATM" State Com. #1 is on the up-thrown side of the basement fault. This is shown by the Montoya structure map. The Wolfcamp structure map shows the anticline without the fault. This structure has four wells that have cumulative production of 4.4 BCF from the Montoya. The field is Comanche Spring.

The Yates Valley "ATM" State Com. #1 has a DST run in the top of the Montoya. The test resulted in gas to the surface in 55 minutes into the final flow period. Recovery was 90 feet of gas cut mud in the drill pipe with 16.5 cubic feet of gas in the sample chamber. No water was recovered. The interval tested is shown on the type log enclosed herewith.

The Yates Valley "ATM" State Com. #1 well is structurally lower to the other wells on the structure as shown by the Wolfcamp and Montoya structure maps, but Yates Petroleum Corporation feels that there is enough gas left in the Montoya to warrant a test, plus there are prospective zones in the Penn sand and Wolfcamp formations. The Penn sand and Wolfcamp zones were never tested in this well. The prospective zones are shown with perforations on the type log.

Page 2

NMOCD

Yates Valley "ATM" St. Com. #1

Sec. 36-T10S-R26E

Chaves County, NM

Yates Petroleum concludes that it is cheaper to re-enter this well than to drill a new well. We feel that with the testing of these three formations we can economically justify the re-entry of the Yates Valley "ATM" State Com. #1.

Notification to the offset operator to the west, Autry C. Stephens was made by certified mail on October 7, 1999, including a copy of this application letter with all attachments.

Yates requests that this unorthodox location be administratively approved if no objections are received within the cited twenty (20) days as required by OCD regulations, or earlier if waivers are received.

Enclosed with the structure maps are Forms C-101, C-102 and a land plat.

Please call me at 505-748-4351 if you need further information.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read "Robert Bullock", with a stylized flourish at the end.

Robert Bullock
Landman

RB/dc

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October 7, 1999

Autry C. Stephens
110 N. Marienfeld, Suite 200
Midland, Texas 79701

RE: Offet Operator Notification
Unorthodox Location
Yates Valley ATM St. Com. #1
Township 10 South, Range 26 East
Section 36: 1650' FNL & 2310' FEL
Chaves County, New Mexico

Dear Mr. Stephens:


Yates Petroleum Corporation plans to re-enter the Yates Valley ATM St. Com. #1 at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in New Mexico Oil Conservation Division Rule 104. B (1) (a) (Revised 1/96).

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 NMOCD within twenty (20) days form the date of this notice.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB/dc

Autry C. Stephen

By: _____
Date: _____

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210		² OGRID Number 025575
		³ API Number 30 - 0
⁴ Property Code	⁴ Property Name Yates Valley ATM State	⁴ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	36	10S	26E		1650'	North	2310'	East	Chaves

⁸ Proposed 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
⁹ Proposed Pool 1 Wildcat					¹⁰ Proposed Pool 2				

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary Pulling Unit	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3716'
¹⁶ Multiple No	¹⁷ Proposed Depth 6700'	¹⁸ Formation Wolfcamp	¹⁹ Contractor Not determined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/2"	8 5/8"	24# J-55	1191'	750 sx	In Place
7 7/8"	5 1/2"	15.5# J-55	2450'	350 sx	In Place
7 7/8"	4"	11# J-55	6500'	500 sx	Circulate

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ATTACHED PAGE 2.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

KEN BEARDEMPHL

Title:

LANDMAN

Date:

October 5, 1999

Phone:

505-748-4348

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

District I
PO Box 1980, Hobbs, NM 88241-1980
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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Wildcat
⁴ Property Code	⁵ Property Name Yates Valley ATM State	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3716'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	36	10S	26E		1650'	North	2310'	East	Chaves

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
		Signature
		Printed Name Ken Beardemphl
		Title Landman
		Date October 5, 1999
		¹⁸ 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:
		REFER TO ORIGINAL PLAT
		Certificate Number

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

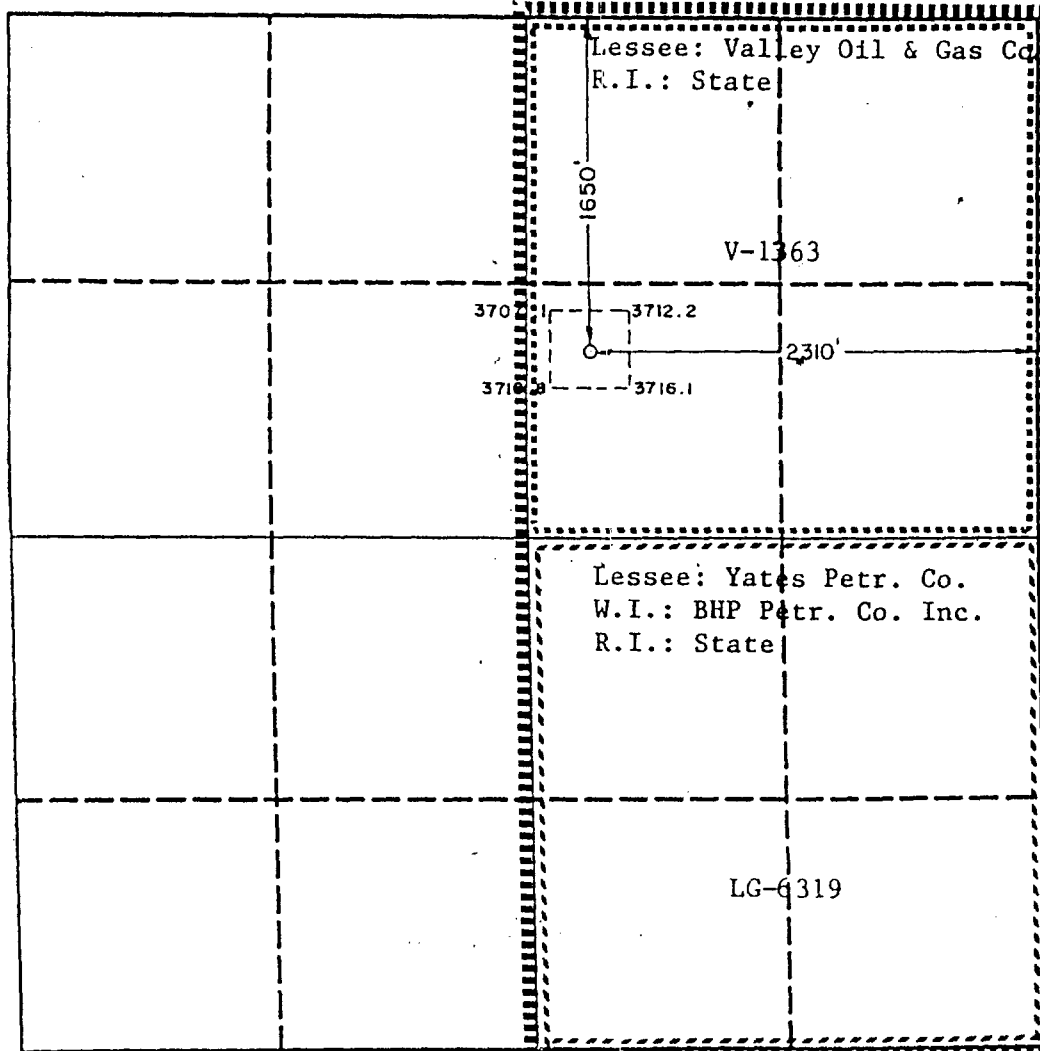
All Distances must be from the outer boundaries of the section

Operator BHP PETROLEUM (AMERICAS)		COMPANY INC.		Lease YATES VALLEY STATE COM.		Well No. 1	
Unit Letter G	Section 36	Township 10 SOUTH	Range 26 EAST		County CHAVES		
Actual Footage Location of Well:							
2310		feet from the		EAST		line and	
				1650		feet from the	
						NORTH	
						line	
Ground level Elev. 3715.9'		Producing Formation Ellenburger		Pool Wildcat		Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 Communitization Pending

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

Printed Name _____

JERRY /W. LONG

Position

Agent

Company

BHP PETROLEUM COMPANY INC.

Date _____

March 24, 1989

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 knowledge and belief.

Date Surveyed _____

March 23, 1989

Signature & Seal of
Professional Surveyor

Certificate No. **JOHN W. WEST,** 578
RONALD J. EIDSON, 3239

DRILLING PROGRAM
HOC Federal #1
Page 2

Yates Petroleum Corporation proposes to re-enter the captioned well which was drilled by Hanson Operating Company in May of 1989 and was plugged and abandoned in February 1990. A pulling unit will be used to re-enter this well and a reverse unit will be used to drill out all plugs to the 5 1/2" casing shoe plug at 2450', cement squeeze the San Andres perforations at 1742'-2218'; drill out cement plugs in the open hole to about 6500'; run 4" casing to 6500' and cement with 500 sacks cement. Will then complete in the interval of 5312'-5414'.

MUD PROGRAM: Mud to be used is 9.3 ppg Cut Brine, 50-70 vis; 0-TD.

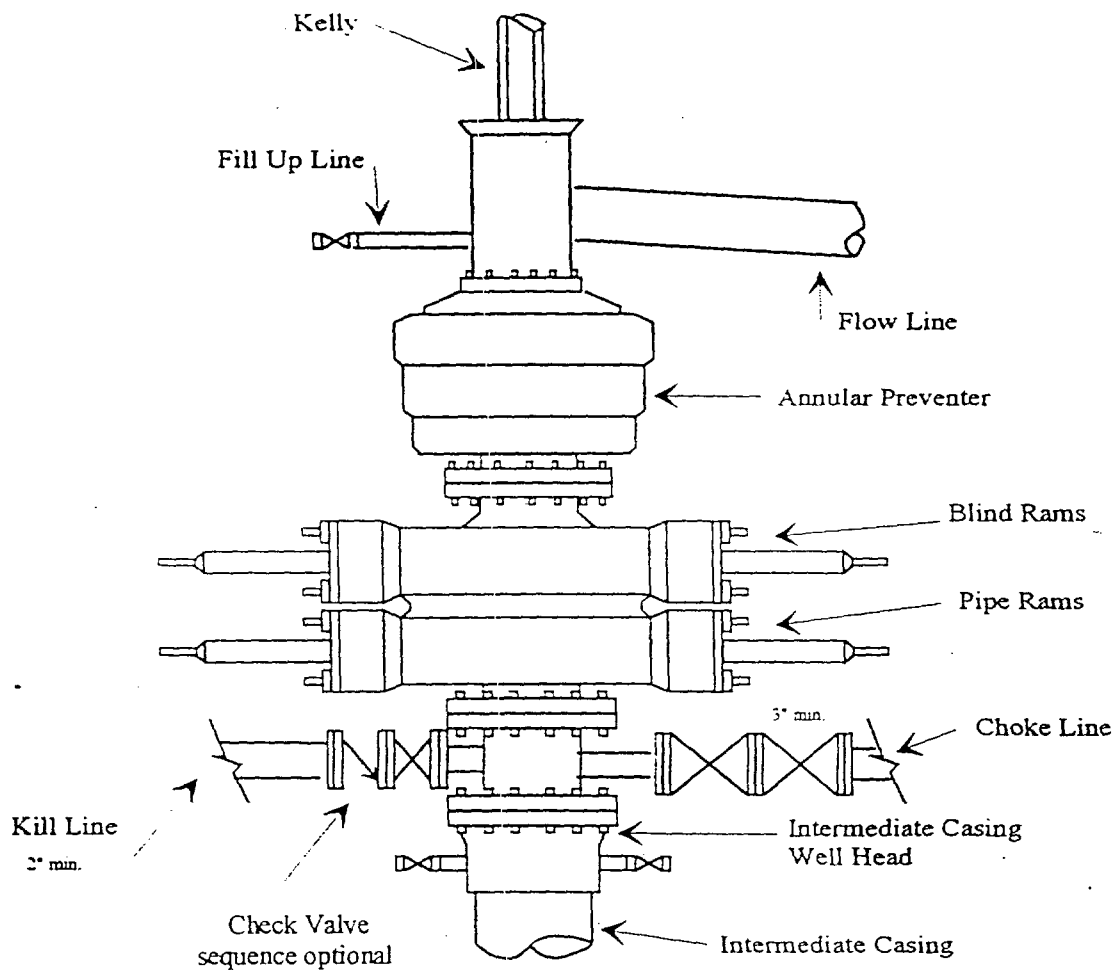
BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.



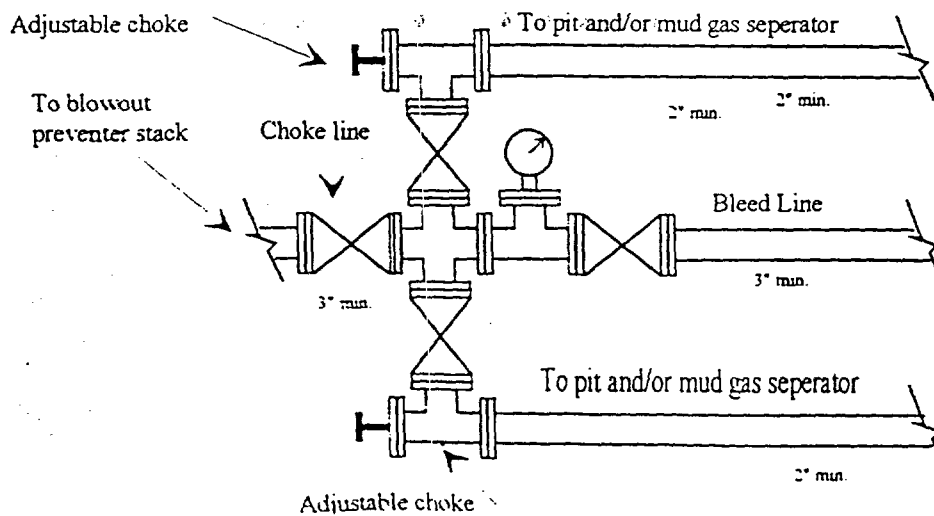
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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



Steinberger
Gulf-St.
TD 804
D/A 8-11-58
Paul
Slayton
HBP
E-8645
State

8-1-04
851.50

FLK DU
6-1-92
V-2240
35.82
39.68 41

YPC
V-42015
8-1-04
843.81

Kelly
Kelly
Mountain States Pet.
to 1000'
19 4
12
13
10
14
15
16
TD 799
E-8645
"A"
"Kelly-St."
2-P
(Call)
J.W. Brown, Est.
Steinberger.
Brown
TD 763
Samedan
3-1-85
V-226
5833
State

Yates
Pet. etal
10-1-99
V-4470
38.93
Delfern
Levick-St.
TD 1772
D/A 8-9-50
Samedan
LG-8004
Yates Pet. etal
2-1-90
V-1361
70.99
State
(Paul Slayton)
Latham-St.

39.62
Yates Pet. etal
10-1-99
V-4484
15.87
Yates
Pet. etal
(4-22-95)
Earl
Daniels
30
Sage Oil
Gulf-St.
Huber)
(Gulf)
TD 925
(D/A 6-3-60)
Qn. Disc.
C. 2-15-79
H.W. Pace
Pat-St
State

Yates Pet. etal
11-1-99
V-4507
15.17
35
Marsh
Oper.
4-1-94
57235
Franklin,
etal
Lucas-Aston
St. Unit
TD 1652
D/A 3-13-55
State

A.C. Stephens
(Yates)
LG-6319
BHP Pet.
Yates-St.
Mont. Disc.
37.3 Mil-
BHP Pet.
Yates-St.
TD 2400
D/A 6-13-90
Shannon
El Paso
TA 350
"Yates-St."
State
(Martha Rice, etal)

39.61
Yates Pet.
etal
8-1-2001
V-4916
16.28
39.73
2
TD 1262
(D/A 1-28-71)
Qn. Disc.
F 53
31
Yates Pet. etal
8-1-2001
V-4916
16.28
State
(Rapid Co.)
Copelan
(Sage Oil)
Yates Pet.
etal
(Sage Oil)
(Sinclair)
(Chaves-St.)
"180"
TD 6930
(D/A 8-15-61)
P/B 1201

Yates Pet. etal
10-1-96
V-459
37.92
6
State

A.C. Stephens
E.(Samedan)
V-1229
5
4.3 Mil.
(BHP)
Ervin Rch-
St.
Mont. Disc.
State

Poto OEG
7-1-95
VB-391
97.12
4
Collins OEG
Garnaway-St.
TD 1766
D/A 3-16-93
State

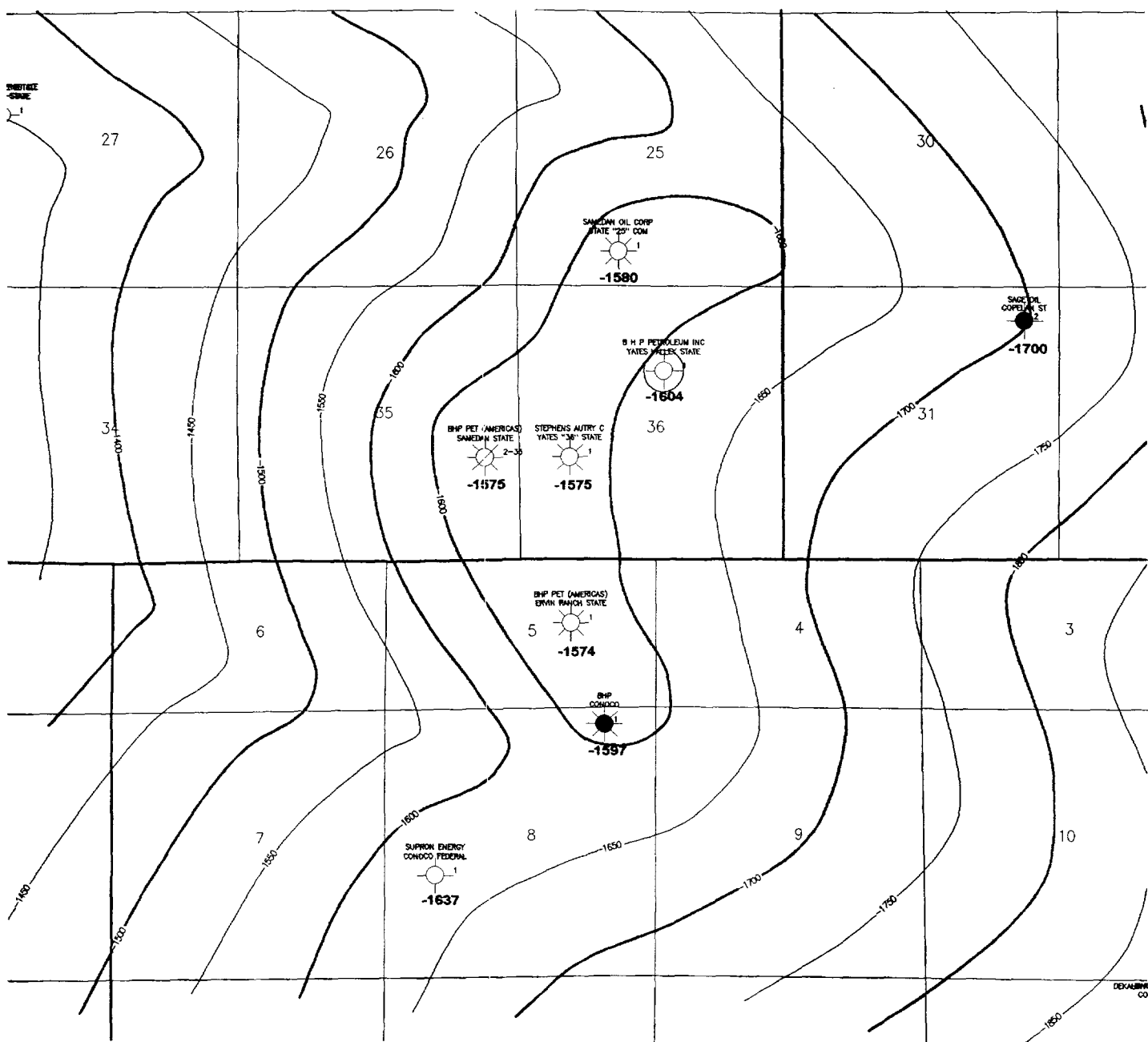
Yates Pet.
4-1-9
V-294
126.82
3
F.M. Allison
Phillips-
St.
TD 1047
State

TXO
4-1-95
83564
85.00
7
A.C.
Stephens
12-1-96
87255
80.00
State

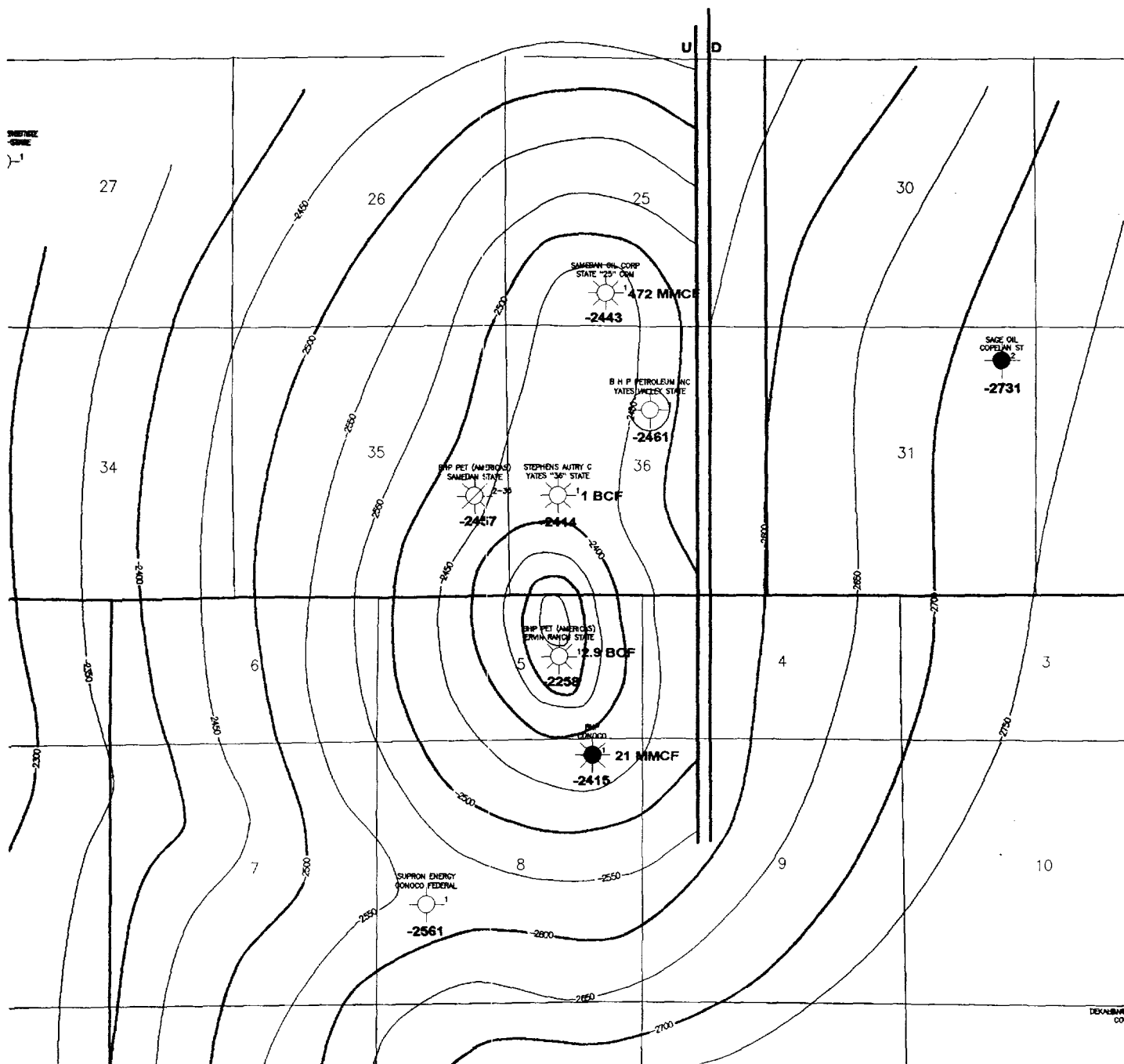
Liberty Pet.
5-1-89
36414
Supron Energy
Conoco Fed.
TD 6686
D/A 5-28-78
Desert
OE, M
S/oper. rts
(Cont 1 1/2)
A.C. Stephens
12-1-96
87255
80.00
M.G. Peters
Fed. Hinkle
U.S. TD 808
HBP
01128
State

BHP
Conoco.
Fed.
El. Disc.
(Cont 1 1/2)
Desert OE, M
S/oper. rights
HBP
C2146
Sperry Expl.
7-1-95
VB-389
105.00
Pitch Ener.
7-1-98
VA-934
17.50
2-A
Dunn
Huber-St.
TD 856
Sperry Expl.
7-1-95
VB-389
105.00
State

E.G. Levick
(H.L. Runnels)
E-8878
Mountain States Pet.
to 1000'
TD 926
10
McAlester
P5
P6
P8
State



Yates Petroleum Corporation		
Structure Top of Wolfcamp		
Tim Miller - tf	C.I. = 50'	9/16/99
	Scale 1:36000	re-entry.gpf



Yates Petroleum Corporation

Structure Top of Montoya
Montoya Cumulative Production

Tim Miller - lf

C.I. = 50'

9/16/99

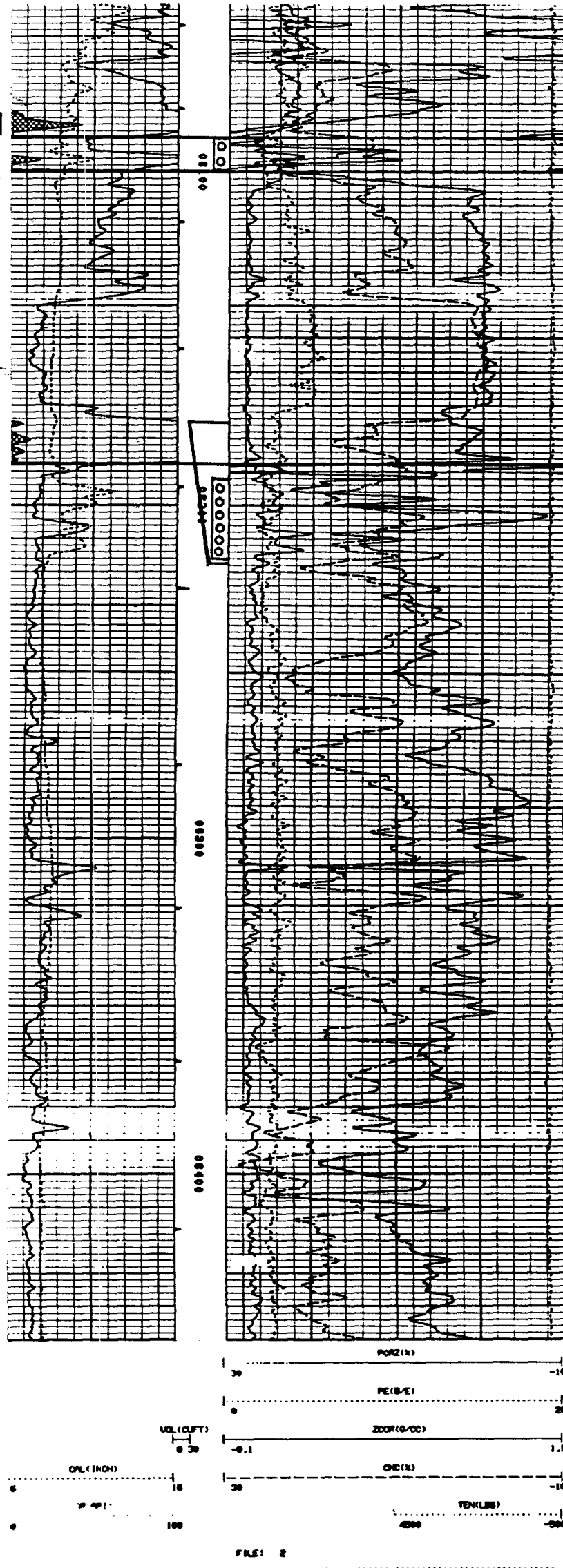
Scale 1:35000.

re-mnta.gpf

BHP PETROLEUM
Yates Valley State Com #1
Sec. 36-10s-26e
1650' FNL & 2310' FEL
Chaves County, New Mexico

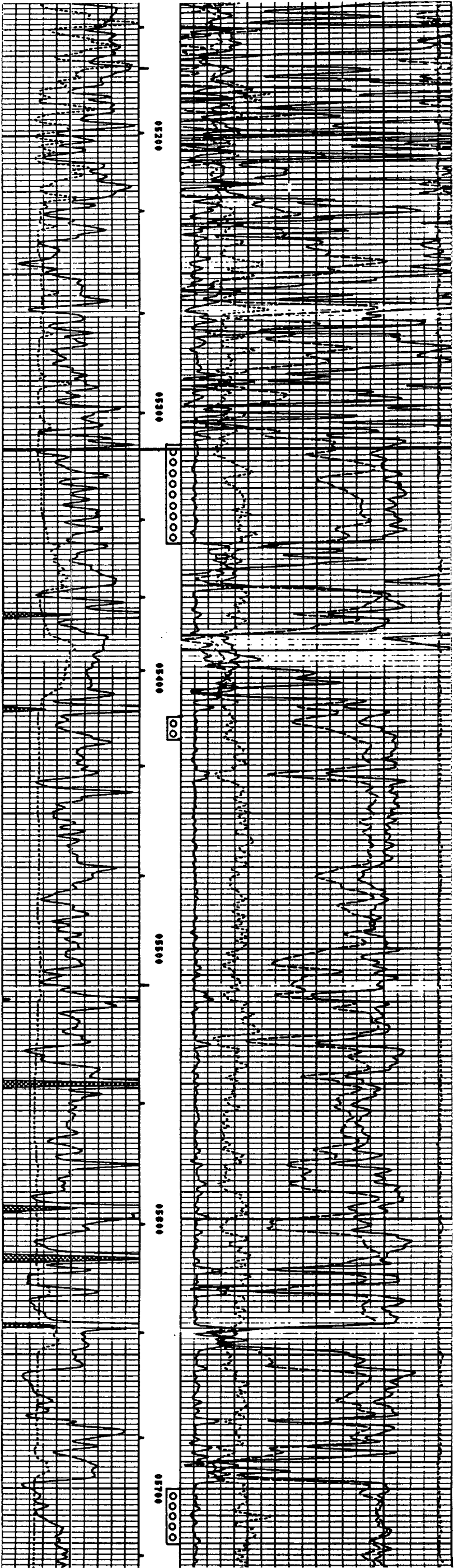
Penn Sand
Mississippian

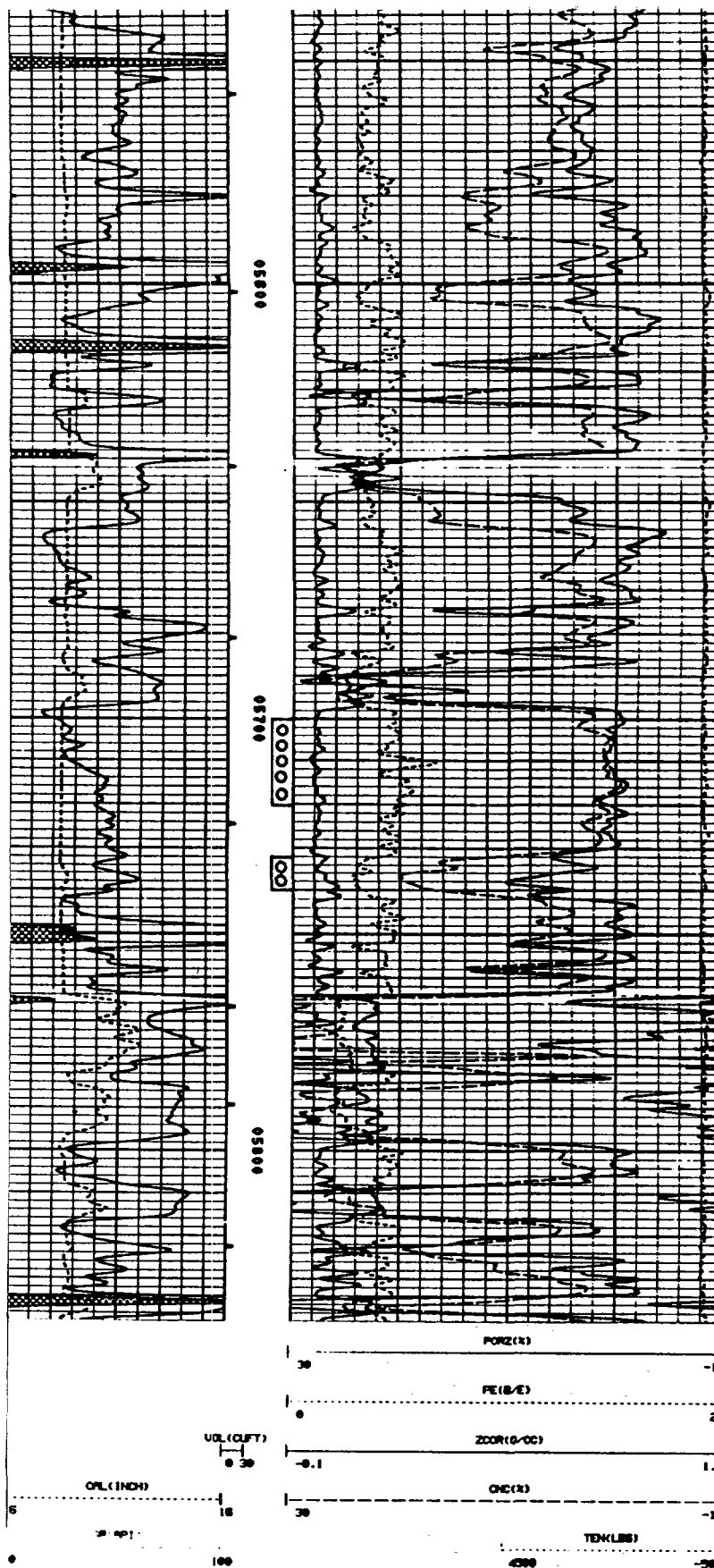
Montoya



BHP PETROLEUM
Yates Valley State Com #1
Sec. 36-10s-26e
1650' FNL & 2310' FEL
Chaves County, New Mexico

Wolfcamp





Perf: 5732-40, 5700-20, 5414-22,
5312-50