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ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

May 24, 1984

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 8236

Attention: Mr. Gilbert Quintana

Re: Zephyr "ZQ" State #1
330' FNL and 2600' FEL
Sec. 32-T16S-R31E
Eddy County, New Mexico

Dear Gilbert,

Per our telephone conversation of May 23, 1984 concerning the above referenced well, I have enclosed a surveyors plat, copy of the lease map and a copy of the order issued by NMOCD to Anadarko Production Company.

Yates Petroleum would like administrative approval to drill this non-standard location based on the guidelines Anadarko presented to the NMOCD to obtain the ruling in case No. 8004, Order No. R-7410, paragraphs 3 and 4, a copy of which is attached.

As shown on the lease map, we are encroaching upon the west quarter line but not the section line to the north. In the early part of this year, Yates Petroleum purchased Newmont Oil Co., including the acreage surrounding Sec. 32 (shown in blue on the map).

Thank you for your cooperation and concern in this matter. Should you need any more information, please call.

Sincerely,

Cy Cowan
Regulatory Agent
YATES PETROLEUM CORPORATION

CC/dw

enclosures

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-
Effective 1-4-

All distances must be from the outer boundaries of the Section.

Operator YATES PETROLEUM CORPORATION		Lease Zephyr "ZQ" State		Well No. 1
Unit Letter B	Section 32	Township 16 South	Range 31 East	County Eddy

Actual Footage Location of Well:
330 feet from the **North** line and **2600** feet from the **East** line

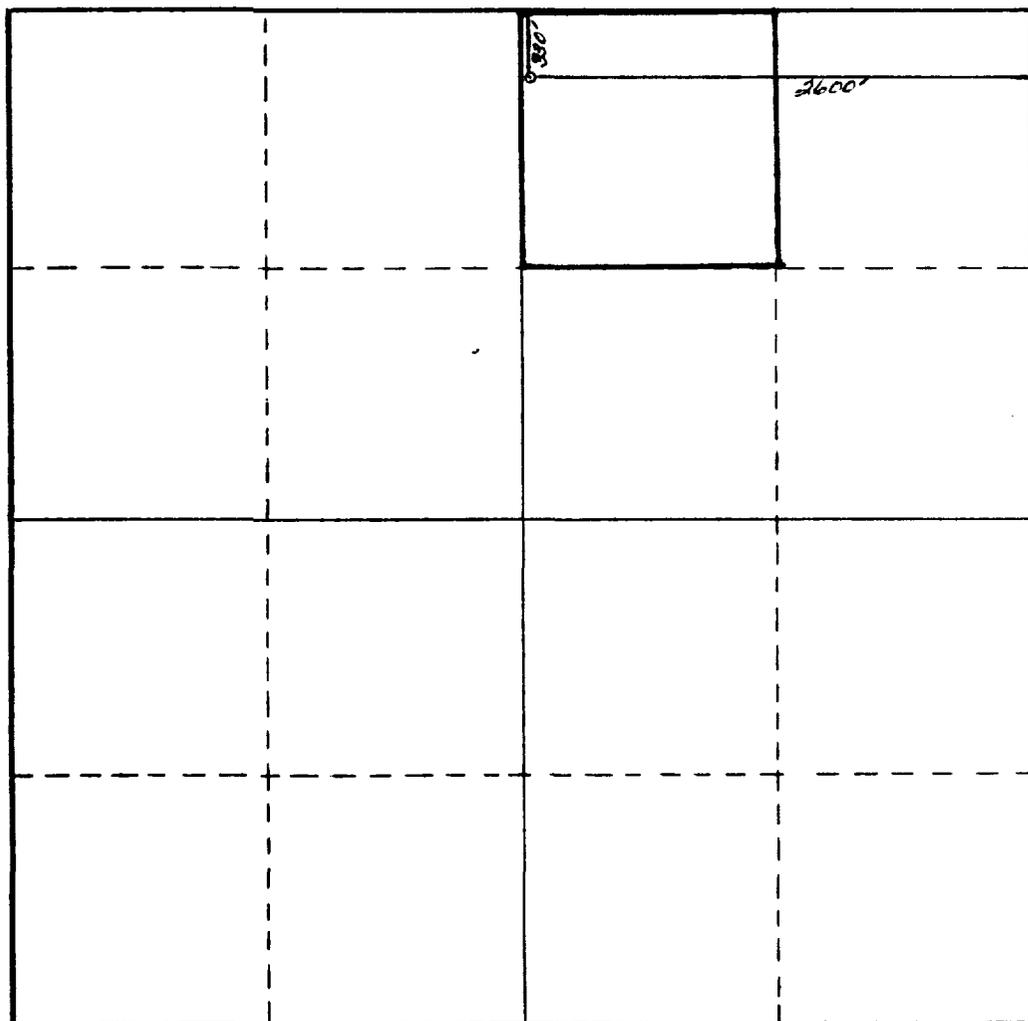
Ground Level Elev. 3939'	Producing Formation SAN ANDRES	Pool SAN ANDRES SQUARE LAKE GRAYBURG S.A.	Dedicated Acreage: 40 Acres
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1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than 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 interests 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 interests, has been approved by the Commission.



CERTIFICATION

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

Cy Cowan

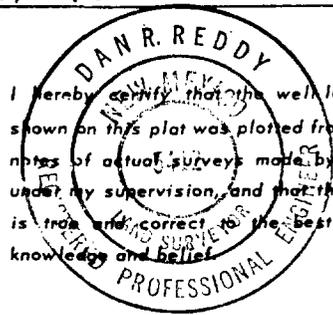
Name
Cy Cowan

Position
Regulatory Agent

Company
Yates Petroleum Corp.

Date
5/24/84

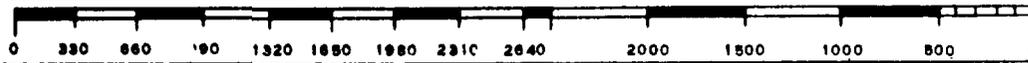
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.



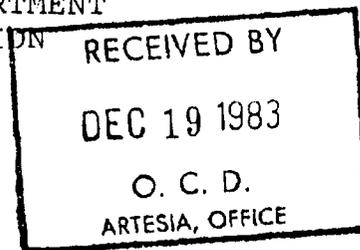
Date Surveyed
May 9, 1984

Registered Professional Engineer and/or Land Surveyor
Dan R. Reddy

Certificate No.
NM PE&LS #5412



ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8004
Order No. R-7410

APPLICATION OF ANADARKO PRODUCTION
COMPANY FOR AN UNORTHODOX WELL LOCATION
AND A NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 22, 1983, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of December, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Anadarko Production Company, seeks approval of a 30.99-acre non-standard oil proration unit comprising the NW/4 SW/4 of Section 31, Township 16 South, Range 31 East, NMPM, to be dedicated to a well at an unorthodox location 1370 feet from the South line and 927 feet from the West line of said Section 31, Eddy County, New Mexico.

(3) That the entire non-standard proration unit may reasonably be presumed productive of oil from the Square Lake Grayburg-San Andres Pool and that the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Square Lake Grayburg-San Andres Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from

~~... excessive number of wells, and will otherwise prevent and protect correlative rights.~~

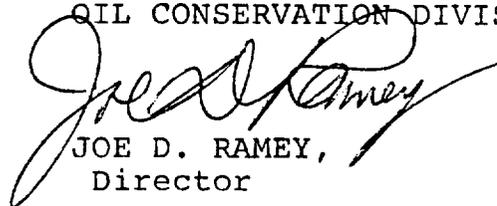
IT IS THEREFORE ORDERED:

(1) That a 30.99-acre non-standard oil proration unit in the Square Lake Grayburg-San Andres Pool comprising the NW/4 SW/4 of Section 31, Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to a well at an unorthodox location, also hereby approved, 1370 feet from the South line and 927 feet from the West line of said Section 31.

(2) That 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


JOE D. RAMEY,
Director

S E A L