

DATE IN 3-17-04	SUSPENSE 4-6-04	ENGINEER MS	LOGGED IN ms	TYPE NSL	APP NO. P.MESD-407855909
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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 \_\_\_\_\_

[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

ATTORNEY  
Title

3/17/04  
Date

wcarr@hollandhart.com  
e-mail Address

**RECEIVED**

MAR 17 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505



March 17, 2004

**HAND-DELIVERED**

Ms. Carol Leach, Acting 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 Agnes "BEB" Com Well No. 1 located in Section 3, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Leach:

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 Agnes "BEB" Com Well No. 1 to be drilled at an unorthodox gas well location 1200 feet from the North line and 1800 feet from the East line (Unit B) of Section 3, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. This well is located in the Atoka-Pennsylvanian Gas Pool that is governed by Special Rules and Regulations adopted by Order No. R-8170, dated March 28, 1986.

This location in the Atoka and Morrow formations is unorthodox because Rule 2(b) of the Special Rules and Regulations for the Atoka-Penn Gas Pool that provide for "Each well completed or re-completed in this pool to be located in the northwest quarter or southeast quarter of the section and no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line;...." A standard 320-acre spacing and proration unit comprised of the N/2 of Section 3 will be dedicated to the well.

The proposed unorthodox well location is located in the NE/4 of the Section and is 120 feet from an interior governmental quarter-quarter section line.

HOLLAND & HART<sup>LLP</sup>



Administrative Application Unorthodox Well Location  
Agnes "BEB" Com Well No. 1  
March 17, 2004  
Page 2

The proposed unorthodox location is the required by geologic conditions. Yates Exhibit A is a Gross Sand Isopach Map of the Middle Morrow formation that shows the proposed location for the Agnes "BEB" Com Well No. 1 intersects a Morrow sand channel running across the northeast quarter of this section. As shown on Exhibit A, to intersect this channel a location in the NE/4 is required and a well at any standard location in this section could not access these reserves.

Attached hereto as Exhibit B is a plat that shows the subject area, the 320-acre spacing unit comprised of the N/2 of Section 3 and the proposed unorthodox location. Since this well encroaches only on interior quarter section lines and the mineral interests of all affected persons will be dedicated to the well, there are no affected persons to whom notice of this application is required by Division Rule 1207 (A)(2).

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: Robert Bullock  
John Humphrey  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210-2118

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 March 17, 2004 for an unorthodox well location for a well to be drilled to the Atoka and Morrow formations Atoka-Pennsylvanian Gas Pool, for your proposed Agnes "BEB" Com Well No. 1. Said well to be drilled at an unorthodox gas well location in the Atoka and Morrow formations from a location 1200 feet from North line and 1800 feet from the East line (Unit G) of Section 3, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

A 320-acre spacing and proration unit in the Atoka and Morrow formations comprising the N/2 of said Section 3 is to be dedicated to said well.

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 above-described unorthodox well location is hereby approved.

Sincerely,

\_\_\_\_\_  
Director

cc: Oil Conservation Division - Hobbs/Artesia  
U. S. Bureau of Land Management - Carlsbad





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor

March 30, 2004

**Joanna Prukop**  
Cabinet Secretary  
Acting Director  
Oil Conservation Division

Yates Petroleum Corporation  
c/o Holland & Hart L.L.P.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

30-015-33448

Attention: William F. Carr

*Administrative Order NSL-5030*

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated March 17, 2004 (*administrative application reference No. pMES0-407855909*); and (ii) the Division's records in Santa Fe and Artesia: all concerning Yates's request for an unorthodox Pennsylvanian gas well location for its proposed Agnes "BEB" Com. Well No. 1 to be drilled 1200 feet from the North line and 1800 feet from the East line (Lot 2/Unit B) of Section 3, Township 18 South, Range 26 East, NMPM, Atoka-Pennsylvanian (Prorated) Gas Pool (70800), Eddy County, New Mexico.

Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 3 is to be dedicated to this well in order to form a standard 320.92-acre lay-down gas spacing and proration unit for the Atoka-Pennsylvanian (Prorated) Gas Pool.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Atoka-Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed location will be at a more favorable geologic position within the Middle Morrow sand channel than a well drilled at a location considered to be standard within the proposed 320.92-acre unit.

By authority granted me under the provisions of Division Rules 605.B (2) (b) and 104.F (2) and the applicable provisions of the special pool rules governing the Atoka-Pennsylvanian Gas Pool, the above-described unorthodox gas well location is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

Michael E. Stogner  
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division -- Artesia