

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]
 [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 _____

RECEIVED

FEB 07 2005

OCD-ARTESIA

[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

2/5/05
 Date

wcarr@hollandhart.com
 e-mail Address



February 3, 2005

HAND-DELIVERED

Mr. Mark 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

RECEIVED

FEB 07 2005

COMMUNICATIONS SECTION

Re: Application of Yates Petroleum Corp. for administrative approval of an unorthodox oil well location for its Boffin State Unit Well No. 1 in the Siluro-Devonian formation at a location 1500 feet from the South and East line of Section 16, Township 9 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation, pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1999, hereby seeks administrative approval of an unorthodox well location in the Siluro-Devonian formation, for its Boffin State Unit Well No. 1 at a location 1500 feet from the South and East lines of Section 16, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico. A standard 40-acre oil spacing and proration unit comprised of the NW/4 SE/4 of Section 16 will be dedicated to the well.

This location in the Siluro-Devonian formation is unorthodox because Rule 104.B(1) of the General Rules of the Oil Conservation Division provide for wells on 40-spacing and proration units to be located no closer than 330 feet to any governmental quarter section line. This location is unorthodox because it is 180 feet from the governmental quarter section line or 150 feet too close to boundary of the dedicated 40-acre unit comprised of the NW/4 SE/4 of said Section 16.

This well was originally projected to be a gas well and was drilled at a standard gas well location to the Devonian formation on a 320-acre spacing unit comprised of the S/2 of Section 16. The well tested as an oil well and when the dedicated acreage was reduced to the standard 40-acre oil unit on which this well is located, this location became unorthodox. Exhibit A to this application is a plat that shows the boundary of the Boffin Exploratory Unit, the 40-acre spacing unit comprised of the NW/4 SE/4 of

HOLLAND & HART^{LLP}



Section 16, and the subject unorthodox location. The acreage shaded in yellow on the plat is owned by Yates entities. Since this location is only unorthodox toward acreage where the working interest is owned by Yates entities, and the tracts are covered by a single State of New Mexico Oil and Gas Lease, there are no affected parties to whom this application needs to be provided.

Enclosed for your consideration in hard copy and on disc is a draft order approving this application.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for Yates Petroleum Corp.

Enclosures

cc: Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

February __, 2005

Yates Petroleum Corporation
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Yates Petroleum Corporation ("Yates") dated February 3, 2005 (*application reference No. _____*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates request for a unorthodox oil well location in the Siluro-Devonian formation, for its Boffin State Unit Well No. 1 at an unorthodox oil well location 1500 feet from the South and East lines (Unit J) of Section 16, Township 9 South, Range 27 East, NMPM. Chaves County, New Mexico.

The NW/4 SE/4 of Section 16, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico being a standard gas spacing and proration unit in the Siluro-Devonian formation is to be dedicated to this well.

This application has been duly filed under the provisions of 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.

It is our understanding that Yates is seeking approval of this location as the result of the drilling of this well as a gas well and , after the well was tested, determining that by Definition, the well must be classified as an oil well.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location in the Siluro-Devonian formation within this 320-acre unit comprising the NW/4 SE/4 of Section 16 is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-63684	² Pool Code 97420	³ Pool Name Loyd's Canyon; Siluro-Devonian
⁴ Property Code 34267	⁵ Property Name Boffin State Unit	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3839'GR

¹⁰ Surface Location

UL or lot no. J	Section 16	Township 9S	Range 27E	Lot Idn	Feet from the 1500	North/South line South	Feet from the 1500	East/West line East	County Chaves
---------------------------	----------------------	-----------------------	---------------------	---------	------------------------------	----------------------------------	------------------------------	-------------------------------	-------------------------

¹¹ Bottom Hole Location If Different From Surface

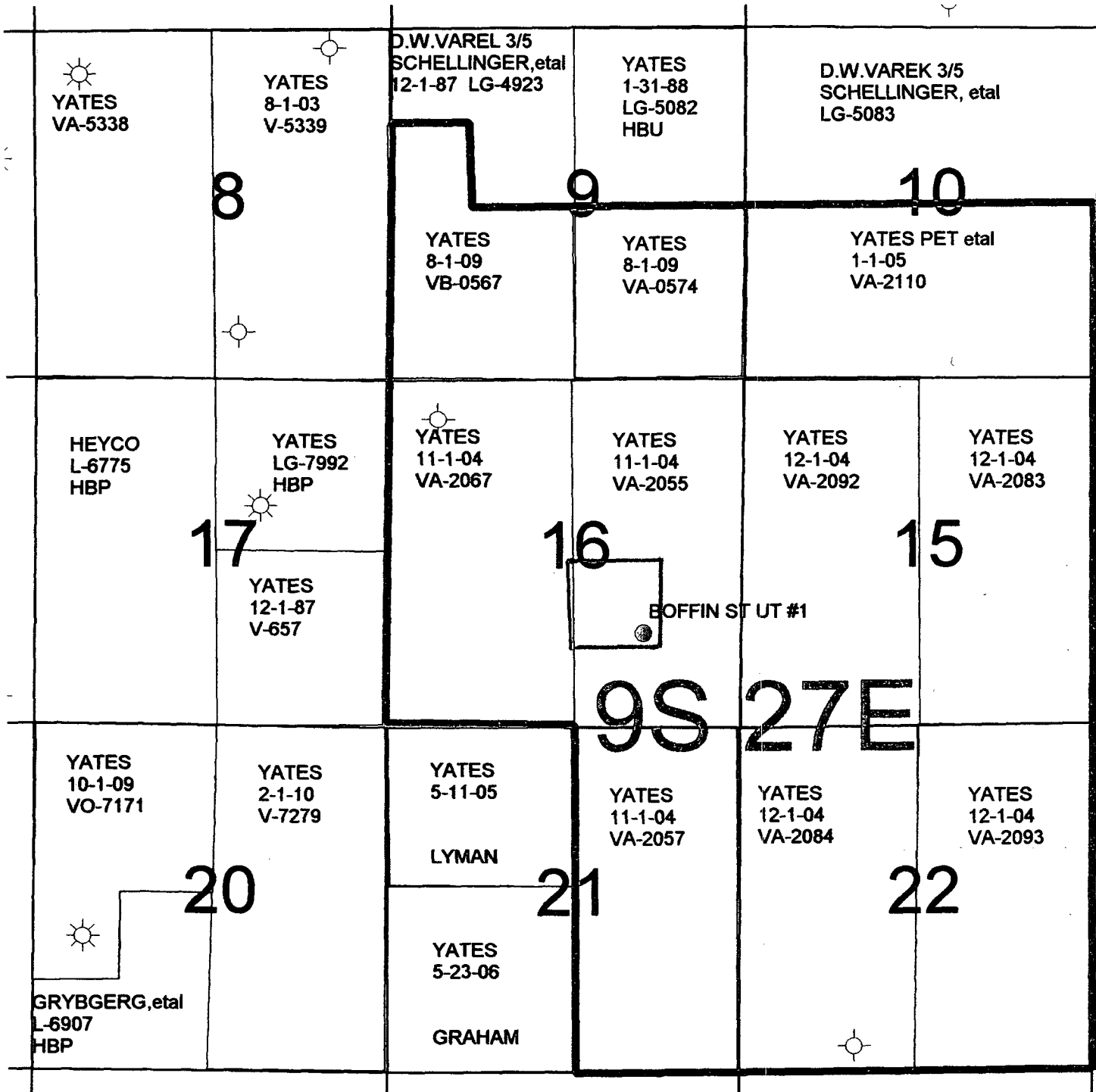
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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		RECEIVED JAN 27 2005 OCD-ARTESIA	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature
			Tina Huerta Printed Name Regulatory Compliance Supervisor
			Title and E-mail Address January 26, 2005 Date
			¹⁸ SURVEYOR CERTIFICATION <i>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.</i>
			Date of Survey Signature and Seal of Professional Surveyor:
			Certificate Number

BOFFIN STATE UNIT #1

Township 9S Range 27E, NMPM
Section 16: 1500' FSL & 1500' FEL,
Chaves County, New Mexico



LEGEND

- BOFFIN EXPLORATORY UNIT
- YATES PET CORP. etal LEASES
- WELL LOCATION