

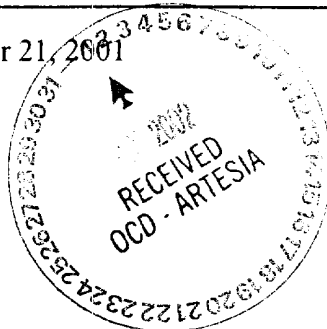


# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

December 21, 2001

**Lori Wrotenbery**  
Director  
Oil Conservation Division



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

**Attention: Cy Cowan**

*Re: Administrative application for an exception to Division Rule 104.C (2) (a) for the Undesignated East Eagle Creek Atoka-Morrow Gas Pool, within the N/2 of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Cowan:

This letter acknowledges the receipt of your administrative application dated December 4, 2001 of an unorthodox Atoka/Morrow gas well location for Yates Petroleum Corporation's existing Federal "LDY" Deep Com. Well No. 10 (API No. 30-015-30974), located 2100 feet from the North line and 1980 feet from the West line (Unit F) of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico. The Division received your application on December 6, 2001, and assigned it NMOCD application reference No. *pKRV0-134436145*. Please refer to this number in future correspondence with the Division.

Our preliminary review indicates that the information provided in the application is not sufficient to process an administrative order at this time. It appears that your application may be incomplete with respect to notice. As you are aware Division Rule 1207.A (2) (a) provides that the affected "operator" be notified of an unorthodox location and that in the absence of an operator then any lessee within the corresponding unit be notified. My records indicate that within the offsetting 320-acre unit comprising the S/2 of Section 27, Yates Petroleum Corporation operates the Morley "EW" Com. Well No. 1 (API No. 30-015-21716), located 660 feet from the South and East lines (Unit P) of Section 27. This well is completed in and producing from the Eagle Creek-Permo Pennsylvanian Gas Pool; therefore, there is no offsetting "Atoka/Morrow" operator in the S/2 of Section 27. With the absence of an "Atoka/Morrow" operator then you are required to identify and notify all such lessees. Your application does not adequately address this issue.

In order for me to continue with processing your request, please identify all of the working interests within the S/2 of Section 27 and provide adequate notice, or offer an explanation with support data why notice is not required in this instance.

Since the submitted information is insufficient to review, the application was ruled as incomplete on December 21, 2001. Please submit the above stated information by Monday, December 31, 2001.

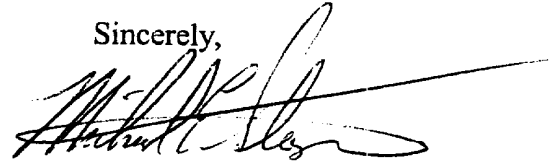
***Yates Petroleum Corporation***  
***December 21, 2001***  
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The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

It should be noted that the orthodox window marked in blue on exhibit No. 4 of your application is incorrect, please refer to Division Rule 104.C (2). Wells are to be no closer than 660 feet to a quarter section.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia  
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe  
Randy Patterson, Yates Petroleum Corporation - Artesia

(e) At the request of any interested person or upon the Division's own initiative, any pooling application submitted shall be set for full hearing with oral testimony by the applicant. [Rn, 19 NMAC 15.N.1207.A.(4), 7-15-99; A, 7-15-99]

(2) **Unorthodox Well Locations:** [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A.(5), 7-15-99; A, 7-15-99]

(a) Definition: "Affected persons" are the following persons owning interests in the adjoining spacing units:

1. the Division-designated operator;
2. in the absence of an operator, any lessee whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application is filed; and
3. in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application was filed.

In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit. [1-1-87...2-1-96; N, 7-15-99]

(b) If the proposed location is unorthodox by being located closer to the outer boundary of the spacing unit than permitted by rule, notice shall be given to the affected persons in the adjoining spacing units towards which the unorthodox location encroaches. [Rn, 19 NMAC 15.N.1207.A.(5).(a), 7-15-99, A, 7-15-99]

(c) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than provided in special pool orders, notice shall be given to all affected persons. [Rn, 19 NMAC 15.N.1207.A.(5).(a), A, 7-15-99]



**LTR**



**Job separation sheet**



District I  
PO Box 1900, Hobbs, NM 88241-1900  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brason 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-104  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Operator name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		OGRID Number 025575
API Number 30-015-21716		Reason for Filing Code CG - effective 10-1-95
Property Code 012578	Property Name Eagle Creek Permo	Pool Code 76280
		Well Number 1

II. Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West line	County
P	27	17S	25E		660	South	660	EAST	Eddy

Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P									
Lea Code P	Producing Method Code F	Gas Connection Date	C-129 Permit Number	C-129 Effective Date	C-129 Expiration Date				

III. Oil and Gas Transporters

Transporter OGRID	Transporter Name and Address	POD	O/G	POD ULSTR Location and Description
015694	Navajo Refining Company P. O. Drawer 159 Artesia, NM 88210	2765210	O	Unit P - Section 27-T17S-R25E
147831	Agave Energy Co. 105 South Fourth Street Artesia, NM 88210	2765230	G	Unit P - Section 27-T17S-R25E

IV. Produced Water

POD 2765250	POD ULSTR Location and Description Unit P - Section 27-T17S-R25E
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V. Well Completion Data

Spud Date	Ready Date	TD	PBTD	Perforations
Hole Size	Casing & Tubing Size	Depth Set	Sacks Cement	

VI. Well Test Data

Date New Oil	Gas Delivery Date	Test Date	Test Length	Tbg. Pressure	Csg. Pressure
Choke Size	Oil	Water	Gas	AOF	Test Method

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Rusty Klein</i>		OIL CONSERVATION DIVISION Approved by: ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR	
Printed name: Rusty Klein		Title: APPROVAL DATE: FEB 1 1996	
Title: Production Clerk			
Date: Jan. 12, 1996	Phone: 505-748-1471		
If this is a change of operator fill in the OGRID number and name of the previous operator			
Previous Operator Signature	Printed Name	Title	Date