



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 1, 1998



Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

RE: Administrative application for an unorthodox Wolfcamp gas well location: Palo Verde "AJV" Federal Com. Well No. 1 (API No. 30-015-26907), located 760 feet from the South line and 660 feet from the West line (Unit M) of Section 24, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

Reference is made to my letter dated February 17, 1998, see copy attached, concerning the subject application. To date I have not received a reply, this application is hereby withdrawn and is being returned to you at this time. I might suggest that Yates file an amended C-102 with the Artesia District office of the Division showing the change in dedicated acreage for the Undesignated Cemetery-Wolfcamp Gas Pool from 320 acres to 160 acres.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes, N.M.O.C.D. - Santa Fe



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 17, 1998

Yates Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

RE: Administrative application for an unorthodox Wolfcamp gas well location: Palo Verde "AJV" Federal Com. Well No. 1 (API No. 30-015-26907), located 760 feet from the South line and 660 feet from the West line (Unit M) of Section 24, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

In reviewing the subject application dated February 16, 1998 I found that the Cemetery-Wolfcamp Gas Pool comprises the N/2 of Section 25, Township 20 South, Range 24 East, NMPM, and the N/2 and SE/4 of Section 30, Township 20 South, Range 25 East, NMPM, all in Eddy County, New Mexico. This pool was created, defined, and designated by Division Order No. R-5015, issued in Case 5484, dated May 28, 1975, and made effective on June 1, 1975; therefore, the Wolfcamp interval underlying the S/2 of said Section 24 is subject to Division General Rule 104.C(2)(a), which states:

"Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Wolfcamp formation, or in the Wolfcamp formation which was created and defined by the Division prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Division prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tracts nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool."

This makes the subject Wolfcamp well location for the Palo Verde "AJV" Federal Com. Well No. 1 "standard" but the dedicated acreage "160 acres". Please contact me as to Yates' intention. Should you have any questions, please contact me at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

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

COUNTY Eddy

POOL Cemetery - Wolfcamp Gas

TOWNSHIP 20 South		Range 24 East		NMPM	
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext: $\frac{1}{2}$ Sec. 25 (R-10124, S-31-94)

COUNTY Eddy

POOL Cemetery - Wolfcamp Gas

TOWNSHIP 20 South		Range 25 East		NMPM	
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: $\frac{3}{4}$ Sec. 30 (R-5015, 6-1-75)

Ext: $\frac{1}{2}$ Sec. 30 (R-10124, S-31-94)

DATE IN 2/16/98	SUSPENSE 2/9/98	ENGINEER MS	LOGGED BY MV	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [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 - Directional Drilling
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

2/16/98
Date

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
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BRADFORD C. BERGE
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—
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E-MAIL: ccbspa@ix.netcom.com

February 16, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Palo Verde "AJV" Federal Com Well No. 1, 760 feet from the South line and 660 feet from the West line of Section 24, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.*

Dear Ms. Wrotenbery:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location in the Undesignated Wolfcamp formation for its Palo Verde "AJV" Federal Com Well No. 1 which well is located 760 feet from the South line and 660 feet from the West line of Section 24, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico. This well was originally drilled at a standard location in the South Dagger Draw-Upper Pennsylvanian Associated Pool but upon recompletion to the Undesignated Wolfcamp Formation the well location becomes unorthodox. The S/2 of Section 24 will be dedicated to the well.

This location in the Wolfcamp formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
February 16, 1998
Page 2

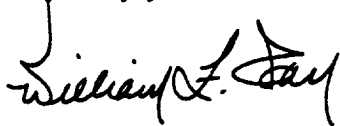
Attached hereto as Exhibit A is a plat showing the subject spacing unit, the location of the Palo Verde "AJV" Federal Com Well No. 1, and the diagonal and adjoining spacing units and wells.

Yates Petroleum Corporation is the designated operator of all of the immediately adjoining and diagonal spacing units in the Wolfcamp formation towards which the unorthodox well location encroaches. Accordingly, there are no affected parties to whom notification of this application should be provided.

Also enclosed is a proposed order approving this application.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

WILLIAM F. CARR
Attorney for Yates Petroleum Corporation

Enclosures

cc: Ms. Kathy Porter
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201



(DATE)

DRAFT ADMINISTRATIVE ORDER

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

Attention: Kathy Porter

Administrative Order NSL-_____

Dear Ms. Porter:

Reference is made to your application dated February 16, 1998 for an unorthodox well location for the Palo Verde "AJV" Federal Com No. 1 located 760 feet from the South line and 660 feet from the West line (Unit M) of Section 24, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, which was originally drilled at an orthodox location in the South Dagger Draw-Upper Pennsylvanian Associated Gas Pool and is has been recompleted to the Wolfcamp formation.

A 320-acre spacing and proration unit in the Wolfcamp formation comprising the S/2 of said Section 24, 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,

Lori Wrotenbery
Director

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