

DATE IN 2-23-04	SUSPENSE 3-15-04	ENGINEER MS	LOGGED IN MS	TYPE NSL	PMESO- APP NO. 408631430
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# RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Oil Conservation Division

1220 S. Saint 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.

Chuck Moran  
Print or Type Name

Chuck Moran  
Signature

Landman  
Title

2-20-04  
Date

cmoran@ypcnm.com  
e-mail Address

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S. P. YATES  
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EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

February 20, 2004

**CERTIFIED MAIL/RETURN RECEIPT**

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Re: Administrative Application of Yates Petroleum Corporation for  
Approval of an Unorthodox Oil and Gas Well Location  
Chaves County New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 19 NMAC 15.C.104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location for any and all oil or gas production from surface to the base of the Pre-Cambrian formation for its proposed Weller BDW State #1 to be drilled at an unorthodox gas well location of 2,500 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 34, and in support states:

- 1) Yates Petroleum Corporation (Yates) is the proposed operator of subject well and is a working interest owner in the W/2 of Section 34. (See Exhibit # 1 and #4)
- 2) Yates proposes to drill its Weller BDW State Com. #1 at an unorthodox gas well location of 2,500 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2)
- 3) The subject well is to be drilled at an unorthodox location in an attempt to drill the best geological location to determine the potential to produce gas from the formations that require a 320 acre spacing unit, including the Siluro-devonian which is the main formation of interest. (See Exhibit # 3 and Exhibit #4)
- 4) In the event the Siluro-devonian is not capable of commercial production in this well, then Yates intends to test all possible oil and gas formations above the Siluro-devonian formation prior to plugging the well. The well location would be

unorthodox for formations that require a 160-acre spacing unit for gas and 40-acre spacing unit for oil.

- 5) The lease on which the well will be drilled is State of New Mexico Lease VA-2088 is composed of 320 acres. The whole lease will be included in the spacing unit dedicated to this well in the W/2 of Sec. 34-T9S-R27E for formations that require a 320 acre spacing unit. For a gas well completed in the SW/4 of Section 34-T9S-R27E requiring 160 acre spacing unit, a 160-acre spacing unit would be formed and for oil wells requiring a 40 acre spacing unit a 40-acre spacing unit in the NW/4SW/4 of Sec. 34-T9S-R27E would be formed.
- 6) The proposed location only encroaches to the interior lease lines of Section 34 and there are no affected persons as defined in Division Rule 19 NMAC 15.14.1207(A)(2) and we have sent notice to all owners of the leasehold. (See Exhibit # 2 and #5)

Wherefore, Yates Petroleum Corporation requests that the Division approve this matter administratively.

Respectfully submitted,

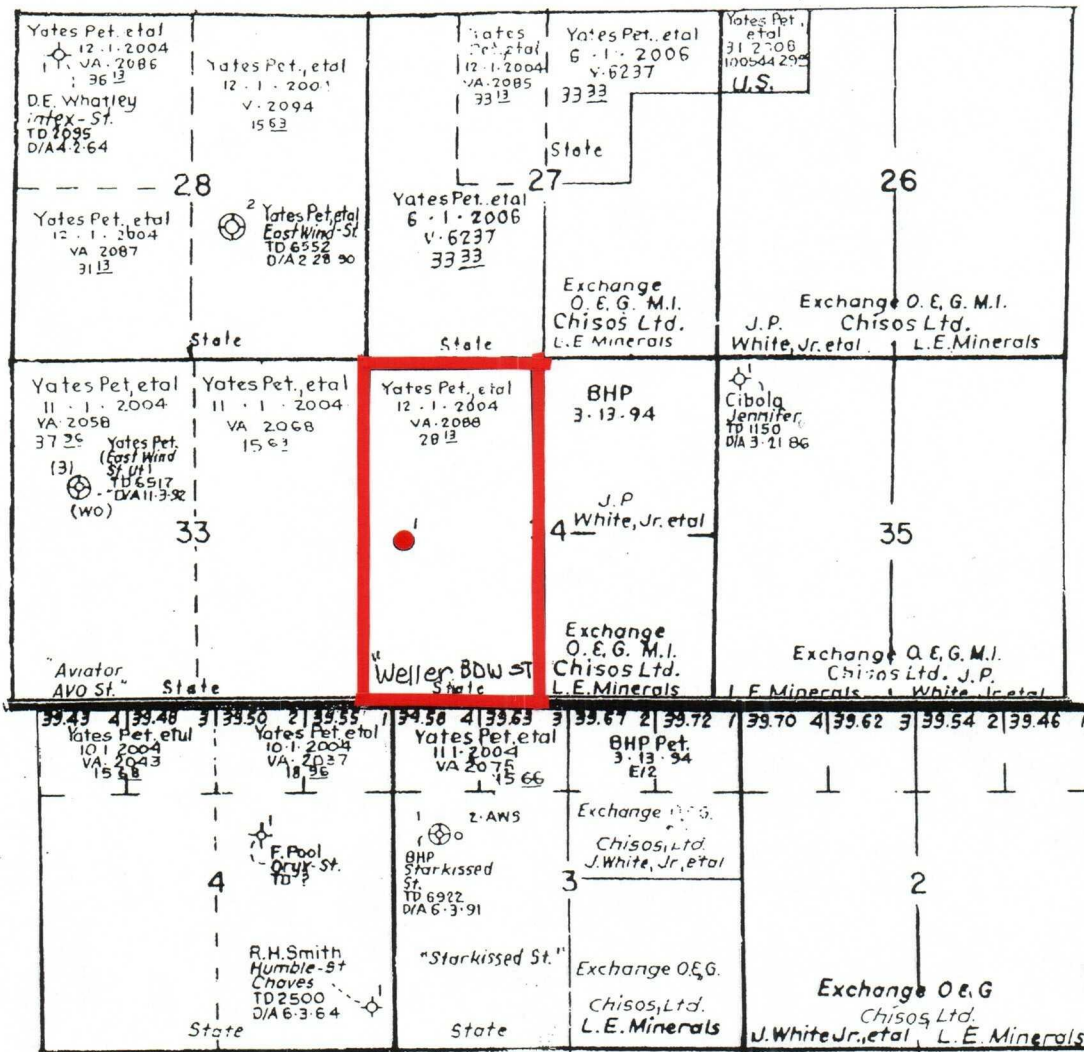
**YATES PETROLEUM CORPORATION**



Chuck Moran  
Landman

Enclosure(s)

**EXHIBIT 1**  
Yates Petroleum Corporation  
Weller BDW State #1  
W/2 of Sec. 34-T9S-R27E  
Chaves County, New Mexico  
Unorthodox Location Application



DISTRICT II  
311 South First, Artesia, NM 88210DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

## EXHIBIT 2

Yates Petroleum Corporation  
Weller BDW State #1  
W/2 of Sec. 34-T9S-R27E  
Chaves County, New Mexico  
Unorthodox Location Application

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
				Undesignated Precambrian	
Property Code		Property Name			Well Number
		WELLER "BDW" STATE			1
OGRID No.		Operator Name			Elevation
025575		YATES PETROLEUM CORPORATION			3862

## Surface Location

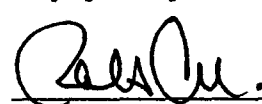
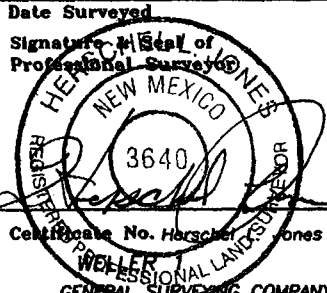
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	34	9S	27E		2500	SOUTH	660	WEST	CHAVES

## 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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

VA-2088				<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature  Robert Asher Printed Name  Regulatory Agent Title  2/9/2004 Date  <b>SURVEYOR CERTIFICATION</b>  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.  2/04/2004 Date Surveyed  Signature of Professional Surveyor  Certificate No. Horscher Jones RLS 3640 WELLER GENERAL SURVEYING COMPANY
N.33°29'20.2" W.104°11'17.4"				
660'				
2500'				

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

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## GEOLOGIC REASONS

Yates Petroleum Corporation proposes the Weller BDW State #1 to be drilled 2,500' FSL & 660' FWL in 34-9S-27E. This is an unorthodox location. The 3-D Siluro-Devonian Seismic Time Structure Map shows that the well be positioned as close as possible to the top of the structure but far enough away from the north-south fault that is on the west side of this Siluro-Devonian structure.

Yates Petroleum feels that the location of this well will enable us to have the best chance to recover significant amounts of hydrocarbons on this structure in the Siluro-Devonian dolomite.

H. Tim Miller

A handwritten signature in cursive script that reads 'H. Tim Miller'.

### EXHIBIT 3

Yates Petroleum Corporation  
Weller BDW State #1  
W/2 of Sec. 34-T9S-R27E  
Chaves County, New Mexico  
Unorthodox Location Application

# EXHIBIT 4

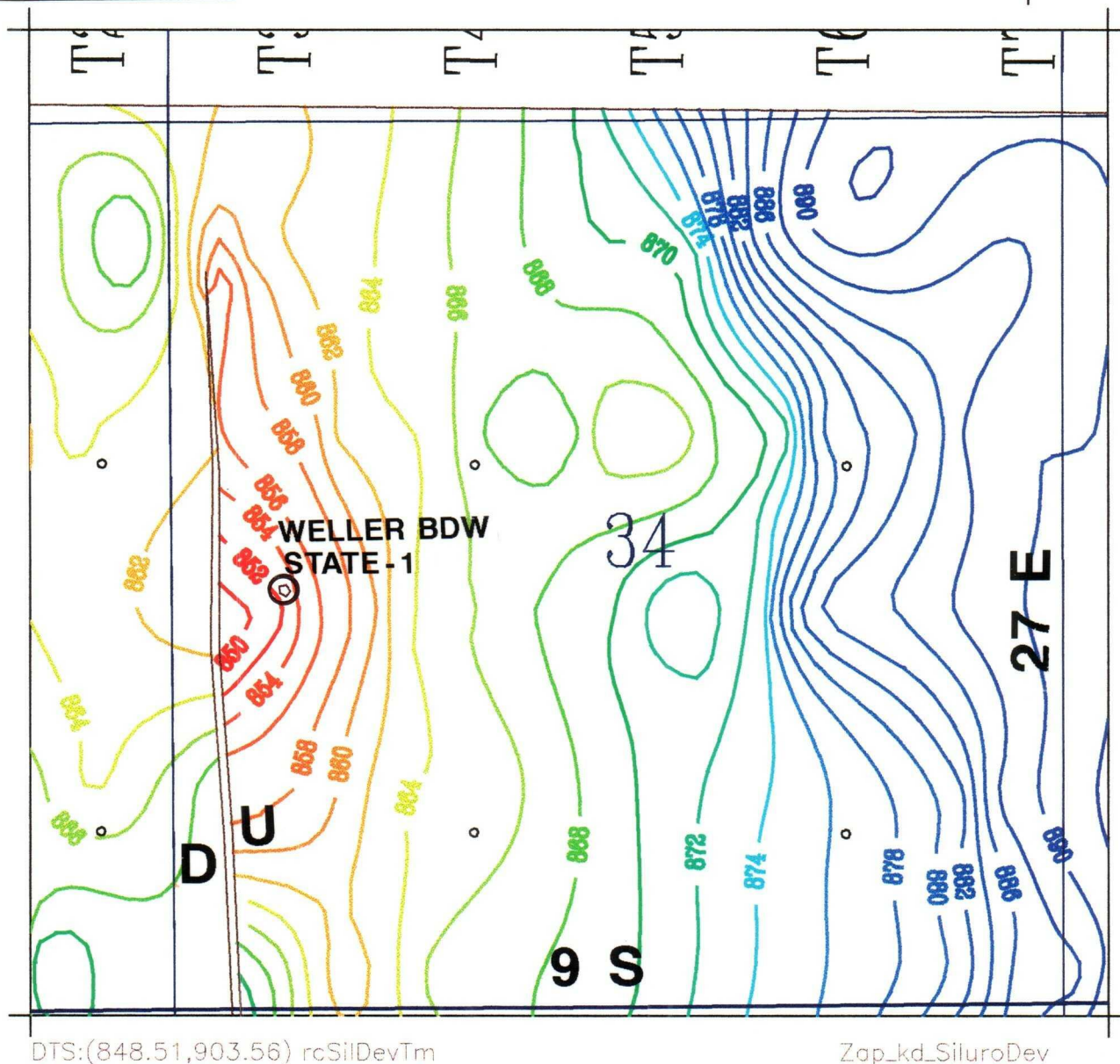
Yates Petroleum Corporation

Weller BDW State #1

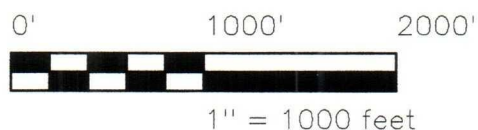
W/2 of Sec. 34-T9S-R27E

Chaves County, New Mexico

Unorthodox Location Application



Siluro-Devonian Seismic Time Structure Map  
2 millisecond Contour interval



**EXHIBIT 5**

Yates Petroleum Corporation  
Weller BDW State #1  
W/2 of Sec. 34-T9S-R27E  
Chaves County, New Mexico  
Unorthodox Location Application

**Lease Description**

Serial No.: VA-2088

Dated: December 1, 1999

Lessor: State of New Mexico

Record Title: 100% Yates Petroleum Corporation

Lessee:

42%	Yates Petroleum Corporation
6%	Yates Drilling Company
6%	Myco Industries, Inc.
6%	Abo Petroleum Corporation
20%	Elk Oil Company
4%	Elliott-Hall Company Limited
4%	Elliott Industries, Inc.
5%	Genesis Limited Partnership
5%	NMR, Inc.
2%	SLR Oil and Gas Investments

Description: Township 9 South, Range 27 East, NMPM  
Section 34: W/2  
Eddy County, New Mexico

Exp: December 1, 2004

Net Acres: 320.00 acres, more or less