è i		·····				
DATE IN		SUSPENDE	ENGNEER	LOOGED	туре	
		<u></u>	ABOVE THIS LINE FOR DIVISION USE ONL	Ŷ		
		NEW MEXIC	O OIL CONSERVAT	ION DIVISION		
					F	
	THIS COVI	ERSHEET IS MANDATORY FOR ALL A	DMINISTRATIVE APPLICATIONS FOR EX	CEPTIONS TO DIVISION RULES AN	D REGULATIONS	
Applica	ation Acronyms:					
	[DHC-D [PC [EOR-C	[NSP-Non-Standard [DD-Direction ownhole Commingling] C-Pool Commingling] [C [WFX-Waterflood Exp [SWD-Salt Water Qualified Enhanced Oil Re	I Proration Unit] [NSL-No al Drilling] [SD-Simultane [CTB-Lease Commingling DLS - Off-Lease Storage] eansion] [PMX-Pressure Disposal] [IPI-Injection ecovery Certification] [Pf	on-Standard Location] eous Dedication]] [PLC-Pool/Lease Co [OLM-Off-Lease Measur Maintenance Expansion Pressure Increase] PR-Positive Production I	mmingling] rement]]	
[1]	TYPE OF A	PPLICATION - Che	ck Those Which Apply	for [A]	-	
	[A]	Location - Spacing	Unit - Directional Drilli DD DSD	ng	FN 4:	
	Check [B]	k One Only for [B] and Commingling - Stor DHC CTB	d [C] rage - Measurement PLC PC	OLS OLM	2 4 00	
	[C]	Injection - Disposal	- Pressure Increase - En	hanced Oil Recovery		
[2]	NOTIFICA' [A]	FION REQUIRED T Working, Royalt	O: - Check Those Whic y or Overriding Royalty	ch Apply, or Does Interest Owners	Not Apply	
	[B]	Giffset Operators	, Leaseholders or Surfac	ce Owner		
	[C]	Application is O	ne Which Requires Publ	lished Legal Notice		
	[D]	[D] Votification and/or Concurrent Approval by BLM or SLO				
	[E]	Given Service For all of the abo	ove, Proof of Notificatio	n or Publication is A	ttached, and/or,	
	[F]	U Waivers are Atta	ched			

[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, information or notification is cause to have the application package returned with no action taken.

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

Dielier	1 F. Saul	Attorney
Signature		Title

_1/	3	1	1	0	0
Date					

William F. Carr Print or Type Name

CAMPBELL, CARR, BERGE

÷,

& SHERIDAN, P.A.

MICHAEL B. CAMPBELL WILLIAM F. CARR BRADFORD C. BERGE MARK F. SHERIDAN MICHAEL H. FELDEWERT PAUL R. OWEN ANTHONY F. MEDEIROS

JACK M. CAMPBELL 1916-1999 JEFFERSON PLACE SUITE I - 110 NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208 TELEPHONE: (505) 988-4421 FACSIMILE: (505) 983-6043 E-MAIL: ccbspa@ix.netcom.com

January 31, 2000

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 Cupid "AUG" State Well No. 1, to be located 1150 feet from the North line and 2450 feet from the West line of Section 22, Township 11 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Pursuant to the provisions of Division Rule 104 F adopted on August 12, 1999, Yates Petroleum Corporation hereby seeks administrative approval of an unorthodox well location for its Cupid "AUG" State Well No. 1 at a point 1150 feet from the North line and 2450 feet from the West line of Section 22, Township 11 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This well will be drilled as a wildcat well to a depth of approximately 13,250 feet to test all formations from the surface to through the Devonian formation. A standard 40-acre spacing and proration unit comprised of the NE/4 NW/4 of Section 22 will be dedicated to the well in the Devonian formation.

This proposed unorthodox well location is unorthodox because it encroaches on offsetting tracts tot he South, East and Southeast. This unorthodox location is required by geological conditions. The structural closure which is targeted with this well covers approximately 40

Lori Wrotenbery, Director Oil Conservation Division New Mexico Department of Energy, Minerals and Natural Resources January 31, 2000

Page 2

• •.

. :

acres as is shown of Figure 1 attached hereto. Figure 2 is a north-south seismic line, extracted from 3D volume, which shows the maximum point of closure on the feature. With a feature this small it is critical that the single well be drilled on the highest point of structural closure to insure that the maximum recovery of the oil in place can be accomplished. In this case the maximum point of closure as defined by the 3D seismic is approximately 200 feet in diameter and the required location falls outside the orthodox location window established by the 40-acre spacing rules for the Devonian formation. An unorthodox well location is required to penetrate the trap at the optimum point of closure and allow for the recovery of the maximum volume of oil from the trap.

If the Devonian is non-productive in this well, the Atoka-Morrow is a secondary objective and Yates will probably attempt a completion in these sands. The N/2 of Section 22 will be dedicated to the well if it is completed in the Atoka-Morrow formation.

Attached hereto as Figure 3 is a plat showing the subject area and the proposed unorthodox well location. The acreage shaded yellow is operated by Yates Petroleum Corporation. Since the well is located on State of New Mexico acreage and only encroaches on acreage with common working interest, royalty and overriding royalty interst ownership, the correlative rights of no interest owner will be adversely impacted by a well at this proposed unorthodox location. Accordingly, there are no affected persons as defined in Rule 1207.A to whom notice of this application should be provided.

A Geological Justification for this unorthodox well location is attached as Figure 4.

Your attention to this application is appreciated.

Very truly yours

William F. Carr Attorney for Yates Petroleum Corporation

WFC/md Enclosures



YATES PETROLEUM CORPORATION CUPID "AUG" STATE #1

NON-STANDARD LOCATION DEVONIAN TEST TOP DEVONIAN STRUCTURE MAP

Scale 1:12000

FIGURE 1

Contour Interval: 10'

1/25/2000

Geo.: R. Meek

1 171

FIGURE 1



•••

RiceEng.	1-SWD I So.Union 4-gi-Ca SuscoUnt Te.aco St 5-gi-Ca SuscoUnt Te.sco 3-Ca SuscoUnt Toliciooo 1-St 5-gi-Ca SuscoUnt 1-Susco 1-Sus	90-54116 1-1-2004 1543 17P-5t gauino State	5 1 1-1-2001 oretal 5 5000 (* 1813 5 5000 (* 1813 1 1 1 1 5 5000	32 Stote	33 State	0.F. Feather Store II. 75% Exercision EUR 2, 50% VA : 13/2 34 52 Diamond & Half, Inc. (5) State
2 (Tenneco) 2 2 (Tenneco) 4 2 E) 6 6 6364 6 1 Unit (i.E) 0 1 0 1 0 2 0 7 0 6 6364 0 1 0 1 0 1 0 1 0 2 0 7 0 7 0 7 0 7 0 7 0 7 0 7 0 7	(1) 916 - 114 - 114 216 - 114 136 - 1 Bisse Bit] OG: 5364 - 9660 - 9660 - 97 - 9860 - 97 - 98 - 98	He is the most in TPSt R3 He is the in TPSt R3 He is the in TPSt R3 He is the is th	ALE SUBJECT NO SUHA NEE	Peter Reserves Mith Put A 3 - 1 89 95 - 48 A 95 - 48 A 10 - 1 - 30 2 - 1612 2 - 1612 2 - 1612 - 190 - 10 - 1 - 30 - 10 - 1 - 30 - 90 - 10 - 1 - 30 - 90 - 90	Intel Intel Intel Intel Yates Pet, etal (1) (1) (1) Yates Pet, etal (1) (1) (1) (inter, intel) 1 (1) (1) (1) (inter, intel) 1 (1) (1) (1) (1) (inter, intel) 1 (1)	· · · · ·
Pet-etal B #1 Sum NM-St 221 7 2-4 3-4	Sun Sun	Abo Pet Ki Vates Drig Ki Mucsi Vi Sun Wico Ind Ki Mucsi Muco Ind Ki Vi Sun W.M.State Vi Sun State Vi Sun State	Sumset And I Varies To 013400 I Retricted DMI/2163 I 64490 Varies Datyardi 144474 10 30 10 2020 Vietas Datyardi 144474 2020 11 Man Zana 10 10 166	tin and the second seco	Yates Pet,etal 5 1 2003 V 5303 1563	<u>EAST</u> 9AND - SPRINCS
ST. A	\$ ^{5-D} Yates Pet, etal 11 - 1 - 2002 VA : 1692 72 <u>96</u> State MI State Bogle Ltd.,(S)	Sun: Sun:	VA 10-10 1-1-2004 	D 3 ASU	State	
French, Jr. 531 F322 F322 F32 F32 F32 F32 F32 F	VPC VC-Sb01 A 1-64 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S96 VC-S07 VC-S96 VC-S07 VC-S96 VC-S07 VC-S96 VC-S07 VC-S96 VC-S07 VC-S	Sun s HD 256 - 01-0 DA 3-26 - 00 YPC YD 5595 Q-1-04 J704 - 16 - 16 - 16 - 16 - 104 - 104 - 16 - 104 - 104 - 104 - 104 - 104 - 104 - 104	Active Date Atel Active Date Active Date Atel Active Date Atel Active Date Atel	Yates Pet,etal 5 - 1 - 2003 V - 5305 1562 Shore 14 Yates Pet,etal & A (smeron 5 - 1 - 2003 & V - 5305 TD 301 1563 Storte M/	Yates Pet,etal - 5 - 1 - 2003 V - 5304 1563 Store 13 Yates Pet,etal 5 - 1 - 2003 V - 5304 1563 Store MI	12
rdre DeClevo Shell-St, tes Pat. 1.756 1.239 1.25 1.3 Rolph Lowe Trolsho	Bogle Ltd (S) Yeles Pet, etcl VPC Vorse VPC Vorse V	Bogle Ltd. (S) 2'AUD Biltz-0 Yotes Patron YPC 34391 YPC 34391 1-302 Stole MI 100% Begie Ltd. 100% Begie Ltd. 100% Begie Ltd. 100% Begie Ltd. 100% Begie Ltd. 100% 1-302 Stole MI 100% 1-302 1-30	Bogle Ltd. (S) 34 Yates Pat. etal States May	Bogle Ltd.,(5) Mertdram 274 50. Roy 1272 (Sherry door) 1272 1502 1272 1502 1272 1502 1274 1502 1274 1502 1475 1502 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1475 1583 1583 1583 1583 1583 1583 1583 1075 1	Bogle Ltd. (5) Yartes Pet, etal (Bogine Acor 4 1 - 2001 DA 3336 V - 4834 DA 4-27-69 3796 AKES NO. 24 East Sard Springs Unit 9 2 / 12,400 arts	S
orte Cerristationestatio assemble assemble asse 	Since VolesPeleiol VIIISO 1225 29 F MAP MIDLAND	Store Terrostes, VI Store VI Stor	-27- -27-	Bogle Id. Or-Adc State Control Manual Control MPC - 26- 15- - 21-04 - 26- Rhillins State Mi	HUR SHALL AND ALL AND	- ATE . 83
	Stote BHP Pet. L1:917 H3:924 Raiph Lowe Amerodo: Sy. Tollasta SIA 11:64 32	VIC 2550 1965 VIC VIC 2550 1965 VIC VIC 5550 1965 VIC 101-04 101-04 101-04 101-04 101-04 101-04	State Yeles Orlais VAC Messar YAC VI-5431 001 VI-5641 VI-5431 1. VI-5641 VI-5431 1. VI-5641 IO 1504 1. VI-5641 IO 1504 1. VI-5641 IO 1504 1. VI-564 IO 1504	Store Phillips E-2013 Humkle 3 SOUTH FOUR LAKES UNIT 35 PHILLIPS (OPER.)	Bogle Ltd Printips E-596 Videon Vi	
Ne Cost A Plato or Ac 7 res Pet, etai V-1368 I-AMK E.Bagiey-St." Totes Pet, etai totes Pet, etai tote	Store 48.07.4.10.194 (19.8.4. 19.4.4. 1 	Stori Vates Pet, etal 12.1.91 V.2106 3600 V.2006 V.21	Store St. Danglood	State St	Bogle Ltd. (5) 1 Phillips + C	
ol Vates	Samedan Petrus 01 1 - 37 1 - 137 1	Det Of G v2 Vates Pet, etal Petrus 01 0 1 50 v 1388 0 1 50 v 1388 0 Westpress V-1554 Smeth 5t; 10 Smeth 5t; 10 Smeth 5t; 10 Pass 12 Vates Pet, etal 12 12 12 12 12 12 12 12 12 12 12 12 12 12 12 12 12 12 12 12 13 12 12 12 12 13 12 13 12 13 12 14 12 13 12 14 12 14 12 <t< td=""><td>To 10350 Yetos Petr, etol WHEREY Yetes Yotos Petr, etol Yotos Petr, etol Yotos Petr, etol V Yotos State Jotos Yotos Petr, etol Jotos Petr, etol Jotos Petr, etol V Yotos State Jotos Jag 200 Jotos Jotos Strate Jotos Jotos</td><td>Trice Trice Ford. Ford. Toll2652</td><td>(N.G. Jenrose, etci) State ADJones, Est.</td><td>GURE 3</td></t<>	To 10350 Yetos Petr, etol WHEREY Yetes Yotos Petr, etol Yotos Petr, etol Yotos Petr, etol V Yotos State Jotos Yotos Petr, etol Jotos Petr, etol Jotos Petr, etol V Yotos State Jotos Jag 200 Jotos Jotos Strate Jotos Jotos	Trice Trice Ford. Ford. Toll2652	(N.G. Jenrose, etci) State ADJones, Est.	GURE 3

Cupid "AUG" State #1 Unorthodox Location Description and Geologic Justification

Yates Petroleum Corporation is requesting a non-standard location to drill a 13,250 foot Devonian test located 2450' fwl and 1150' fnl section 22 T11S R34E, Lea Co. New Mexico. The "Devonian" formation produces oil in this area from porous dolomite and limestone reservoirs on structural features with four way dip closure. The large structural closures in the Tatum Basin Devonian Play were drilled many years ago and include fields such as Cross Roads, Denton, Four Lakes and others. In recent years the availability of 3D seismic surveys in the Tatum Basin area has allowed exploration wells to be drilled for much smaller structural closures that could not be identified without 3D seismic data. Many of these small structural closures cover less than 100 acres and if productive will be developed as single well fields.

The structural closure targeted with the Cupid "AUG" State #1 well covers approximately 40 acres, as illustrated in figure 1. Figure 2 is a north - south seismic line, extracted from the 3D volume, which shows the maximum point of closure on the feature. With a feature this small it is critical that the single well be drilled on the highest point of structural closure to insure that the maximum recovery of the oil in place can be accomplished. In this case the maximum point of closure as defined by the 3D seismic is approximately 200 feet in diameter and the required location falls outside the orthodox location window established by the 40 acre spacing rules for the Devonian formation. A non-standard location is required to penetrate the trap at the optimum point of closure and allow for recovery of the maximum volume of oil from the trap.

A secondary objective for this well is the Atoka-Morrow formation which is spaced on 320 acres. In the event that the Devonian proves to be non-productive this well will probably be completed as a gas well in the Atoka-Morrow sands.

CMD : OG5SECT	ONGARD INQUIRE LAND 1	01/31/00 17:09:38 OGOMES -TPYZ PAGE NO: 1	
Sec : 22 Twp : 11S	Rng: 34E Section	Type : NORMAL	
D	C	В	A
40.00	40.00	40.00	40.00
CS	CS	CS	CS
V05561 0000	V05561 0000	V05561 0000	V05561 0000
YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM (
07/01/04	07/01/04	07/01/04	07/01/04
E	F	G	Н
40.00	40.00	40.00	40.00
CS	CS	CS	CS
V05561 0000	V05561 0000	V05561 0000	V05561 0000
YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C
07/01/04	07/01/04	07/01/04	07/01/04
· · · ·			
PF01 HELP PF02	PF03 EXIT PI	F04 GoTo PF05	PF06
PF07 BKWD PF08 FWI	D PF09 PRINT PH	F10 SDIV PF11	PF12

CMD :	ONGARD	01/31/00 17:09:49			
OGSSECT	INQUIRE LAND	INQUIRE LAND BY SECTION			
Sec : 22 Twp : 11	S Rng : 34E Section	Type : NORMAL			
L	K	J	I		
40.00	40.00	40.00	40.00		
CS	CS	CS	CS		
VA1992 0000	VA1992 0000	VA1992 0000	VA1992 0000		
YATES PETROLEUM (YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM (
07/01/04	07/01/04	07/01/04	07/01/04		
М	N	0	P		
40.00	40.00	40.00	40.00		
CS	CS	CS CS	CS		
VA1992 0000	VA1992 0000	VA1992 0000	VA1992 0000		
YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C		
07/01/04	07/01/04	07/01/04	07/01/04		
PF01 HELP PF02	PF03 EXIT P	F04 GoTo PF05	PF06		
PF07 BKWD PF08 F	WD PF09 PRINT P	F10 SDIV PF11	PF12		

Date: 1/31/2000 Time: 05:23:24 PM