

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

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

Application Acronyms:

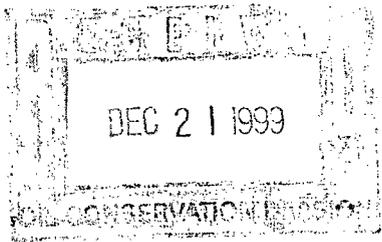
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [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 [X] NSL [] NSP [] DD [] 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



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [X] 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] [X] 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 further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE P.O. BOX 1058 SANTA FE, NM 87504

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

Print or Type Name

Signature

Title

Date

James Bruce Attorney for Applicant 12/2/99

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

December 21, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location for the following well:

Conoco State Well No. 6
2250 feet FNL & 1500 feet FEL
§2, Township 22 South, Range 23 East, NMPM
Eddy County, New Mexico

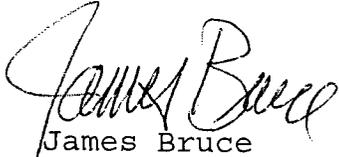
Attached as Exhibit A is an Application for Permit to Drill, with a well location plat. The well is in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line nor closer than 330 feet to a quarter-quarter section line.

The proposed location is based upon geologic reasons. Attached as Exhibit B is a structure map on top of the Cisco formation. The well is located on a structural high. As you move to the west, structure is lost rapidly. Therefore, the unorthodox location will provide the best chance of encountering potential Cisco/Canyon pay, and will reduce the risk involved in re-entering the well. (Note: The Conoco State Well No. 1 is no longer productive. The Conoco State Well No. 2 produces from the Indian Basin Upper-Pennsylvanian Gas Pool.)

The only offset operator is Yates Petroleum Corporation ("Yates"), as marked on Exhibit B. Yates previously waived objection to the location, and its waiver letter is marked Exhibit C. As a result, Yates was not notified of this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address KERR-McGEE OIL & GAS ONSHORE LLC P.O. Box 809004 Dallas, TX 75380-9004		² OGRID Number 016587
⁴ Property Code 008553	⁵ Property Name CONOCO STATE	³ API Number 30-0
		⁶ Well No. 6

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
G	2	22 S	23 E		2250'	NORTH	1500'	EAST	EDDY

⁸ Proposed 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
⁹ Proposed Pool 1 INDIAN BASIN (UPPER PENN)					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3907'
¹⁶ Multiple NO	¹⁷ Proposed Depth 8100'	¹⁸ Formation UPPER PENN	¹⁹ Contractor NOT YET AWARDED	²⁰ Spud Date 01/01/00

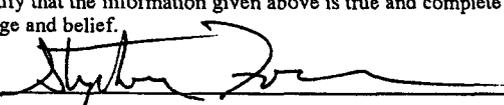
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
18 1/2"	16"	84#	+/- 40'	GROUTED IN	SURFACE
14 3/4"	9 5/8"	36#	1300'	960 SXS	SURFACE
8 3/4"	7"	23# & 26#	8100'	545 SXS	4600'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

BOP & choke manifold will be 3M systems. Accumulator volume will be sufficient to provide an open and closing of preventers with 50% reserve. A drill pipe full opening safety valve will be kept on the rig floor in the open position at all times during drilling operations. An upper and lower kelly cock will be used.
Test Procedure and Drills: Ram type preventers will be tested to 70% of casing burst pressure. Annular preventer will be tested to 1500 psi.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: 
Printed name: STEPHEN FORE 972-715-4520
Title: TECHNICAL ANALYST 12-14-99

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:



DISTRICT I
P.O. Box 1660, Hobbs, NM 88241-1660

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2068, SANTA FE, N.M. 87504-2068

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name CONOCO STATE	
Well Number	6	
OGRID No.	Operator Name KERR-MC GEE CORPORATION	
Elevation	3907	

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	2	22 S	23 E		2250	NORTH	1500	EAST	EDDY

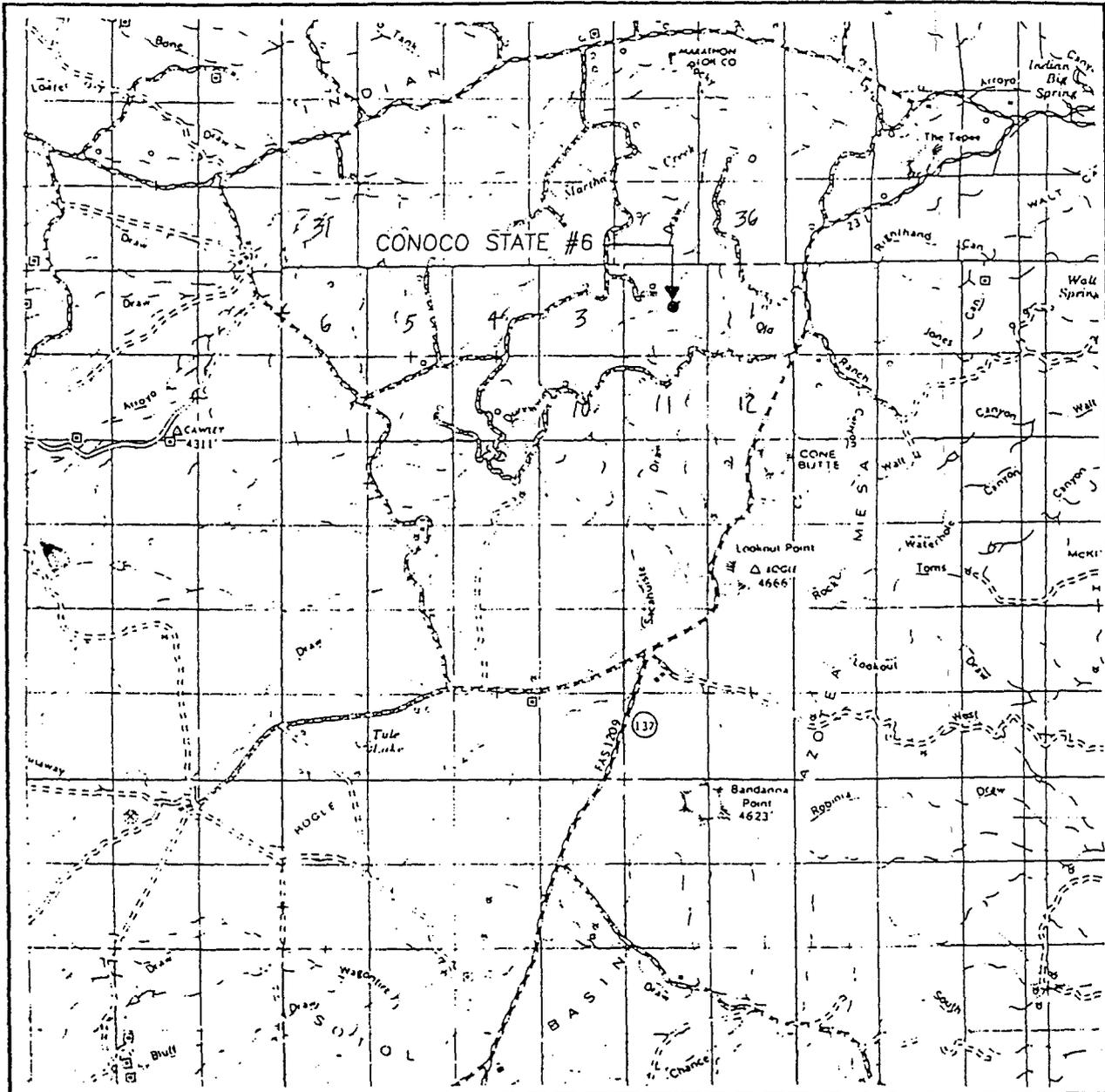
Bottom Hole Location If Different From Surface

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.						

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Stephen Fore</i> Signature</p> <p>Stephen Fore Printed Name</p> <p>Technical Analyst Title</p> <p>12-14-99 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 6, 1999</p> <p>Date Surveyed _____ LMP</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Edson</i> RONALD J. EDSON PROFESSIONAL SURVEYOR NEW MEXICO 12-07-99 99-11-1050</p>
	<p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641 JACON MEDONALD 12185</p>

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 2 TWP. 22-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2250' FNL & 1500' FEL

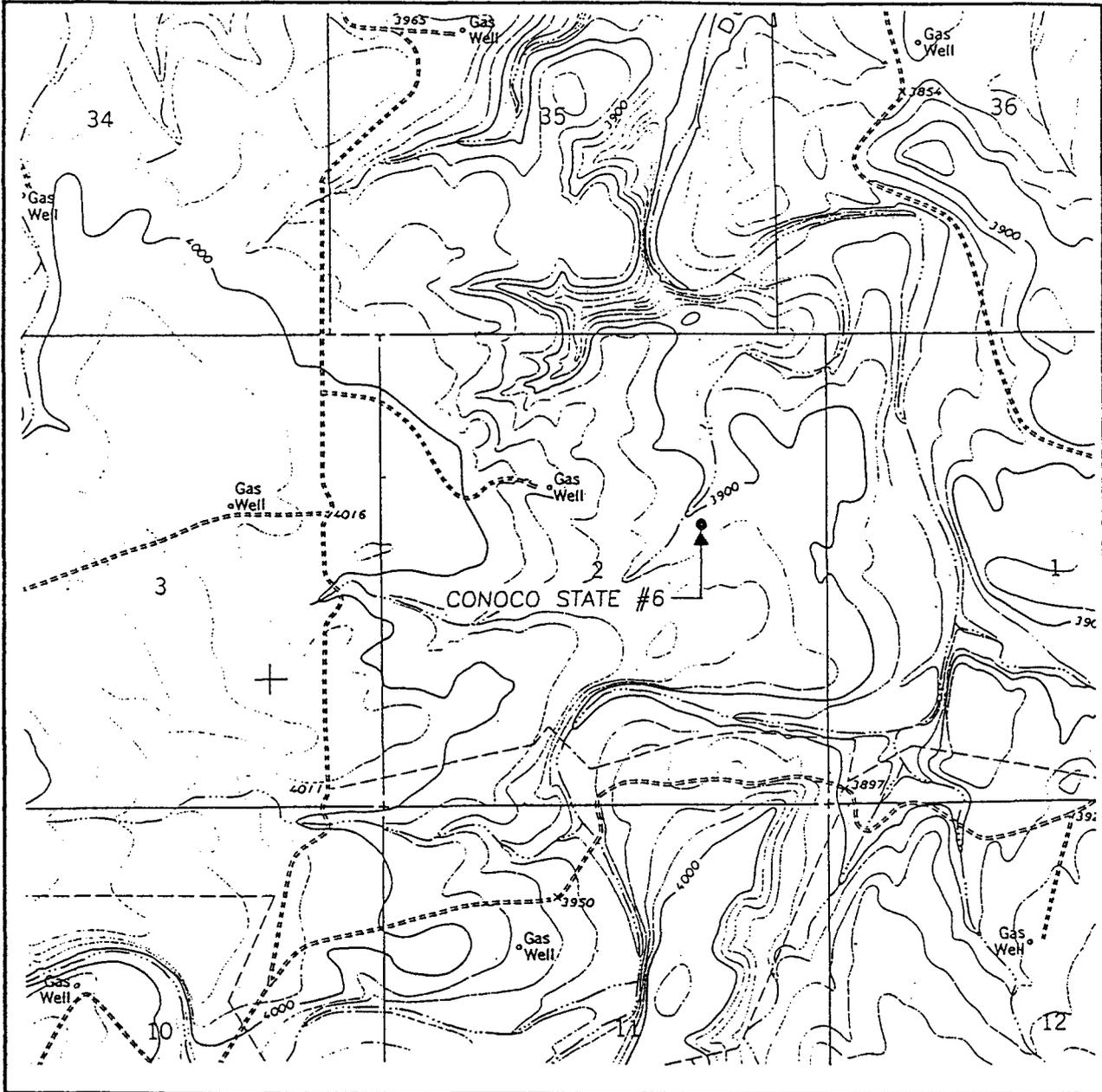
ELEVATION 3907

OPERATOR KERR-MC GEE CORPORATION

LEASE CONOCO STATE

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MARTHA CREEK, N.M. - 20'

SEC. 2 TWP. 22-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2250' FNL & 1500' FEL

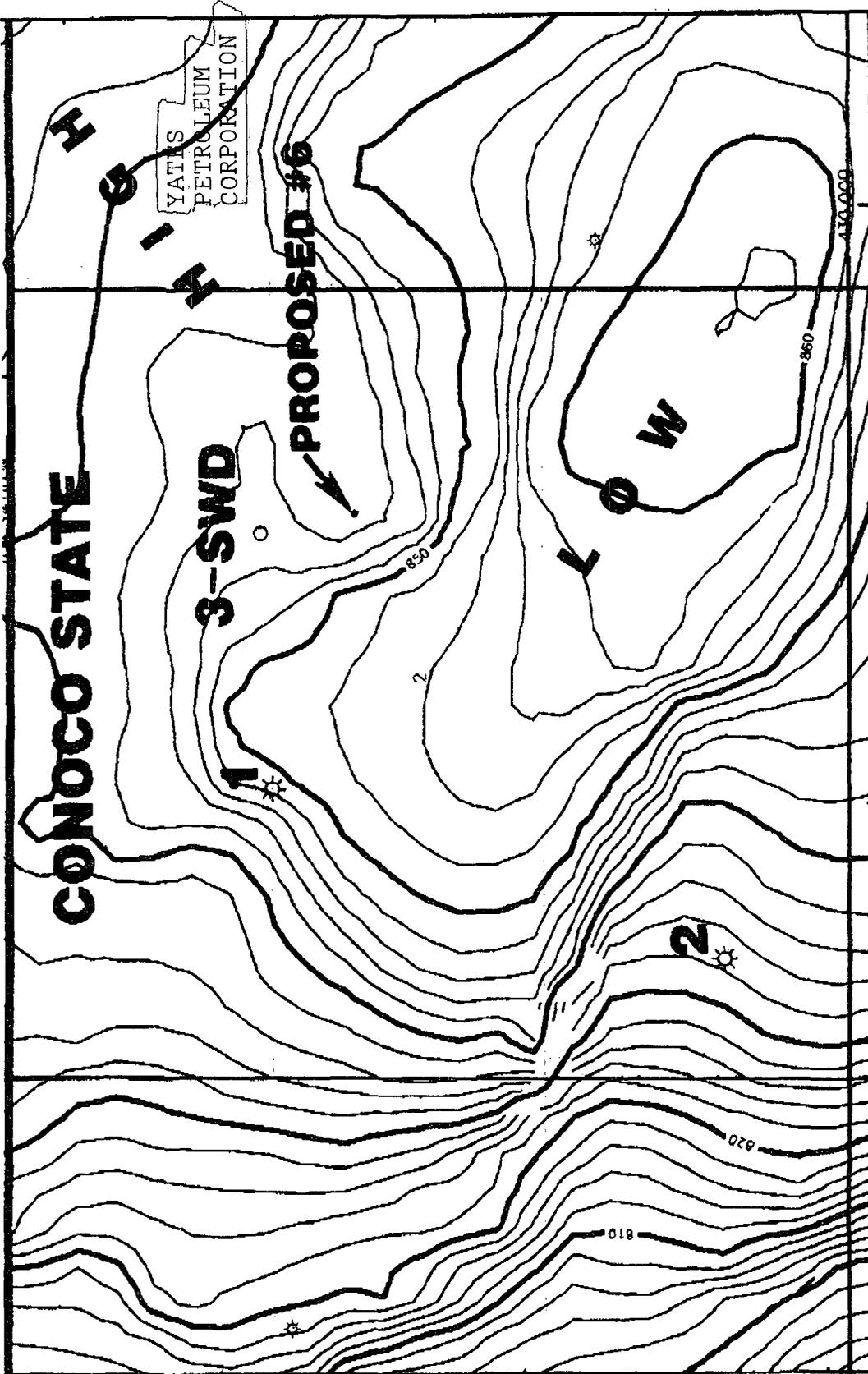
ELEVATION 3907

OPERATOR KERR-MC GEE CORPORATION

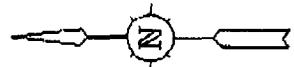
LEASE CONOCO STATE

U.S.G.S. TOPOGRAPHIC MAP
MARTHA CREEK, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)



	KERR-MCGEE CORPORATION EXPLORATION AND PRODUCTION DIVISION	
	Indian Basin Area, NM -- NE corner T22s-R23e Top of Penn Cisco Formation Proposed Conoco State #6: 2250' FNL, 1500' FEL contours in milliseconds	
DATE	BY	APP. 18-DEC-1999
	JOHN T.M. CREWSTER	





Oryx Energy Company
13156 Noel Road
Dallas TX 75240-5007
PO Box 2880
Dallas TX 75221-2880
972 715 4000

February 23, 1999

Sent via FAX 505/748-4572

Ms. Janet Richardson
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

RE: Zingaro "ANG" Federal No. 4
Unorthodox Location 1500' FNL &
1550' FWL, Section 1, T22S-R23E,
Eddy County, New Mexico

Ladies and Gentlemen:

We are in receipt of letter dated February 12, 1999, concerning Yates's application for administrative approval of an unorthodox gas well location for the captioned well. Oryx Energy Company will not object to this application provided Yates agrees to the following:

- 1) Yates will not object to a mirror unorthodox well location, that is, a well located no closer than 1500' to Section 1, T22S-R23E, Eddy County, New Mexico, with the distance to the other Section line for such well location being no closer than 1550', for a well to be proposed or drilled to the Indian Basin-Morrow Gas Pool and/or in the Indian Basin-Upper Pennsylvanian Pool by Oryx in Section 2, T22S-R23E, Eddy County, New Mexico, or W/2 Section 36, T21S-R23E, Eddy County, New Mexico.

~~2) Yates will promptly furnish Oryx with copies of well logs, as they are received by Yates, for the Yates-Zingaro ANG Federal Well No. 4.~~ *Jay*

Thank you, and if the foregoing is acceptable, please sign and date this letter in the space provided below and return it to me via FAX at 972/715-4685 on or before February 25, 1999.

Sincerely,

Steve Foerster
Landman
972/715-8289

Agreed to and accepted:

Yates Petroleum Corporation

By: *John A. Goff*
Title: Attorney-in-Fact

Date: March 1, 1999



MARTIN YATES, III
1912 - 1995
FRANK W. YATES
1956 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 2, 1999

Oryx Energy Company
P.O. Box 2880
Dallas, TX 75221-2880

Attention: Mr. Steve Forester

RE: Zingaro 'ANG' Federal No. 4
Unorthodox Location
Township 22 South, Range 23 East, NMPM
Section 1
Eddy County, New Mexico

Gentlemen:

Please find enclosed your letter agreement covering the above captioned which has been executed on behalf of Yates Petroleum Corporation

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Crystal L. d'Entremont
Crystal L. d'Entremont
Land Secretary

/cld
Enclosure

Post-It® Fax Note	7871	Date	11-17-99	# of pages	2
To	Steve Forester	From	<i>Crystal L. d'Entremont</i>		
Co./Dept	Oryx	Co.	Yates		
Phone #		Phone #			
Fax #	972-715-4012	Fax #			