

DATE IN 3-18-05	SUSPENSE 4-7-05	ENGINEER STOENER	LOGGED IN 3-21-05	TYPE NSP	APP NO. DSEM0508033768
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. 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.

William F. Carr
 Print or Type Name

William F. Carr
 Signature

ATTORNEY
 Title

3/18/05
 Date

wcarr@hollandhart.com
 e-mail Address

2005 MAR 18 PM 3 48



March 18, 2005

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Yates Petroleum Corporation for administrative approval of a 184.24-acre non-standard gas spacing unit for its East Sand Springs "BFZ" State Well No. 3 (formerly the East Sand Springs State Unit Well No. 3) located 1000 feet from the South line and 1400 feet from the West line of partial Section 6, Township 11 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation, pursuant to the provisions of Division Rule 104 D (2)(b) and (c) adopted on January 18, 1996, hereby seeks administrative approval of a 184.24-acre non-standard gas spacing and proration for the East Sand Springs "BFZ" State Well No. 3 to be comprised of Lots 3, 4, 5 and 6 and the E/2 SW/4 (W/2 equivalent) of partial Section 6, Township 11 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Yates well has been drilled as a wildcat well to test the Mississippian formation which is developed on 320-acre spacing pursuant to the general rules of the Division.



This non-standard gas spacing and proration unit is necessary because of a variation in the legal subdivision of the United States Public Land Surveys. This unit is comprised of contiguous lots which lie wholly within a single governmental section and are joined by a common side. Attached is a plat which shows the subject spacing unit and all adjoining spacing units or leases. Also attached is a list of all parties affected by this application.

The only owner in the mineral estate excluded from this non-standard unit is Chi Energy, Inc. to whom a copy of this application with all attachments thereto was mailed by Certified Mail--Return Receipt Requested. Chi Energy, Inc. was advised that if it has an objection to the proposed non-standard spacing or proration unit it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. Chi was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application. All other offset properties are owned and operated by Yates Petroleum Corporation, therefore there are no other offset operators to whom notice of this application must be provided.

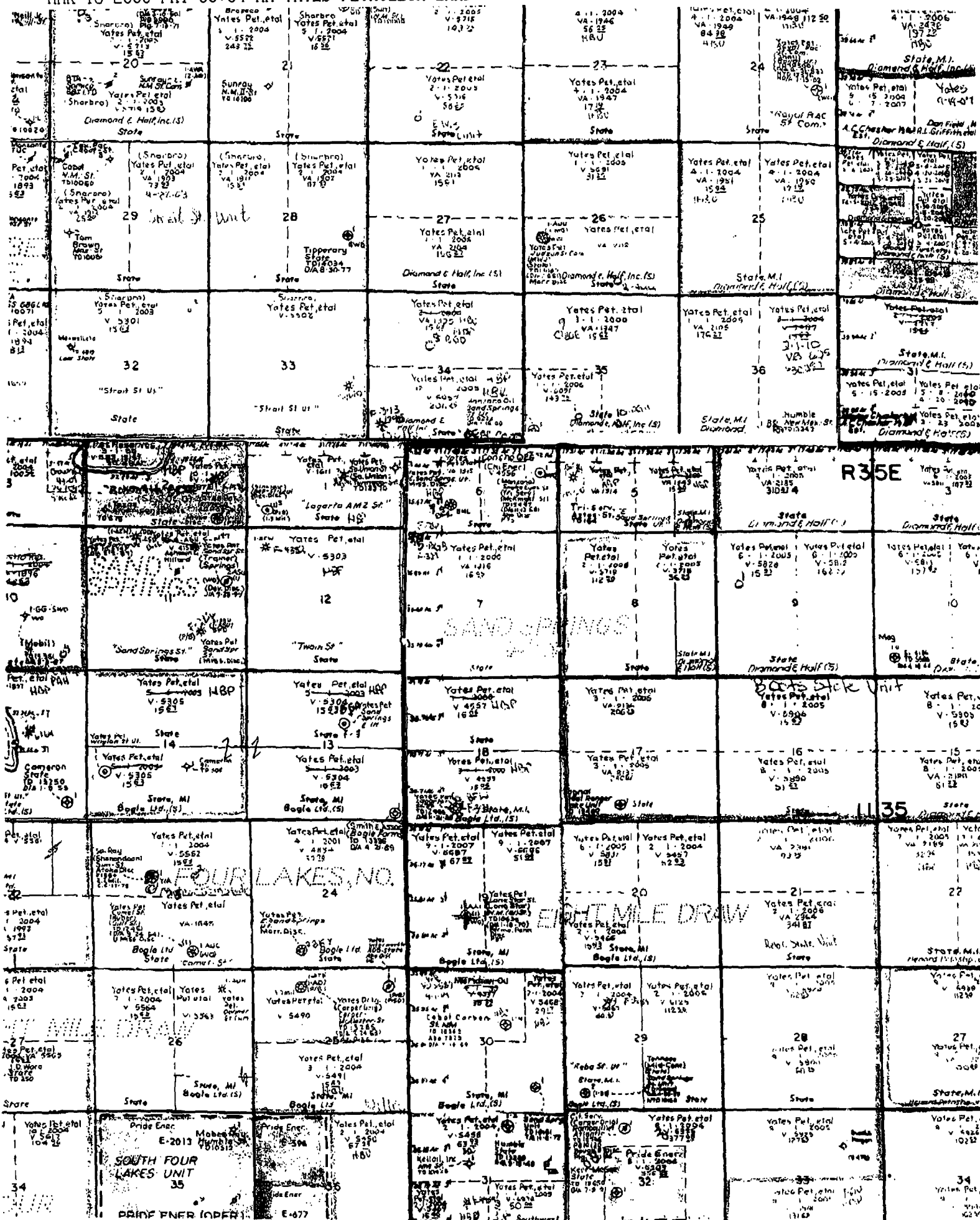
Your attention to this application is appreciated.

Very truly yours,

William F. Carr

Attorney for Yates Petroleum Corporation

cc: Mr. Robert Bullock
Yates Petroleum Corporation





NOTIFICATION LIST

Application of Yates Petroleum Corporation.
administrative approval of
a non-standard spacing or proration unit
East Sand Spring "BFZ" State Well No. 3
1000 feet from the South line and 1400 feet from the West line
184.24 acres (All of the W/2 equivalent of Partial Section 6)
Section 6, Township 11 South, Range 35 East, NMPM
Lea County, New Mexico.

Chi Energy, Inc.
Post Office Box 1799
Midland, Texas 79702