



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 15, 1996

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

Administrative Order DD-155

Dear Mr. Carr:

Under the provisions of Rules 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995, Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division on September 6, 1996 for authorization to directional drill its proposed Diamond "AKI" Federal Well No. 2, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The operator proposes to locate said well at an unorthodox surface location 1310 feet from the South line and 10 feet from the West line (Unit M) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, kickoff in a southeasterly direction and directionally drill to an estimated true vertical depth of 8,300 feet within the South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface oil well location within the SW/4 SW/4 (Unit M) of said Section 34;
- (2) An existing 320-acre standard spacing and proration unit comprising the W/2 of said Section 34 is to be dedicated to said well;
- (3) By Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1" the Division promulgated "*Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool*", which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a

320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;

- (4) Presumably, it is necessary for the operator to directionally drill the Diamond "AKI" Federal Well No. 2 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (5) The applicable drilling window or "producing area" for said wellbore should include that area within the SW/4 SW/4 (Unit M) of said Section 34 that is no closer than 660 feet to either the South or West lines of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line; and,
- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Diamond "AKI" Federal Well No. 2 at an unorthodox surface location 1310 feet from the South line and 10 feet from the West line (Unit M) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a southeasterly direction in such a manner as to bottom said well within the South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface well location within the SW/4 SW/4 (Unit M) of said Section 34 that is no closer than 660 feet to either the South or West lines of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The

applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The existing 320-acre standard spacing and proration unit comprising the W/2 of said Section 34 shall be dedicated to said well.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

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



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
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October 15, 1996

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

Administrative Order DD-155-A

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated September 6, 1996 for authorization to directional drill its proposed Diamond "AKI" Federal Well No. 2, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of **Rules 111.D and E** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The operator proposes to locate said well at a previously approved unorthodox surface location 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, kickoff in a southwesterly direction and directionally drill to an estimated true vertical depth of 9,200 feet in order to test both the Undesignated Cemetery-Morrow Gas Pool and the South Dagger Draw-Upper Pennsylvanian Associated Pool at a subsurface location considered to be standard for both intervals within the NE/4 SW/4 (Unit K) of said Section 34;
- (3) The Undesignated Cemetery-Morrow Gas Pool is subject to the statewide rules and regulations for gas wells to all horizons of Wolfcamp age or older, as promulgated by **Rule 104.C(2)(b)**, which provides for 320-acre gas spacing and proration units, or drilling units, and requires that wells be located no closer than 660 feet to the nearest side boundary of the designated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary thereon;
- (4) The South Dagger Draw-Upper Pennsylvanian Associated Pool is to the "*Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool*", as promulgated by Division Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1", which includes provisions for 320-acre spacing and proration units for

both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;

- (5) Both intervals are to be dedicated to the 320 acres, being a standard spacing and proration unit for both aforementioned pools, comprising the W/2 of said Section 34;
- (6) By Division Administrative Order NSL-3709, dated September 10, 1996, the operator received approval to drill the subject Diamond "AKI" Federal Well No. 3 at the aforementioned unorthodox location for both the Undesignated Cemetery-Morrow Gas and South Dagger Draw-Upper Pennsylvanian Associated Pools
- (7) It is necessary for the operator to directionally drill the Diamond "AKI" Federal Well No. 3 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (8) The applicable drilling window or "producing area" for said wellbore should include that area within the NE/4 SW/4 (Unit K) of said Section 34 that is no further than 1980 feet from the West line of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line; and,
- (9) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Diamond "AKI" Federal Well No. 3 at a previously approved unorthodox surface location (approved by Division Administrative Order NSL-3709, dated September 10, 1996) 2217 feet from the South line and 2013 feet from the West line (Unit K) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a southwesterly direction in such a manner as to bottom said well within both the Undesignated Cemetery-Morrow Gas Pool and South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface well location (for both intervals) within the NE/4 SW/4 (Unit K) of said Section 34 that is no further than 1980 feet from the West line of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The 320 acres, being a standard spacing and proration unit for both aforementioned pools, comprising the W/2 of said Section 34 shall be dedicated to said well.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3709/
DD-155

DD-155

Rec - 9-6-96
Susa 9-26-96
Released 10-15-96

October 15, 1996

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

155
Administrative Order DD-****

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Under the provisions of Rules 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995, Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division on September 6, 1996 for authorization to directional drill its proposed Diamond "AKI" Federal Well No. 2, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The operator proposes to locate said well at an unorthodox surface location 1310 feet from the South line and 10 feet from the West line (Unit M) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, kickoff in a southeasterly direction and directionally drill to an estimated true vertical depth of 8,300 feet within the South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface oil well location within the SW/4 SW/4 (Unit M) of said Section 34;
- (2) An existing 320-acre standard spacing and proration unit comprising the W/2 of said Section 34 is to be dedicated to said well;
- (3) By Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1" the Division promulgated "*Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool*", which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a 320-acre spacing unit and not closer than 330 feet to any quarter-

quarter section line or subdivision inner boundary thereon;

- (4) Presumably, it is necessary for the operator to directionally drill the Diamond "AKI" Federal Well No. 2 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (5) The applicable drilling window or "producing area" for said wellbore should include that area within the SW/4 SW/4 (Unit M) of said Section 34 that is no closer than 660 feet to either the South or West lines of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line; and,
- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Diamond "AKI" Federal Well No. 2 at an unorthodox surface location 1310 feet from the South line and 10 feet from the West line (Unit M) of Section 34, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico and directional drill in a southeasterly direction in such a manner as to bottom said well within the South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface well location within the SW/4 SW/4 (Unit M) of said Section 34 that is no closer than 660 feet to either the South or West lines of said Section 34 nor closer than 330 feet to any internal quarter-quarter section line.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

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(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

*Administrative Order DD-*****
Yates Petroleum Corporation
October 15, 1996
Page No. 3

(3) The existing 320-acre standard spacing and proration unit comprising the W/2 of said Section 34 shall be dedicated to said well.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

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

DD-155 SF

D.I.G., INC.
MIDLAND, TEXAS

YATES PETROLEUM CORP.

DEC 05 '96

O. C. D.
ARTESIA, OFFICE

Well Name	: DIAMOND AKI FED. #2
Location	: EDDY COUNTY, NEW MEXICO
	:
	:
Date Surveyed	: 11-14-96
Job No.	: G-3347, M-3372
Survey Performed By	: JIM WILSON

This survey is correct to the best of my knowledge
and is supported by actual field data.

.......... COMPANY REPRESENTATIVE

D.I.G., INC.

Client : YATES PETROLEUM CORP.
Well Name : DIAMOND AKI FED. #2
Location : EDDY COUNTY, NEW MEXICO

Page 1 of 3
Date 11-14-96
Filename : DIAAKIF2

Height Of WELLSITE Datum Above Field Datum 0.00 ft No Interpolation

MD ft	INC deg	DIR deg	TVD ft	LAT ft	DEP ft	VS ft	D'LEG °/100
0	0.00	N 0.00°E	0.00	0.00	0.00	0.00	0.0
100	0.49	N53.49°E	100.00	0.25	0.34	0.06	0.5
200	0.61	N28.50°E	199.99	0.98	0.94	-0.02	0.3
300	0.96	N73.34°E	299.99	1.68	2.00	0.22	0.7
400	1.50	N70.86°E	399.96	2.35	4.04	1.19	0.5
500	1.75	N64.93°E	499.92	3.43	6.66	2.28	0.3
600	1.96	N65.92°E	599.87	4.77	9.60	3.41	0.2
700	2.00	N57.20°E	699.81	6.42	12.63	4.39	0.3
800	1.85	N52.08°E	799.75	8.36	15.37	4.96	0.2
900	1.87	N56.27°E	899.70	10.25	18.00	5.48	0.1
1000	1.50	N63.51°E	999.66	11.74	20.53	6.21	0.4
1100	1.63	N67.26°E	1099.62	12.88	23.01	7.17	0.2
1200	1.61	N76.90°E	1199.58	13.74	25.69	8.45	0.3
1300	1.64	N76.82°E	1299.54	14.39	28.45	9.94	0.0
1400	1.21	S88.44°E	1399.51	14.69	30.90	11.47	0.6
1500	0.83	S81.46°E	1499.49	14.55	32.67	12.81	0.4
1600	0.83	S84.25°E	1599.48	14.37	34.11	13.96	0.0
1700	0.78	S83.02°E	1699.47	14.21	35.51	15.06	0.1
1800	0.57	S66.31°E	1799.47	13.93	36.64	16.05	0.3
1900	0.73	S48.98°E	1899.46	13.31	37.57	17.15	0.3
2000	0.60	S45.46°E	1999.45	12.53	38.43	18.31	0.1
2100	0.55	S 7.37°E	2099.45	11.69	38.86	19.22	0.4
2200	0.60	S 3.93°W	2199.44	10.69	38.89	19.94	0.1
2300	0.56	S31.98°W	2299.44	9.75	38.59	20.39	0.3
2400	0.92	S44.73°W	2399.43	8.77	37.77	20.51	0.4
2500	0.73	S39.94°W	2499.42	7.71	36.80	20.57	0.2
2600	0.82	S25.65°W	2599.41	6.57	36.08	20.86	0.2
2700	0.75	S38.11°W	2699.40	5.41	35.36	21.18	0.2
2800	0.87	S60.82°W	2799.39	4.53	34.30	21.05	0.3
2900	1.14	S54.34°W	2899.38	3.58	32.82	20.68	0.3
3000	1.14	S62.83°W	2999.36	2.54	31.13	20.21	0.2
3100	1.28	S61.20°W	3099.33	1.55	29.27	19.60	0.1
3200	1.26	S52.94°W	3199.31	0.35	27.41	19.13	0.2
3300	1.59	S44.71°W	3299.28	-1.30	25.56	18.99	0.4
3400	1.66	S39.91°W	3399.24	-3.39	23.65	19.13	0.2

D.I.G., INC.

Client : YATES PETROLEUM CORP.
Well Name : DIAMOND AKI FED. #2
Location : EDDY COUNTY, NEW MEXICO

Page 2 of 3
Date 11-14-96
Filename : DIAAKIF2

Height Of WELLSITE Datum Above Field Datum 0.00 ft No Interpolation

MD ft	INC deg	DIR deg	TVD ft	LAT ft	DEP ft	VS ft	D'LEG °/100
3500	1.33	S31.33°W	3499.20	-5.50	22.12	19.53	0.4
3600	1.12	S30.25°W	3599.18	-7.33	21.02	20.05	0.2
3700	0.81	S28.22°W	3699.17	-8.80	20.20	20.50	0.3
3800	0.88	S23.08°W	3799.16	-10.13	19.56	20.99	0.1
3900	0.78	S35.26°W	3899.15	-11.39	18.87	21.40	0.2
3974	0.89	N83.92°W	3973.14	-11.74	18.01	21.03	1.1
4026	0.75	N77.00°W	4025.13	-11.62	17.27	20.43	0.3
4119	1.00	N69.00°W	4118.12	-11.19	15.92	19.17	0.3
4212	1.00	S35.00°E	4211.12	-11.57	15.63	19.23	2.1
4305	3.00	S49.00°E	4304.06	-13.83	17.93	22.46	2.2
4398	5.75	S54.00°E	4396.78	-18.17	23.54	29.49	3.0
4491	7.50	S55.00°E	4489.15	-24.39	32.28	40.07	1.9
4584	9.75	S55.00°E	4581.09	-32.38	43.70	53.80	2.4
4677	10.50	S49.00°E	4672.65	-42.46	56.55	70.01	1.4
4770	12.50	S47.00°E	4763.78	-54.89	70.31	88.53	2.2
4863	15.00	S54.00°E	4854.11	-68.83	87.41	110.48	3.2
4956	18.50	S57.00°E	4943.15	-83.94	109.53	136.80	3.9
5049	18.75	S56.00°E	5031.28	-100.34	134.29	165.91	0.4
5142	20.00	S59.00°E	5119.02	-116.89	160.32	196.01	1.7
5235	22.00	S60.00°E	5205.83	-133.79	189.04	228.28	2.2
5328	23.00	S62.00°E	5291.76	-151.03	220.17	262.48	1.4
5421	23.00	S61.00°E	5377.36	-168.37	252.10	297.32	0.4
5514	23.25	S64.00°E	5462.89	-185.22	284.49	332.14	1.3
5607	23.75	S68.00°E	5548.19	-200.29	318.36	366.74	1.8
5700	23.00	S67.00°E	5633.55	-214.40	352.45	400.82	0.9
5793	21.00	S73.00°E	5719.79	-226.38	385.11	432.39	3.2
5886	19.75	S74.00°E	5806.97	-235.58	416.16	460.85	1.4
5979	16.50	S74.00°E	5895.34	-243.55	443.96	486.15	3.5
6072	16.00	S59.00°E	5984.67	-253.80	467.66	510.15	4.5
6165	17.25	S46.00°E	6073.81	-269.99	488.57	536.38	4.2
6258	17.00	S33.00°E	6162.72	-290.97	505.90	563.47	4.1
6351	14.50	S29.00°E	6252.22	-312.56	518.95	587.97	2.9
6444	13.00	S33.00°E	6342.56	-331.52	530.29	609.39	1.9
6537	13.75	S33.00°E	6433.03	-349.56	542.01	630.44	0.8
6630	15.00	S33.00°E	6523.12	-368.93	554.59	653.02	1.3

D.I.G., INC.

Client : YATES PETROLEUM CORP.
 Well Name : DIAMOND AKI FED. #2
 Location : EDDY COUNTY, NEW MEXICO

Page 3 of 3
 Date 11-14-96
 Filename : DIAAKIF2

Height Of WELLSITE Datum Above Field Datum 0.00 ft No Interpolation

MD ft	INC deg	DIR deg	TVD ft	LAT ft	DEP ft	VS ft	D'LEG °/100
6723	16.25	S32.00°E	6612.68	-390.06	568.04	677.47	1.4
6816	16.75	S35.00°E	6701.85	-412.07	582.62	703.35	1.1
6909	17.00	S39.00°E	6790.85	-433.61	598.86	730.07	1.3
7002	17.00	S44.00°E	6879.79	-453.96	616.86	757.18	1.6
7095	17.00	S43.00°E	6968.73	-473.68	635.58	784.36	0.3
7188	15.00	S42.00°E	7058.12	-492.57	652.90	809.97	2.2
7281	12.75	S19.00°E	7148.47	-511.23	664.31	831.23	6.4
7374	11.00	S 2.00°E	7239.50	-529.81	667.96	846.95	4.2
7467	9.50	S 2.00°W	7331.02	-546.35	668.00	858.68	1.8
7560	9.00	S 4.00°W	7422.81	-561.28	667.23	868.68	0.6
7653	8.50	S 2.00°W	7514.73	-575.40	666.48	878.14	0.6
7746	8.25	S 5.00°W	7606.73	-588.92	665.66	887.12	0.5
7807	8.25	S 8.00°W	7667.10	-597.61	664.67	892.57	0.7
7872	7.10	S 7.10°E	7731.53	-606.22	664.52	898.54	3.6
7934	4.70	S21.00°E	7793.20	-612.39	665.90	903.89	4.5
8063	2.50	S25.00°E	7921.94	-619.88	668.98	911.36	1.7
8100	2.50	S25.00°E	7958.90	-621.34	669.67	912.88	0.0

Origin of Bottom Hole Closure WELLSITE CENTRE
 Bottom Hole Closure 914 ft 132.9°

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 6, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

SEP 6 1996

Oil Conservation Division

**Re: *Application of Yates Petroleum Corporation for administrative approval of
Directional Drilling, Eddy County, New Mexico***

Dear Mr. LeMay:

Yates Petroleum Corporation ("Yates") hereby seeks administrative approval pursuant to the provisions of Division Rule 111 (C) for the directional drilling of the Diamond AKI Federal No. 2 Well from an unorthodox surface location 1310 feet from the South line and 10 feet from the West line of Section 34, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico to a bottom hole location 660 feet from the South and West lines of said Section 34. The W/2 of Section 34 will be the dedicated project area for this well. The proposed bottom hole location is a standard location in the South Dagger Draw-Upper Pennsylvanian Associated Pool pursuant to the Special Pool Rules and Regulations adopted therefore by Division Order No. R-5353-L-2. Attached hereto as Exhibit A is a copy of OCD Form C-102 which shows the surface and bottom hole locations for this well.

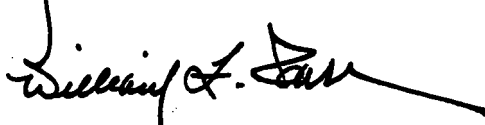
The original surface location for the well was not a satisfactory drill site due to a pipeline and other topographic conditions as show on the topographic map attached hereto as Exhibit B.

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
September 6, 1996
Page 2

All offsetting spacing units are operated by Yates Petroleum Corporation Except for the spacing units to the south and east of the subject unit which are operated by Conoco, Inc., 10 Desta Drive, Suite 100 West, Midland, Texas 79705. On this date, a copy of this application has been mailed to Conoco, Inc. at the above address by Certified Mail Return Receipt Requested advising them that if they have an objection, it must be filed in writing within twenty (20) days of the date that this notice was sent to them.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long horizontal stroke extending to the right.

WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION
Enclosures

cc: Mr. Tim Gum, District Supervisor (w/enclosures)
Oil Conservation Division
District II
Post Office Drawer DD
Artesia, New Mexico 88210

Ms. Kathy H. Porter, CPL (w/enclosures)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Grande Rd., Aztec, NM 87416
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Foot Code		Foot Name Dagger Draw, Upper Penn., -South	
Property Code		Property Name DIAMOND "AKI" FEDERAL			Well Number 2
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3737.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	20-S	24-E		1310	SOUTH	10	WEST	EDDY

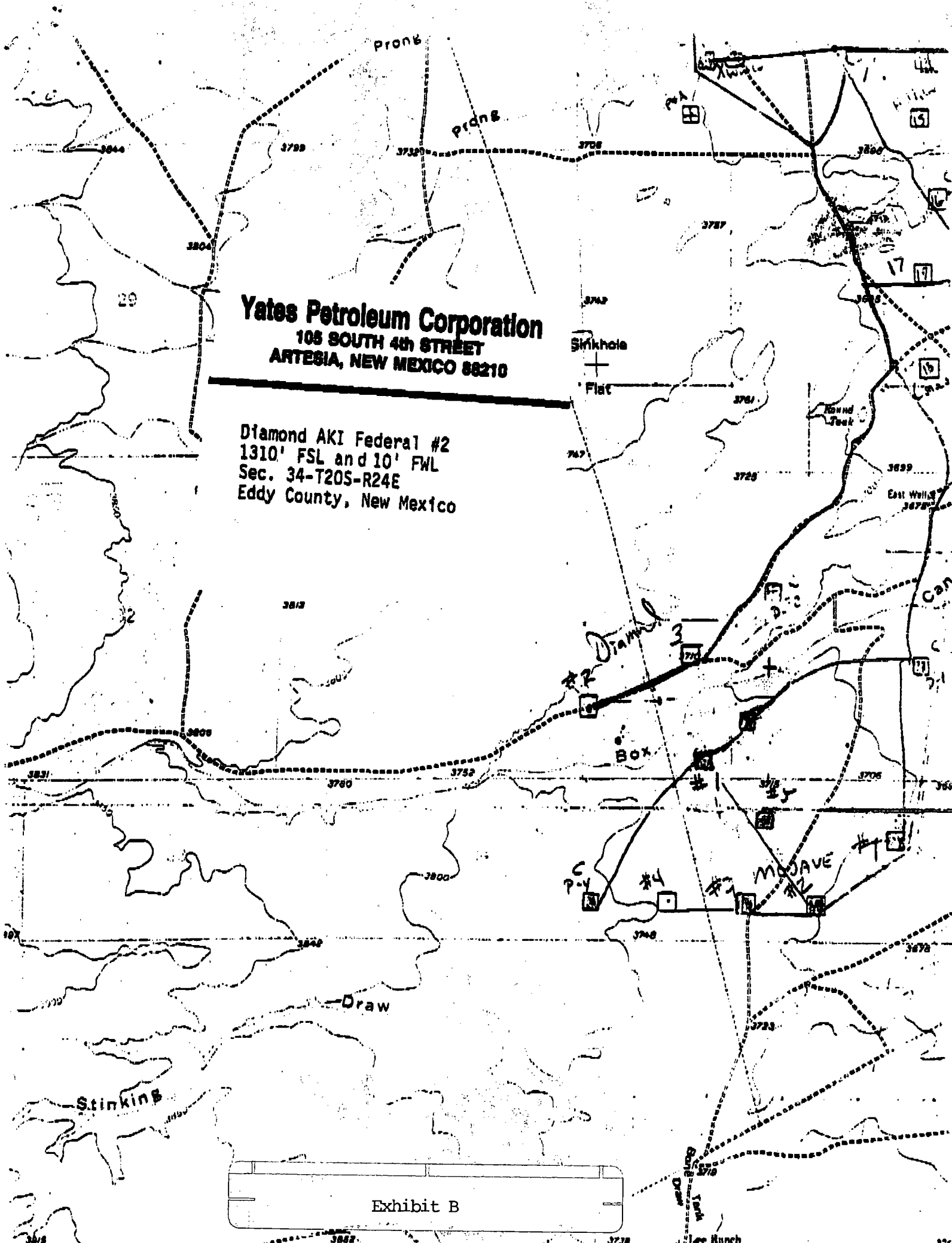
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	20-S	24-E		660	SOUTH	660	WEST	EDDY

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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>16</p> <p>N/A-045876</p> <p>10' SURFACE LOCATION</p> <p>660' BOTTOM HOLE LOCATION</p> <p>1310'</p> <p>660'</p> <p>Exhibit A</p>				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Ken Beardemph</i></p> <p>Printed Name: Ken Beardemph</p> <p>Title: Landman</p> <p>Date: 8-12-96</p>	
				<p>18 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>AUGUST 28 1996</p> <p>Date of Survey: <i>8-12-96</i></p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>5412</p> <p>NEW MEXICO</p> <p>Professional Engineer</p> <p>Certification No. 5412</p> <p>EXHIBIT NO. 5412</p>	



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Diamond AKI Federal #2
1310' FSL and 10' FWL
Sec. 34-T20S-R24E
Eddy County, New Mexico

Exhibit B

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 6, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

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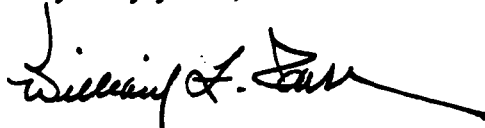
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District II
Post Office Drawer DD
Artesia, New Mexico 88210

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Yates Petroleum Corporation
105 South Fourth Street
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16	<div style="font-size: 2em; font-weight: bold; transform: rotate(-15deg); position: absolute; top: 10%; left: 10%;"> N/A-045876 </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <h3 style="margin: 0;">17 OPERATOR CERTIFICATION</h3> <p style="margin: 0; font-size: 0.8em;">I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="margin-top: 10px;"> <p>Signature: </p> <p>Printed Name: Ken Beardemph1</p> <p>Title: Landman</p> <p>Date: 8-12-96</p> </div> </div> <div style="border: 1px solid black; padding: 5px;"> <h3 style="margin: 0;">18 SURVEYOR CERTIFICATION</h3> <p style="margin: 0; font-size: 0.8em;">I hereby certify that the well location shown on this plan 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> <div style="margin-top: 10px;"> <p>Date of Survey: AUGUST 2, 1996</p> <p>Signature and Seal of Professional Surveyor:</p> <div style="display: flex; align-items: center;"> <div> <p>Surveyor: LARRY S. BEARDEMPH1</p> <p>License No.: 5412</p> <p>State: NEW MEXICO</p> </div> </div> </div> </div>
17	<div style="position: relative; height: 150px;"> <div style="position: absolute; top: 0; left: 0; transform: rotate(-45deg); font-weight: bold;"> 10° SURFACE LOCATION </div> <div style="position: absolute; bottom: 0; left: 0; transform: rotate(-45deg); font-weight: bold;"> 66° BOTTOM HOLE LOCATION </div> <div style="position: absolute; bottom: 0; left: 0; transform: rotate(-90deg); font-weight: bold;"> 1310' 0" </div> <div style="position: absolute; bottom: 0; left: 0; transform: rotate(-90deg); font-weight: bold;"> 660' </div> </div> <div style="border: 1px solid black; padding: 10px; margin-top: 10px; text-align: center;"> <div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> 1 2 </div> <div style="font-size: 1.5em; font-weight: bold;">Exhibit A</div> </div>	<div style="border: 1px solid black; padding: 5px;"> <h3 style="margin: 0;">19 CERTIFICATE</h3> <p style="margin: 0; font-size: 0.8em;">This certificate is to be filled out by the operator of the well and the surveyor who has surveyed the well location.</p> <p>Well Name: _____</p> <p>Well Number: _____</p> <p>Well Depth: _____</p> <p>Well Type: _____</p> <p>Well Status: _____</p> <p>Well Location: _____</p> <p>Well Owner: _____</p> <p>Well Operator: _____</p> <p>Well Surveyor: _____</p> <p>Well Date: _____</p> <p>Well Notes: _____</p> </div>

Yates Petroleum Corporation
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Diamond AKI Federal #2
1310' FSL and 10' FWL
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120 000 FEET