

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



*Yates -  
Van Zandt BUN  
Com #1*

**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

*5465*

**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 \_\_\_\_\_

2006 SEP 19 AM 11 26

[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.**

*Ocean Munds Dry* *Ocean Munds Dry* *Attorney* *9-19-06*  
 Print or Type Name                      Signature                      Title                      Date  
 \_\_\_\_\_  
*Omundsdry@hollandhart.com*  
 e-mail Address

**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD

**Sent:** Tuesday, September 26, 2006 12:14 PM

**To:** 'Ocean Munds-Dry'

**Subject:** Yates NSL Application 626330433 - Van Zandt BJJ State Com #1

Dear Ocean

Please specifically confirm that the statement on Page 2 of your letter of Sept 19 which reads"

"The ownership is common in the west offsetting spacing unit towards which the proposed well encroaches."

means that the ownership of all working and royalty interests in the Morrow formation is identical in the E/2 of Section 1-10S-32E and the W/2 of that section.

Thanks

David Brooks



September 19, 2006

**HAND DELIVERY**

Mr. Mark Fesmire, 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 an unorthodox well location for its Van Zant BJN State Com Well No. 1, to be drilled at a surface location 660 feet from the North line and 2180 feet from the East line of Section 1, Township 10 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation ("Yates") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4), of an unorthodox well location for its Van Zant BJN State Com Well No. 1 located 660 feet from the North line and 2180 feet from the East line of Section 1, Township 10 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

This proposed location is unorthodox because it is governed by the Division's Statewide Rules which provides for gas wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed unorthodox well location is only 460 feet from the western boundary of the spacing unit. A standard 320-acre spacing unit and proration unit comprised of the E/2 of Section 1 will be dedicated to the well.

The non-standard location is required by topographic and geologic conditions. The geologic target for this well is a north-south trending lower Morrow sand channel. The proposed well cannot be drilled at a standard location because there is a north-south oriented pipeline running approximately 1950 feet from the East line. Since the well location should be at least 200 feet from the pipeline for safety reasons, the closest orthodox location would be 660 feet from the North and 1750 feet from the East line. As shown on the attached net isopach map of an upper Morrow sand channel (**Exhibit A**), a location at 1750 feet from the East line would be on the extreme eastern edge of



the Morrow channel. This upper Morrow sand is the only sand channel which has significant production and lateral extent. Yates' proposed location would be in a thicker part of the channel. The productive Morrow wells are highlighted in purple.

**Exhibit B** is Cross-Section A-A' and shows these thin Morrow sands in yellow. The Cross-Section also shows how these sands can thicken and thin. A location several hundred feet away can be the difference between a productive well and a dry hole.

**Exhibit C** is a copy of the C-102 showing the unit boundaries and the proposed unorthodox well location.

The ownership is common in the west offsetting spacing unit towards which the proposed well encroaches. Therefore there are no affected parties to notify of this application as defined in Division Rule 1210.

Approval of this application affords Yates the best opportunity to extend this gas productive channel system to the south, is the most efficient and reasonable way to develop these potential reserves and is in the best interest of conservation, prevention of waste and protection of correlative rights.

Also enclosed is a proposed administrative order prepared by Yates on behalf of the Division.

Your attention to this application is appreciated.

Sincerely,  
  
Ocean Munds-Dry  
ATTORNEY FOR YATES PETROLEUM  
CORPORATION

Enclosures

cc: John Amiet (w/o attachments)

Yates Petroleum Corporation

Attention: John Amiet

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Amiet:

Reference is made to your application dated September 19, 2006 for an unorthodox well location for Yates Petroleum Corporation's Van Zant BJN State Com Well No. 1 to be drilled to the Morrow formation. Said well will be located 660 feet from the North line and 2180 feet from the East line of Section 1, Township 10 South, Range 32 East, NMPM, Lea County, New Mexico.

A 320-acre spacing and proration unit comprising the E/2 of said Section 1 is to be dedicated to said well.

This application has been duly filed under the provisions of Rule 104.F of the General Rules of the Oil Conservation Division revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By authority granted me under the provisions of Rule 104.F(2), the above-described unorthodox well location within this 320-acre unit in the Morrow formation is hereby approved.

Sincerely,

Mark E. Fesmire, P.E.  
Director

cc: Oil Conservation Division - Hobbs/Artesia

**ISTRICK I**  
 225 N. French Dr., Hobbs, NM 88240

**ISTRICK II**  
 11 South First, Artesia, NM 88210

**ISTRICK III**  
 100 1/2 Brazos Rd., Artesia, NM 87410

**ISTRICK IV**  
 222 South Foothills, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised March 17, 1999  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 1 Copies  
 Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-025-38077	Pool Code	Pool Name Wildcat Mississippian
Property Code 35946	Property Name VAN ZANT BJN STATE COM	Well Number 001
OGRIID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4241

**Surface Location**

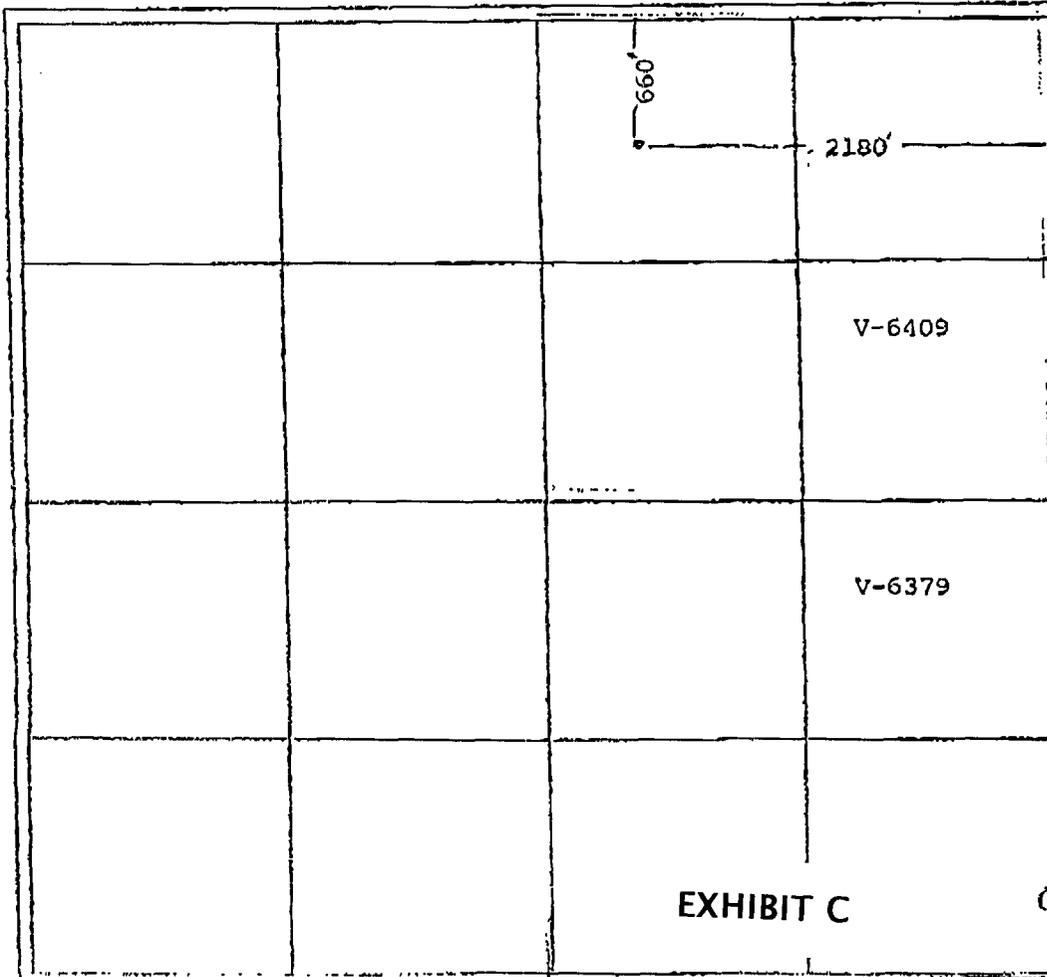
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	1	10S	32E	B	660	North	2180	East	LEA

**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
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Indicated Acres	Joint or Infill	Consolidation Code	Order No.
319.84			

**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**



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Clifton R. May*  
 Signature

Clifton R. May  
 Printed Name

Regulatory Agent

This  
 September 13, 2006  
 Date

**SURVEYOR CERTIFICATION**

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.

9/12/2006  
 Date Surveyed

*[Signature]*  
 Registered Professional Surveyor

**HEIDI JONES**  
 NEW MEXICO  
 3640  
 Registered Professional Surveyor  
 State of New Mexico  
 License No. 123456789  
 Expires 12/31/2010

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 March 4, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. 30-025-38077
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-6409
7. Lease Name or Unit Agreement Name Van Zant BJJ State Com.
8. Well Number 1
9. OGRID Number 25575
10. Pool name or Wildcat Wildcat Mississippian

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:  
 Oil Well  Gas Well  Other

2. Name of Operator  
 Yates Petroleum Corporation

3. Address of Operator  
 105 South 4<sup>th</sup> Street, Artesia, New Mexico, 88210

4. Well Location  
 Unit Letter B; 660 feet from the North line and 2180 feet from the East line  
 Section 1 Township 10S Range 32E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
 4241' GR

Pit or below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)  
 Pit Location: UL B Sect 1 Twp 10S Rng 32E Pit type Drilling Depth to Groundwater more than 150' Distance from nearest fresh water well 1000' or more Distance from nearest surface water 1000' or more Below-grade Tank Location UL \_\_\_\_\_ Sect \_\_\_\_\_ Twp \_\_\_\_\_ Rng \_\_\_\_\_ ;  
 \_\_\_\_\_ feet from the \_\_\_\_\_ line and \_\_\_\_\_ feet from the \_\_\_\_\_ line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p><b>NOTICE OF INTENTION TO:</b></p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/></p> <p>OTHER: Move location footages <input checked="" type="checkbox"/></p>	<p><b>SUBSEQUENT REPORT OF:</b></p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
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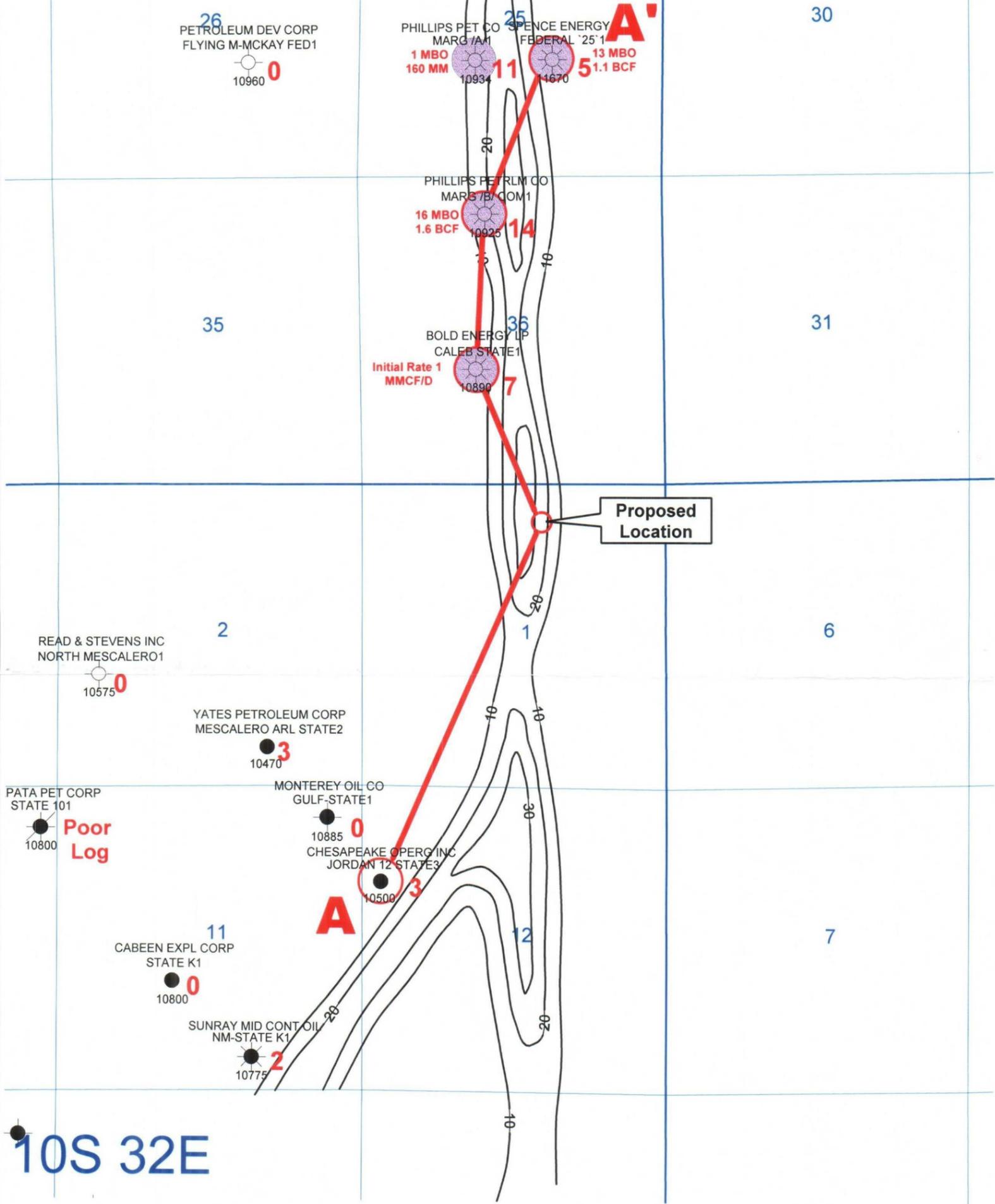
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.  
 Yates Petroleum Corporation wishes to move the location of this well from the present footages of 660' FNL & 1750' FEL to the new footages of 660' FNI & 2180' FEL. This pit will be constructed to meet NMOCD guidelines.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit  or an (attached) alternative OGD-approved plan .

SIGNATURE Clifton R. May TITLE Regulatory Agent/Land Department DATE 9/13/2006  
 Type or print name: Clifton R. May E-mail address: clifton@ypcnm.com Telephone No. (505) 748-4347

(This space for State use)  
 APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of approval, if any:

9S 32E



10S 32E

EXHIBIT A



**VAN ZANT LOCATION  
UPPER MORROW SAND ISOPACH**  
Wells Deeper Than 10,400'  
LEA COUNTY, NM

Author: JOHN AMIET	CI = 10'	Date: 12 September, 2006
ne	Scale: 1" = 2000"	Upper Morrow Net Sand Iso.gmp

- 3** Upper Morrow Net Feet Sand > 6% Porosity
-  Upper Morrow Production
- MBO** Thousand Barrels of Oil
- MM** Million Cubic Feet Gas
- BCF** Billion Cubic Feet Gas



**DISTRICT I**  
 300 N. French St., Hobbs, NM 88341

**DISTRICT II**  
 11 South First, Artesia, NM 88310

**DISTRICT III**  
 100 1/2a Brazos Rd., Artec, NM 87410

**DISTRICT IV**  
 200 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised March 17, 1988  
 Instructions on back  
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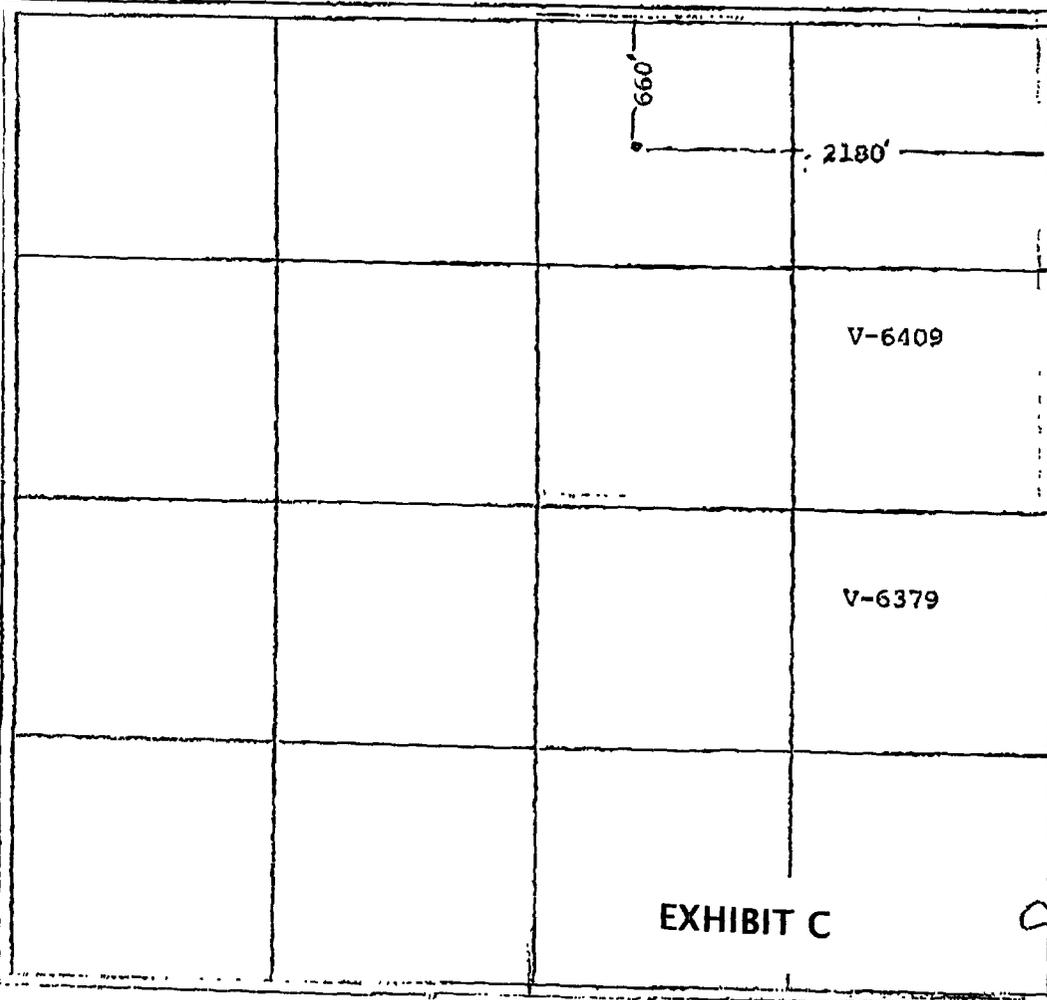
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Dedicated Acres 319.84	Joint or Infill	Consolidation Code	Order No.
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**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Clifton R. May*  
 Signature  
 Clifton R. May  
 Printed Name  
 Regulatory Agent  
 Title  
 September 13, 2006  
 Date

---

**SURVEYOR CERTIFICATION**

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.

9/12/2006  
 Date Surveyed

*[Signature]*  
 Signature of Professional Surveyor

**HERBERT JONES**  
 3840  
 CERTIFICATE NO. HERBERT JONES RLS 3840  
 PROFESSIONAL SURVEYING COMPANY

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 March 4, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO.  
 30-025-38077

5. Indicate Type of Lease  
 STATE  FEE

6. State Oil & Gas Lease No.  
 V-6409

7. Lease Name or Unit Agreement Name  
 Van Zant BJN State Com.

8. Well Number  
 1

9. OGRID Number  
 25575

10. Pool name or Wildcat  
 Wildcat Mississippian

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 Type or print name: Clifton R. May E-mail address: clifton@ypcnm.com Telephone No. (505) 748-4347

(This space for State use)  
 APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of approval, if any: