

ABOVE THIS LINE FOR DIVISION USE ONLY

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



5490

**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.

<u>Chuck Moran</u> Print or Type Name	<u><i>Chuck Moran</i></u> Signature	<u>Chief Landman</u> Title	<u>11/8/06</u> Date
		<u>cmoran@ypcnm.com</u> e-mail Address	

2006 NOV 13 PM 1 11

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S.P. YATES  
CHAIRMAN EMERITUS  
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EXECUTIVE VICE PRESIDENT  
JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

November 8, 2006

New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Attention: Mr. Mark Fesmire

Re: Administrative Application of Yates Petroleum Corporation for  
Approval of an Unorthodox Gas Well Location, Eddy County New  
Mexico

Dear Mr. Fesmire:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for any gas production for its Gardner Draw Unit #5 well drilled at an unorthodox gas well location of 660 feet from the West line and 2,015 feet from the North line (Unit D) of Section 32, Township 19 South, Range 21 East, NMPM, Eddy County, New Mexico and to be dedicated to a W/2 spacing unit for all formations that require a 320 acre spacing unit and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the W/2 of Section 32. (See Exhibit # 1 plat enclosed)
- 2) Yates drilled this well in October 1980 (originally called the Latham OC State Com. #1) at a location of 660 feet from the West line and 2,015 feet from the North line (Unit D) of Section 32, Township 19 South, Range 21 East, NMPM, Eddy County, New Mexico. (See Exhibit # 2 enclosed)
- 3) At this time we are proposing to re-complete the well by adding additional perforations to Morrow formation and possibly adding perforations to the Wolfcamp, Atoka and Strawn formations. Utilizing the exiting wellbore to test these formations is the most efficient and practical means to produce the oil and gas reserves in this section.
- 4) The lease on which the well will be drilled is communitized to form a 320 acre spacing unit in the W/2 of Section 32, Township 19 South, Range 21 East,

NMPM and the Gardner Draw Unit #5 only encroaches on to the half section line in the center of the spacing unit.

- 5) Under the communitization agreement the owners are identified on Exhibit # 3 and are the only affected persons as defined by Rule 1210.A (2).
- 6) Out of caution, we are also notifying offset operators or lessees in adjoining and diagonal spacing units to this proposed well. (See Exhibit #4)

Wherefore, Yates Petroleum Corporation requests that this unorthodox well location be approved for any and all formations to be produced on a 320 acre spacing unit administratively by the Division.

Respectfully submitted,

**YATES PETROLEUM CORPORATION**



Chuck Moran  
Landman

Enclosure



**Exhibit 2**  
 Yates Petroleum Corporation  
 Gardner State Unit #5 Unorthodox Application  
 W/2 of Sec. 32-T19S-R21E  
 Eddy County, NM

Form C-102  
 Supersedes C-128  
 Effective 1-1-65

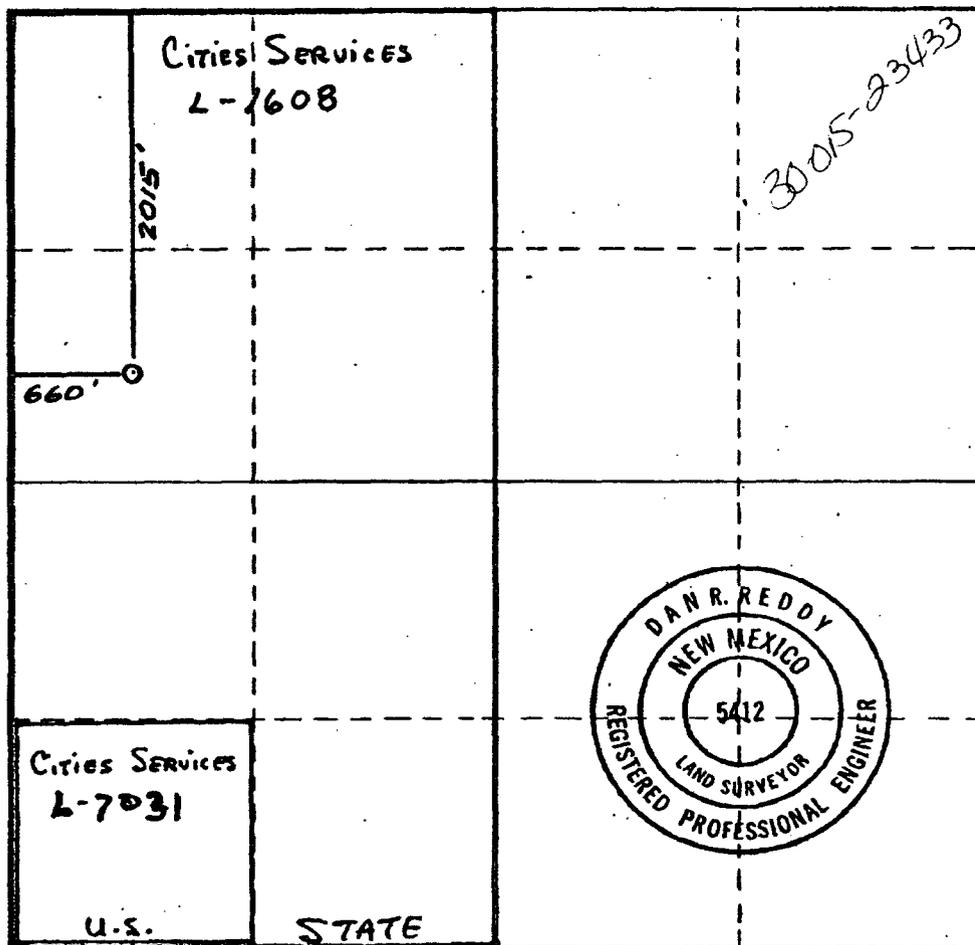
Operator <b>YATES PETROLEUM CORPORATION</b>		Lease <b>Latham OC State Com</b>			Well No. <b>1</b>
Unit Letter <b>E</b>	Section <b>32</b>	Township <b>19 South</b>	Range <b>21 East</b>	County <b>Eddy</b>	
Actual Footage Location of Well: <b>2015</b> feet from the <b>North</b> line and <b>660</b> feet from the <b>West</b> line					
Ground Level Elev. <b>4541.</b>	Producing Formation <b>MORROW</b>	Pool <b>Under MORROW</b>	Dedicated Acreage: <b>320</b> Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes     No    If answer is "yes," type of consolidation COMMUNITIZED

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

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

*Johnny A. Lopez*  
 Name

**JOHNNY A. LOPEZ**

Position:  
**REGULATORY COORDINATOR**

Company:  
**YATES PETROLEUM CORPORATION**

Date:  
**7/29/80**

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 knowledge and belief.

Date Surveyed:  
**July 24, 1980**

Registered Professional Engineer and/or Land Surveyor

*Dan R. Reddy*  
 Certificate No.

**NM PE&LS #5412**



**Exhibit 3**  
Yates Petroleum Corporation  
Gardner State Unit #5 Unorthodox Application  
W/2 of Sec. 32-T19S-R21E  
Eddy County, NM

**Township 19 South, Range 21 East, NMPM**

**Section 32: W/2**

**Owner Name**

Yates Petroleum Corporation  
Yates Drilling Company  
Sacramento Partners Limited Partnership  
Myco Industries, Inc.  
Sharbor Oil LTD. Co.  
Trust Q U/W/O Peggy A. Yates, John A. Yates, Trustee  
John A. Yates  
Marico Exploration Inc.  
Los Chicos  
105 S. 4th Street  
Artesia, NM 88210

**Exhibit 4**  
Yates Petroleum Corporation  
Gardner State Unit #5 Unorthodox Application  
W/2 of Sec. 32-T19S-R21E  
Eddy County, New Mexico

**Township 19 South, Range 21 East, NMPM**  
**Section 32: E/2**

Same as W/2 on Exhibit 3

**Township 19 South, Range 21 East, NMPM**  
**Section 29: All**

**Owner Name**

Echo Production, Inc.  
P. O. Box 1210  
Graham, TX 76450

Kukui, Inc.  
6600 Kalaniana'ole, Hwy, Suite 224  
Honolulu, HI 96825

Latigo Petroleum, Inc.  
15 W. 6th Street, #1100  
Tulsa, OK 74119

Talus Inc.  
P. O. Box 1210  
Graham, TX 76450

The Allar Company  
P. O. Box 1567  
Graham, TX 76450

Twin Mountain, Inc.  
P. O. Box 1210  
Graham, TX 76450

**Township 19 South, Range 21 East, NMPM**  
**Section 30: All**

**Owner Name**

Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation  
105 S. 4th Street  
Artesia, NM 88210

**Exhibit 4**  
Yates Petroleum Corporation  
Gardner State Unit #5 Unorthodox Application  
W/2 of Sec. 32-T19S-R21E  
Eddy County, New Mexico

**Township 19 South, Range 21 East, NMPM**  
**Section 31: E/2**

**Operator \***

Latigo Petroleum, Inc.  
15 W. 6th Street, #1100  
Tulsa, OK 74119

or

Pogo Producing Company  
Attn: Ken Dixon  
P. O. Box 10340  
Midland, Texas 79702-7340

**Township 20 South, Range 21 East, NMPM**  
**Section 6: All**

**Owner Name**

Echo Production, Inc.  
P. O. Box 1210  
Graham, TX 76450

Kukui, Inc.  
6600 Kalaniana'ole, Hwy, Suite 224  
Honolulu, HI 96825

Latigo Petroleum, Inc.  
15 W. 6th Street, #1100  
Tulsa, OK 74119

Talus Inc.  
P. O. Box 1210  
Graham, TX 76450

The Allar Company  
P. O. Box 1567  
Graham, TX 76450

Twin Mountain, Inc.  
P. O. Box 1210  
Graham, TX 76450

**Township 20 South, Range 21 East, NMPM**  
**Section 5: All**

**Owner Name**

**Exhibit 4**

Yates Petroleum Corporation  
Gardner State Unit #5 Unorthodox Application  
W/2 of Sec. 32-T19S-R21E  
Eddy County, New Mexico

Devon Energy Production Company, LP  
20 N. Broadway, #1500  
Oklahoma City, OK 73102

\* Note: Latigo Petroleum Corporation recently sold to Pogo Producing Company.

21E

6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36
6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36

195

200

Crooked Canyon Atoka-Morrow Geo