



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 30, 1998

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

Re: Application of Yates Petroleum Corporation for administrative approval of an unorthodox gas well location for its Big Freddy Unit Well No. 3 (API No. 30-015-21444), located 2310' FNL & 2410' FWL (Unit F) of Section 36, Township 23 South, Range 22 East, NMPM, Sitting Bulls Falls-Morrow Gas Pool, Eddy County, New Mexico.

Dear Mr. Carr:

Reference is made to the subject application on behalf of the operator, Yates Petroleum Corporation ("Yates"), dated September 17, 1998. In your application, it was indicated that the N/2 of Section 36 is to be dedicated to this well, however the APD filled by Yates (see copy attached) indicates that the W/2 is to be dedicated. Please verify which is correct. Thank you for your assistance.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101
Revised October 18, 1994

District II
811 South First, Artesia, NM 88210
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. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210		² OGRID Number 025575
		³ API Number 30-015-21444
⁴ Property Code 23346	⁵ Property Name Big Freddy Unit	⁶ Well No. 3

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	36	23S	22E		2310'	North	2410'	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 8540 Sitting Bull Falls Morrow					¹⁰ Proposed Pool 2				

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary Pulling Unit	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4410'
¹⁶ Multiple No	¹⁷ Proposed Depth 10,400'	¹⁸ Formation Morrow	¹⁹ Contractor Undesignated	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

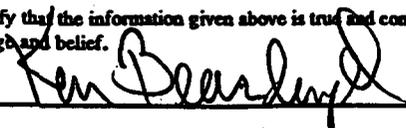
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	410' In place	425 sx	Circulate
12 1/4"	8 5/8"	24# & 32#	2489' In place	1200 sx	Circulate
7 7/8"	5 1/2"	17#	TD	1100 sx	Circulate

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.

Yates Petroleum Corporation proposes to re-enter this well which was originally drilled by American Quasar Petroleum Company on December 30, 1974, as the Huber State #1. Yates will drill out all old plugs to the original TD of 10,400' run 5 1/2" casing to TD and cement back to the surface. Perforate and stimulate as needed to obtain production in the Morrow and intermediate formations.

MUD PROGRAM: 0-10,400' Cut Brine; Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 	Approved by: ORIGINAL SIGNED BY TIM W. GUN		
Printed name: KEN BEARDEMPHL	Title: DISTRICT II SUPERVISOR		
Title: LANDMAN	Approval Date: 9-15-98	Expiration Date: 9-15-99	
Date: September 10, 1998	Phone: 505-748-4348	Conditions of Approval: Attached <input type="checkbox"/>	

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 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

¹ API Number 30-015-21444		² Pool Code		³ Pool Name Sitting Bull Falls Morrow	
⁴ Property Code		⁴ Property Name Big Freddy Unit			⁵ Well Number 1
⁷ OGRID No. 025575		⁶ Operator Name YATES PETROLEUM CORPORATION			⁸ Elevation 4410'

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
F	36	23S	22E		2310'	North	2410'	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

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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
	Signature
	Printed Name Ken Beardemphl
	Title Landman
	Date September 10, 1998
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i>
	Date of Survey
	Signature and Seal of Professional Surveyer: REFER TO ORIGINAL PLAT.
	Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

NOV - 4 1974

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

All distances must be from the outer boundaries of the Section.

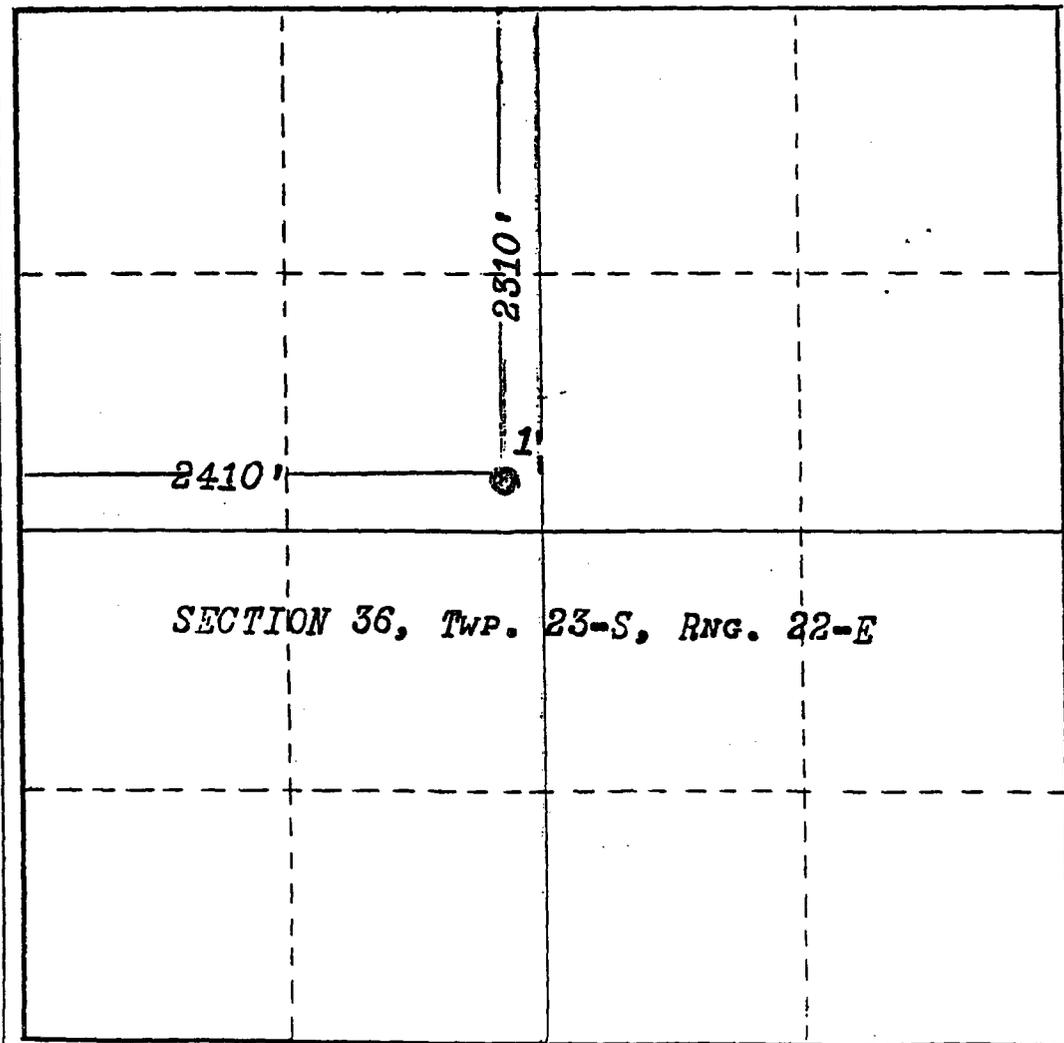
Operator AMERICAN QUASAR PETROLEUM CO. OF NEW MEXICO		Lease Huber State		Well No. 1
Unit Letter F	Section 36	Township 23S	Range 22E	County Eddy
Actual Footage Location of Well: 2310 feet from the North line and 2410 feet from the West line				
Ground Level Elev. 4410	Producing Formation Morrow	Pool Wildcat	Dedicated Acreage: 320 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 N/A

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

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.

Lynn D. Jones
Name
Lynn D. Jones

Position
Mgr. of Operations

Company
**American Quasar Petr
Co. of New Mexico**

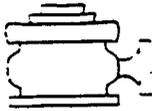
Date
November 1, 1974

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Oct. 29, 1974

Registered Professional Engineer and/or Land Surveyor
[Signature]

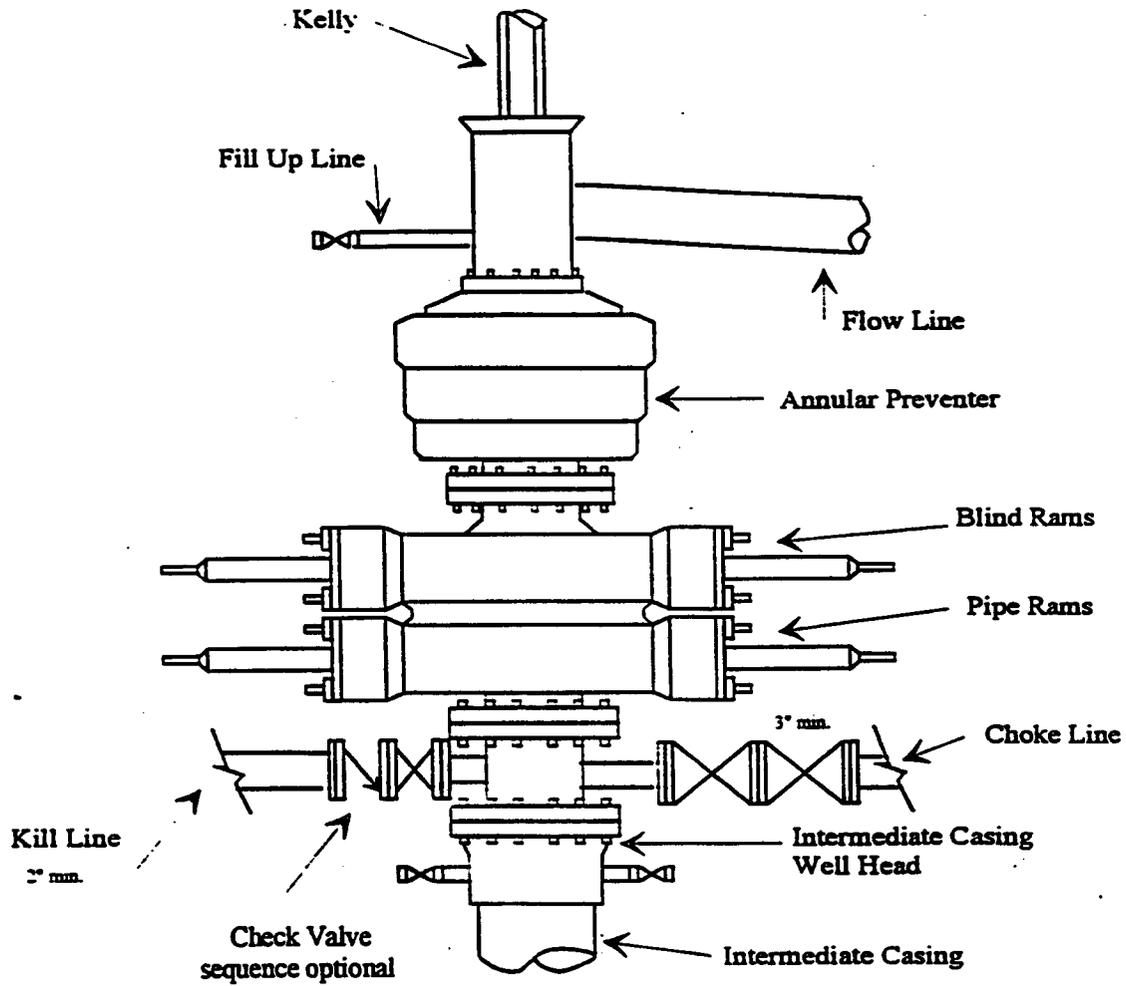
Certificate No.
754



Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features

