



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

August 21, 1985

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

ATTENTION: Mr. Richard Stamets

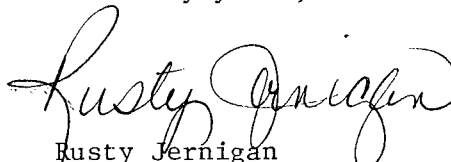
Dear Mr. Stamets:

Enclosed you will find a copy of the certification showing where we notified Moncrief Oil Interests of our intentions for the Hot Toddy "ABQ" State #1. This was accidentally left out of our letter to you on August 19, 1985. The paper containing the copy of the certification also shows where Moncrief Oil Interests has received it.

If there is anything else that you might need, please contact us.

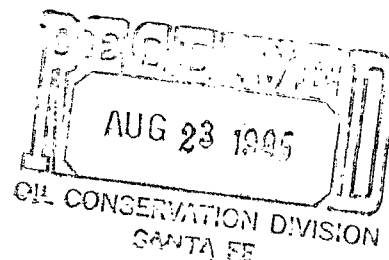
I hope that this has not caused you any inconvenience.

Sincerely yours,


Rusty Jernigan
Regulatory Secretary

ry

Enclosures



P 010 001 304

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

Sent to Moncrief Oil Interests	
Street and No. 400 Metro Bldg.	
P.O., State and ZIP Code Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date 8-19-85	

PS Form 3811, July 1983 447-845

DOMESTIC RETURN RECEIPT

☒ SENDER: Complete items 1, 2, 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.	
1. ☐ Show to whom, date and address of delivery. 2. ☐ Restricted Delivery.	
3. Article Addressed to: Moncrief Oil Interests 400 Metro Bldg. Midland, TX 79701	
4. Type of Service: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail	Article Number P 010 001 304
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Addressee X <i>Rich. Bridges</i>	
6. Signature — Agent X	
7. Date of Delivery AUG 20 1985	
8. Addressee's Address (ONLY if requested and fee paid)	

Release Sept. 10, 1985

By Dec



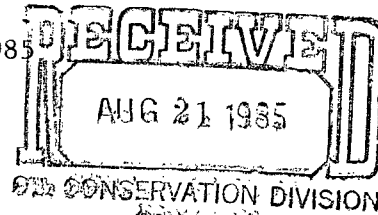
207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

NSI - 2144
RULE-104F(I)

August 19, 1985



New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

ATTENTION: Mr. Richard Stamets

Undesignated Perm Penn Po. 1
As designated SW 1/4 NE 1/4 Sec 18

RE: Hot Toddy "ABQ" State #1
1980' FNL & 1500' FEL of
Section 18-T16S-R34E
Lea County, New Mexico

Dear Mr. Stamets:

Yates Petroleum Corporation would appreciate administrative approval for an unorthodox Permo-Penn location as provided for under NMOCD Rule 104F.

The above captioned well was originally drilled to the South Kemnitz Atoka Morrow formation and under Order Number R-7777 issued on January 9, 1985. This was Case No. 8442 submitted by Rio Pecos Corporation. Since the well proved dry in the Morrow formation it was then completed in the Permo-Penn horizon. We would appreciate your favorable consideration concerning this unorthodox Permo-Penn well.

Enclosed please find a copy of the survey plat, a copy of your letter dated August 8, 1985, Order No. R-7777 and a lease map showing the offset operators. Moncrief Oil Interests has been notified of our intentions by certified mail. A copy of the certification is enclosed.

Thank you for your help in this matter.

Sincerely yours,

Cy Cowan
Regulatory Agent

CC:rj

Enclosures

cc: Moncrief Oil Interests
400 Metro Building
Midland, TX 79701

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

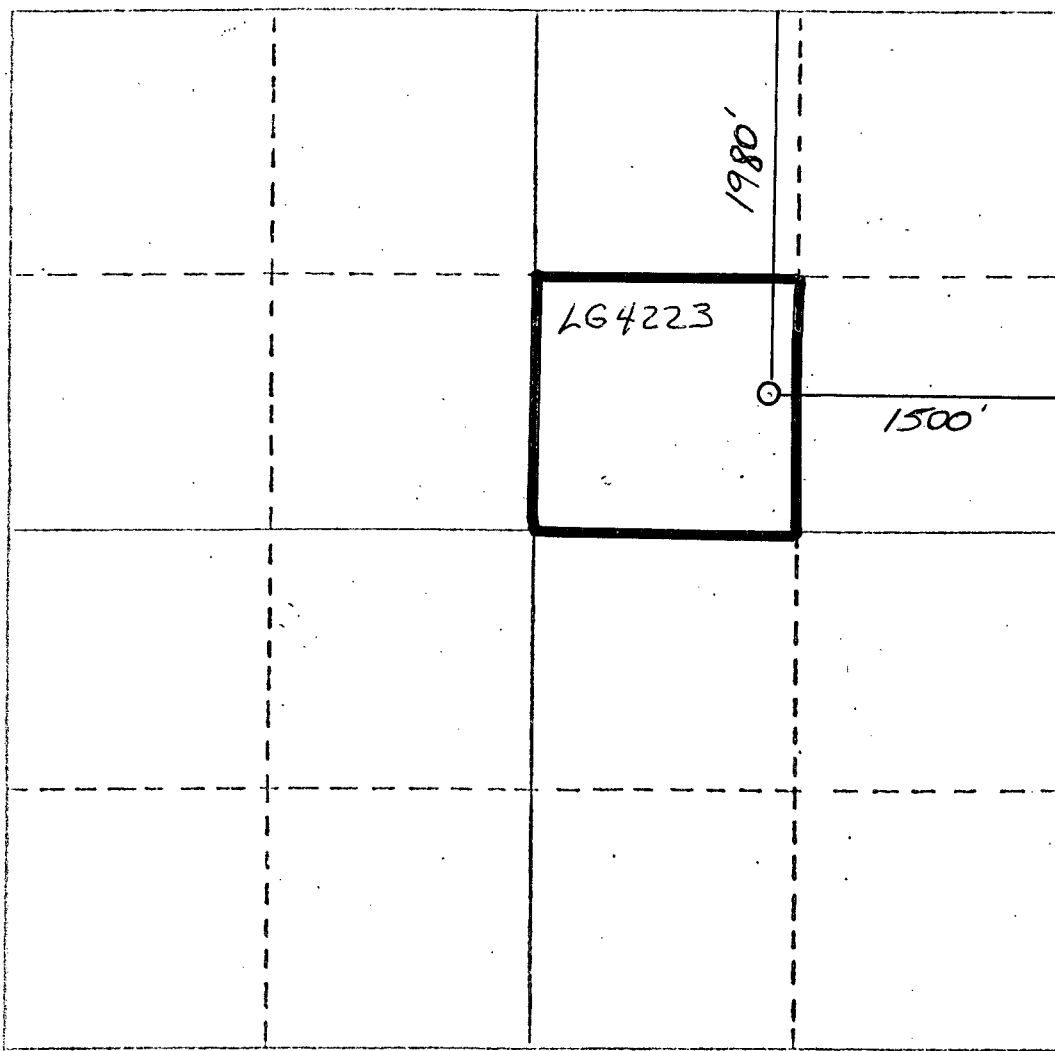
Operator Yates Petroleum Corporation			Lease Hot Toddy "ABQ" State		Well No. 1
Unit Letter G	Section 18	Township 16S	Range 34E	County Lea	
Actual Postage Location of Well:					
1980 feet from the North		line and 1500		feet from the East line	
Ground Level Elev. 4141.1	Producing Formation PERMO PENN		Pool Wildcat		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 _____

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 Division.



CERTIFICATION

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

Cy Cowan
Name

Cy Cowan

Position

Regulatory Agent

Company

Yates Petroleum Corporation

Date

August 19, 1985

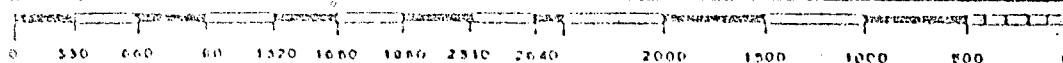
I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

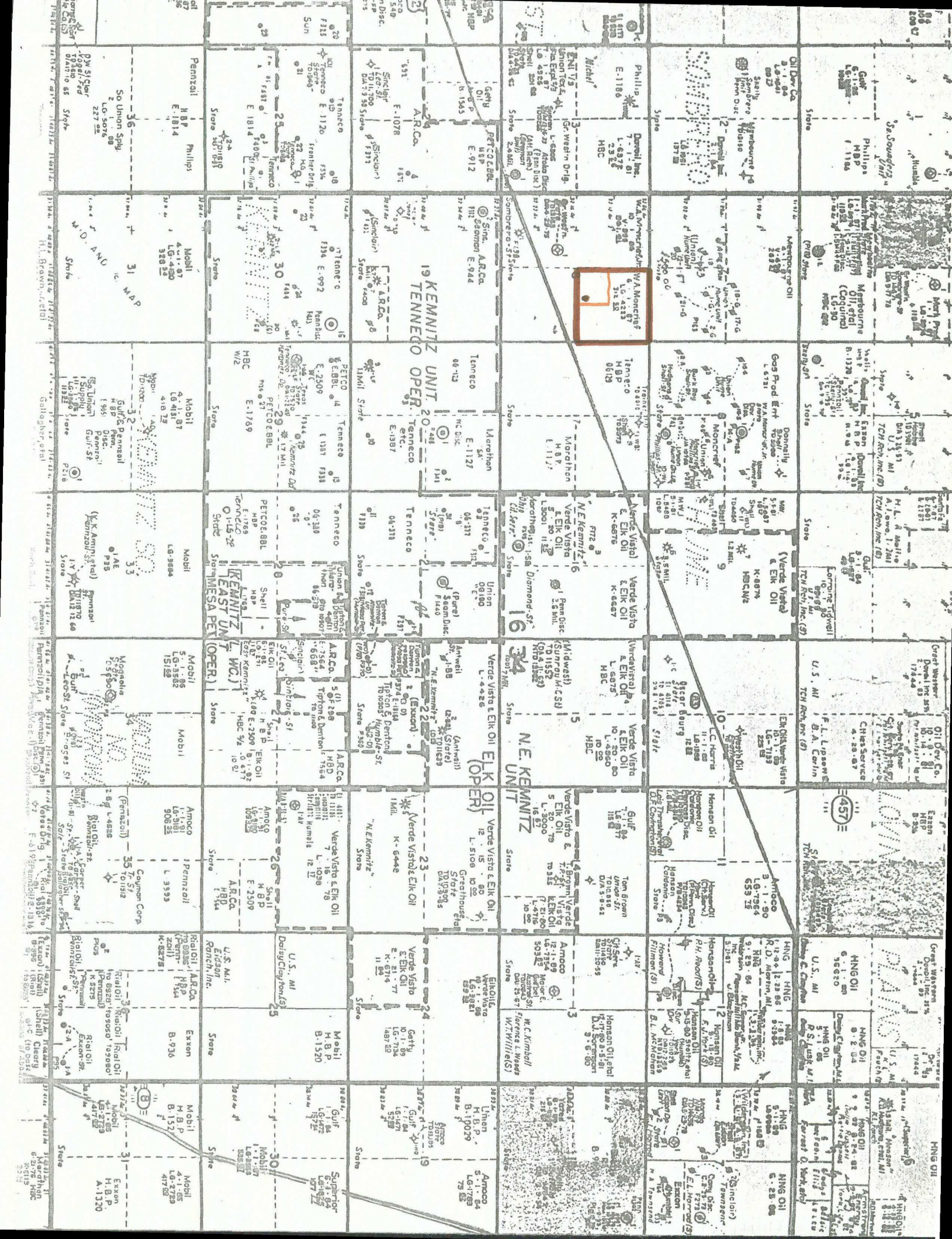
REFER TO ORIGINAL PLAT

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

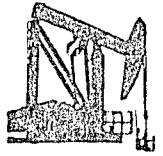
Certificate No.





C.Y.
RECEIVED AUG 12 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241
(505) 393-6161



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

August 8, 1985

Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

Gentlemen,

Inasmuch as Division Order No. R-7777, which approved the unorthodox location for your Hot Toddy ABQ State Well No. 1 located in Unit G of Section 18, T-16-S, R-34-E, specified the Atoka and Morrow formations, it will be necessary for you to reapply for approval of the unorthodox location for the Permo-Pennsylvanian formation in which the well has been completed.

Form C-104 will be held without approval and no allowable can be assigned for the well until this approval has been obtained.

We might also point out that the perforations in the well do not fall within the vertical limits of the Kemnitz Lower Wolfcamp Pool and the well will, therefore, be considered as a wildcat and a new pool for the upper Wolfcamp formation will have to be created.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District 1

mc

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8442
Order No. P-7777

APPLICATION OF RIO PECOS CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 19, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of January, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Rio Pecos Corporation, seeks approval of an unorthodox gas well location 1980 feet from the North line and 1500 feet from the East line of Section 18, Township 16 South, Range 34 East, NWPM, to test the Atoka and Morrow formations, South Kemnitz Atoka-Morrow Gas Pool, Lea County, New Mexico.

(3) The N/2 of said Section 18 is to be dedicated to the well to form a standard 320-acre gas proration and spacing unit within said South Kemnitz Atoka-Morrow Gas Pool.

(4) A well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) No offset operator objected to the proposed unorthodox location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Rio Pecos Corporation for an unorthodox gas well location for the Atoka and Morrow formations is hereby approved for a well to be located at a point 1980 feet from the North line and 1500 feet from the East line of Section 18, Township 16 South, Range 34 East, NMPM, South Kennitz Atoka-Morrow Gas Pool, Lea County, New Mexico.
- (2) The N/2 of said Section 18 shall be dedicated to the above-described well.
- (3) 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
R. L. Stamets
R. L. STAMETS,
Director

S E A L