

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

OIL CONSERVATION DIVISION
RECEIVED
96 JUL 5 AM 8:52
S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANNEY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

July 2, 1996

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

CERTIFIED MAIL
Return Receipt Requested

RE: Application for Unorthodox Location
Ed Powell Unit #1
Wildcat ABO Pool
Township 26 south, Range 38 East
Section 20: SE/4SE/4
Lea County, New Mexico

Dear Mr. Catanach:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox well, the Ed Powell Unit #1. This well is located on Federal Oil and Gas Lease NM 69605 at a footage location of 1250' FSL and 990' FEL for geological reasons.

The original application for permit to drill submitted by Yates requested approval to drill to a total depth of 8500' to test the ABO and intermediate formations and amended by a subsequent Sundry Notice of Intent to drill deeper to test the Mississippian at approximately 9800'.

The attached Blinebry Time Structure Map (based on 3D seismic) shows a north plunging structural nose with a closure centered in the SE/4 of Seciton 20. Development drilling for the Blinebry formation is currently taking place several miles to the northwest on structural closures. This area of Lea County has very few deep wells and no Blinebry tests on the shown closure. This test must be considered a high risk venture due to the lack of well control. The unorthodox location was selected at the top of the closure in order to optimize the changes of establishing economic hydrocarbon production. Any other location would have significantly increased the risk on an already high risk project.

Yates Petroleum Corporation and the Yates' family companies own and operate all the offset leasehole acreage, therefore, we submit no waivers of objection to the unorthodox location.

We further request this well location be approved for all formations developed on forty (40) acre spacing in the SE/4SE/4 of Section 20.

Yates Petroleum Corporation believes approval of the unorthodox Ed Powell Unit #1 should be in the best interest of conservation, would protect correlative rights, and would allow for the most complete recovery of oil-in-place.

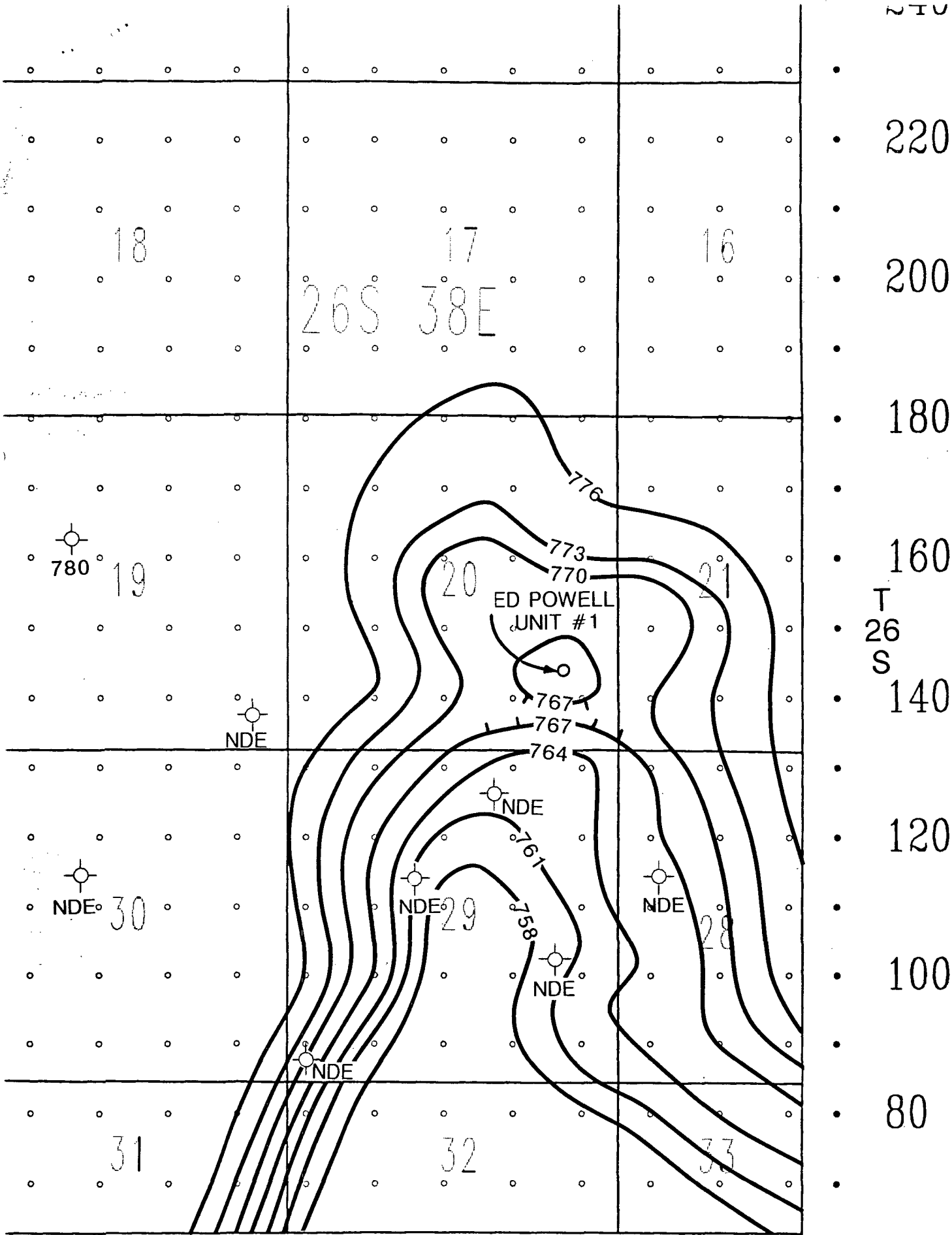
Enclosed are application for permit to drill with amended Sundry Notice, a land plat showing all offset operators, and Blineberry structure map. Please call me at 505-748-4351 if you need further information.

Thank you.

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)



R38E

ED POWELL UNIT #1
BLINEBRY TIME STRUCTURE MAP
CONTOUR INTERVAL - 3 MS
* BASED ON 3D SEISMIC

STU
220
200
180
160
140
120
100
80
60

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

(505) 748-1471

3. Address and Telephone No.

105 South 4th St., Artesia, NM 88210

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1250' FSL & 900' FEL of Section 20-T26S-R38E (Unit P, SESE)

5. Lease Designation and Serial No.

NM-6905-69605

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Ed Powell Unit #1

9. API Well No.

30-025-33482

10. Field and Pool, or Exploratory Area

Wildcat Abo

11. County or Parish, State

Lea Co., NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Drill Deeper
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Yates Petroleum Corporation respectfully requests approval to drill this well to a total depth of approximately 9800' to test the Mississippian and intermediate formations.

Had originally requested on the Application for Permit to Drill to drill to a total depth of 8500' to test the Abo and intermediate formations.

14. I hereby certify that the foregoing is true and correct

Signed Rusty Dean Title Operations Technician Date June 26, 1996

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any: _____

N.M.C.
P.O. BOX
HOBBS, NEW MEXICO

25575

42015

COPY

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995UNITED STATES
DEPARTMENT OF THE
BUREAU OF LAND MANAGEMENT

EFFECT DATE 6-11-96

ACNO. 30-025-33482

5. LEASE DESIGNATION AND SERIAL NO.

NM-6905 NM-69605

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMIT

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

YATES PETROLEUM CORPORATION

3. ADDRESS AND TELEPHONE NO.

105 South Fourth Street, Artesia, NM, 88210 (505) 748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1250' FSL and 900' FEL

UNORTHODOX

At proposed prod. zone

LOCATION:

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 16 miles SE of Jal, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

80

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

8500

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

2983' GR

22. APPROX. DATE WORK WILL START*

ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	11 3/4" H-40	42#	1120'	550 sx
11"	8 5/8" J-55&HC80	32#	4130'	1050 sx
7 7/8"	5 1/2" J-55&N-80	15.5# & 17.0#	8500'	900 sx

The Notice of Staking filed April 19, 1996 had this well named the Ed Powell Unit #3. This needs to be changed to the Ed Powell Unit #1. Yates Petroleum Corporation plans to drill and test the Abo and intermediate formation. 1120' of surface casing will be set and cemented. 4130' of Intermediate casing will be set and cemented. If commercial production casing will be set to TD, cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud to 1120' with FW Gel, Paper, LCM; 1120' to 4130' with Brine; 4130' to 8500' with Cut Brine, Starch.

BOPE PROGRAM: 3000 PSI BOPE system will be installed on the 11 3/8" casing and tested daily for operational

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Cliff R. May

TITLE

Regulatory Agent

DATE

4-29-96

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

/s/ Yolanda Vega

TITLE

ASSISTANT AREA MANAGER

DATE

5-20-96



WINKLER County

Ownership Map

East LEA COUNTY, NEW MEXICO

SCALE: 1" = 4,000 Ft.

REG. NO. F28637
COPYRIGHT MIDLAND MAP CO.

Well Information

1995

103°10'

103°05'

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 11395
ORDER NO. R-10500**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION:

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 19, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of October, 1995, 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, Yates Petroleum Corporation, seeks approval of the Ed Powell Unit Agreement for all oil and gas in any and all formations underlying the following described 5,207.08 acres, more or less, of State and Federal lands in Lea County, New Mexico:

TOWNSHIP 26 SOUTH. RANGE 38 EAST. NMPM

Section 7: SE/4

Section 8: S/2 SW/4

Section 17: W/2

Sections 18 through 21: All

Sections 28 through 33: All

(3) No interested party appeared and objected to the proposed unit agreement.

(4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Ed Powell Unit Agreement is hereby approved for all oil and gas in any and all formations underlying the following described 5,207.08 acres, more or less, of State and Federal lands in Lea County, New Mexico:

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM

Section 7: SE/4

Section 8: S/2 SW/4

Section 17: W/2

Sections 18 through 21: All

Sections 28 through 33: All

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

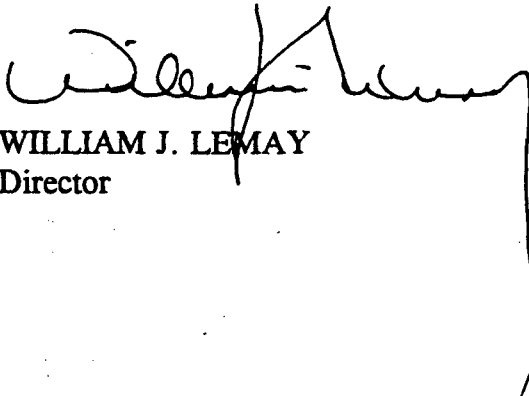
(5) This order shall become effective upon the approval of said unit agreement by the appropriate agency of the United States Department of the Interior and the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

CASE NO. 11395
Order No. R-10500
Page 3

(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

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION

Prop Identifier : 19015 ED POWELL UNIT

API Well Identifier : 30 25 33482

Well No : 1

Surface Locn - UL : P Sec : 20 Twp : 26S Range : 38E Lot Idn :

Multiple comp (S/M/C): S TVD Depth (Feet) : MVD Depth (Feet):

Spud Date : P/A Date :

Casing/Linear Record:

S Size

Grade Weight

Depth(ft)

Depth(ft)

Hole Size

Cement

TOC

(inches)

(lb/ft)

Top-Liner

Bot-Liner

(inches)

(Sacks)

(feet)

Code

E0004: No matching record found. Enter data to create.

PF01 HELP

PF02

PF03 EXIT

PF04 GoTo

PF05

PF06 CONFIRM

PF07

PF08

PF09 COMMENT

PF10 TLOG

PF11

PF12

CMD : ONGARD 07/18/96 14:27:36
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -EMGP

OGRID Idn : 25575 API Well No: 30 25 33482 APD Status(A/C/P): A
Opr Name, Addr: YATES PETROLEUM CORPORATION Aprvl/Cncl Date : 05-20-1996
105 S 4TH ST
ARTESIA,NM 88210

Prop Idn: 19015 ED POWELL UNIT Well No: 1

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----		-----	-----
Surface Locn : P	20	26S	38E				FTG 1250 F S	FTG 900 F E
OCD U/L : P		API	County	: 25				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 2983

State Lease No: Multiple Comp (Y/N) : S
Prpsd Depth : 8500 Prpsd Frmtn : ABO

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12