

5/9/08 DATE IN	SUSPENSE	Brooks ENGINEER	5/12/08 LOGGED IN	NSL TYPE	PKUR0813346314 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Yates Petroleum Corp
Boomerang State
Unit #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

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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 5-9-08
Print or Type Name Signature Title Date
omundsdry@hollandhart.com
e-mail Address

RECEIVED
2008 MAY 9 PM 3 22

5848

5/9



May 9, 2008

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

30-005-29036

2575 on 25575

State

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Boomerang State Unit Well No. 1 located 1650 feet from the South line and 990 feet from the East line of Section 26, Township 8 South, Range 33 East, N.M.P.M., Chaves County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Division Rule 104 F (2), Yates Petroleum Corporation ("Yates") hereby seeks administrative approval of an unorthodox well location for its Boomerang State Unit Well No. 1 located 1650 feet from the South line and 990 feet from the East line of Section 26, Township 8 South, Range 33 East, N.M.P.M., Chaves County, New Mexico. The E/2 SE/4 of Section 26 will be dedicated to the well.

This location is unorthodox because it is governed by the The Special Rules and Regulations for the Tobac-Pennsylvanian Pool which provide for wells on 80-acre spacing to be located 150 feet of the center of a single governmental quarter-quarter section. The proposed location is unorthodox because it is outside the 150 foot window to the south and the west. A standard 80-acre spacing and proration unit comprised of the E/2 SE/4 of Section 26 will be dedicated to the well.

The unorthodox location is required by geologic conditions. As discussed by Mr. Miller in Exhibit A, a standard location would not penetrate the thickest net porosity. As shown on the attached Bough C Net Porosity Isopach Map (attached as Exhibit B), the proposed location would be in the best position to penetrate between 8 to 10 feet of Bough C net porosity.

Attached hereto as **Exhibit C** is a plat as required by Rule 104.F (3). Section 26 is a part of the Boomerang State Unit. Therefore, Yates is also the offsetting operator upon which the well encroaches. Also, working interest ownership is common in each

R-9095
D-11728
ATOKA-
MORROW

(59350)



spacing unit. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

The proposed location is the most efficient and reasonable way to develop these potential reserves and would be in the best interest of conservation and the prevention of waste.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

OCD - Hobbs

DISTRICT I

1825 N. FRENCH DR., HOBBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2006

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 59350	Pool Name Tobac Upper Penn
Property Code	Property Name BOOMERANG STATE UNIT	Well Number 1
OGRIID No.	Operator Name YATES PETROLEUM CORPORATION	Elevation 4341'

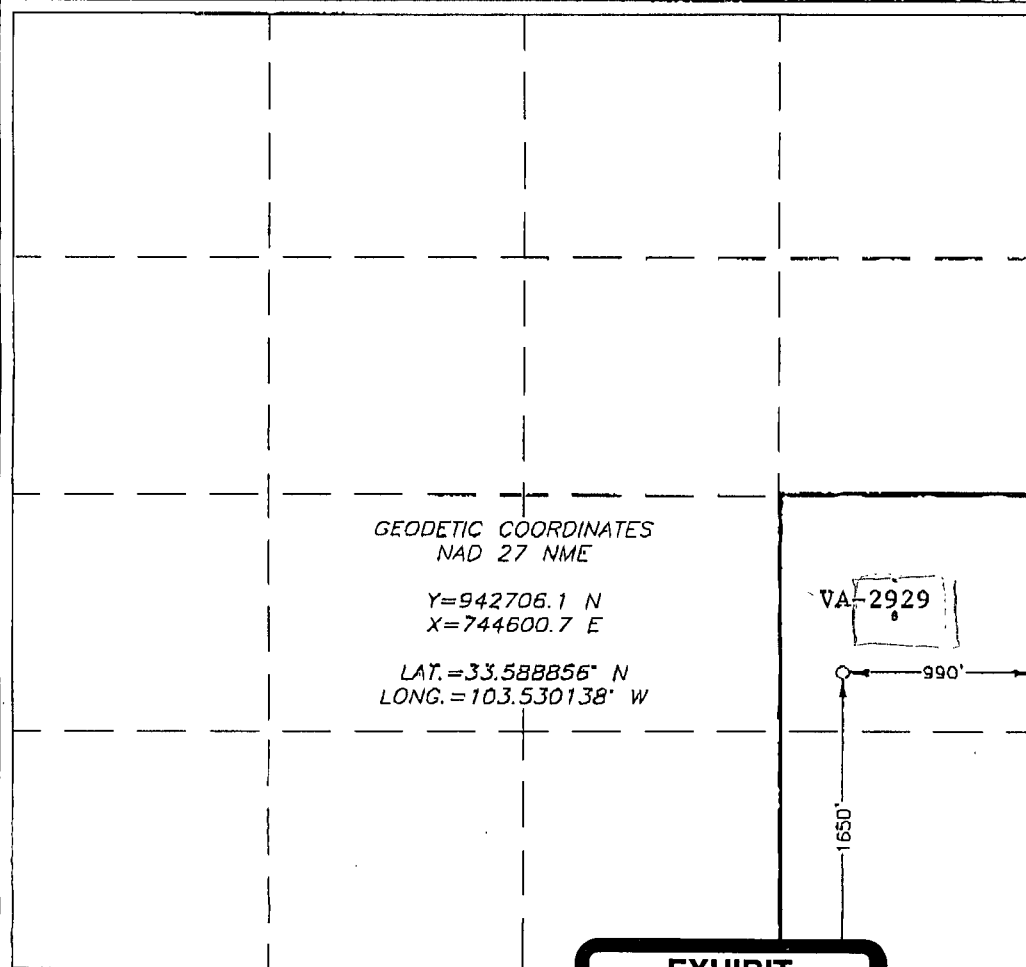
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	26	8-S	33-E		1650	SOUTH	990	EAST	CHAVES

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
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

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

 <p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=942706.1 N X=744600.7 E</p> <p>LAT.=33.588856° N LONG.=103.530138° W</p> <p>VA-2929</p> <p>990'</p> <p>1650'</p>	OPERATOR CERTIFICATION <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Clifton R. May 4/10/2008</p> <p>Signature Date</p> <p>Clifton R. May</p> <p>Printed Name</p>
	SURVEYOR CERTIFICATION <p>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.</p> <p>RONALD J. EIDSON</p> <p>Date Surveyed Signature Seal of Professional Surveyor</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>

EXHIBIT

C

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA, NM 88210		2. OGRID Number 25575
		3. API Number 30-05-29036
4. Property Code 37102	5. Property Name BOOMERANG STATE UNIT	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	26	08S	33E	I	1650	S	990	E	CHAVES

8. Pool Information

TOBAC;UPPER PENN	59350
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Additional Well Information

9. Work Type New Well	10. Well Type <u>OIL</u>	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4341
14. Multiple N	15. Proposed Depth <u>9750</u>	16. Formation Bough	17. Contractor	18. Spud Date
Depth to Ground water 40		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	400	250	
Int1	11	8.625	32	3900	1050	
Prod	7.875	7	17	9750	600	7000

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Bough C/intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 3900', cement circulated to surface. If commercial, production casing will be ran, cemented, perforated, and stimulated as need to gain production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Monti Sanders Title: Email Address: montis@ypcnm.com Date: 4/10/2008 Phone: 575-748-4244	OIL CONSERVATION DIVISION	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 4/14/2008	Expiration Date: 4/14/2010
	Conditions of Approval Attached	

District I

1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Form C-102
 Permit 71615

Energy, Minerals and Natural Resources**Oil Conservation Division****1220 S. St Francis Dr.****Santa Fe, NM 87505****WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number (30-05-29036)	2. Pool Code 59350	3. Pool Name TOBAC;UPPER PENN
4. Property Code 37102	5. Property Name BOOMERANG STATE UNIT	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4341

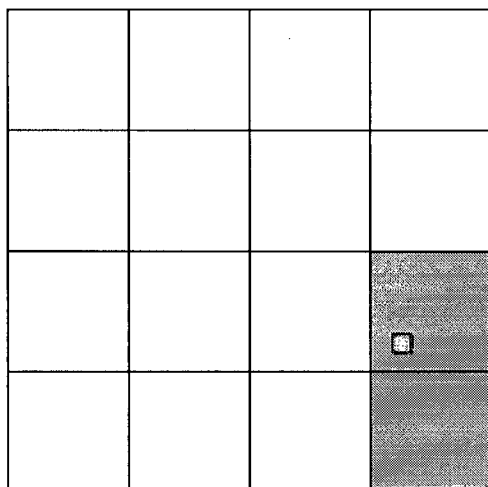
10. Surface Location

UL - Lot I	Section 26	Township 08S	Range 33E	Lot Idn	Feet From 1650	N/S Line S	Feet From 990	E/W Line E	County CHAVES
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 80.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Monti Sanders

Title:

Date: 4/10/2008

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.

Surveyed By: Ronald Eidson

Date of Survey: 4/2/2008

Certificate Number: 3239

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575
Well: BOOMERANG STATE UNIT #001
API: 30-05-29036

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' FW Gel; 400'-2040' FW; 2040'-3900' Red Bed Mud/Oil; 3900'-7400' Cut Brine; 7400'-9750' SW Gel/Starch.	3/18/2008
MSANDERS	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the Surface to the Wolfcamp formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	3/18/2008
MSANDERS	BOPE PROGRAM: A 3000# BOPE will be installed on the 8.625" casing and tested daily for operational.	3/18/2008
MSANDERS	Correction: Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the Surface to the Bough formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	4/10/2008
pkautz	Tobac;Upper Penn requires 180 acres dedicated with well located within 150' center of Q/Q	4/10/2008
pkautz	CORRECTION to previous comment Tobac;Upper Penn requires 80 acre spacing	4/11/2008
pkautz	Since well is not located within 150' of the center of the Q/Q will either need an NSL or move the location to a standard location	4/11/2008
DMULL	Per Clif May with Yates, proration unit is 80 acres, E/2SE/4.	4/11/2008
DMULL	Approval to drill but cannot produce until the Non-Standard Location is approved by the OCD in Santa Fe.	4/14/2008

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BOOMERANG STATE UNIT #001

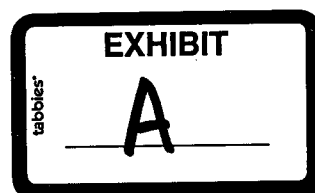
API: 30-05-29036

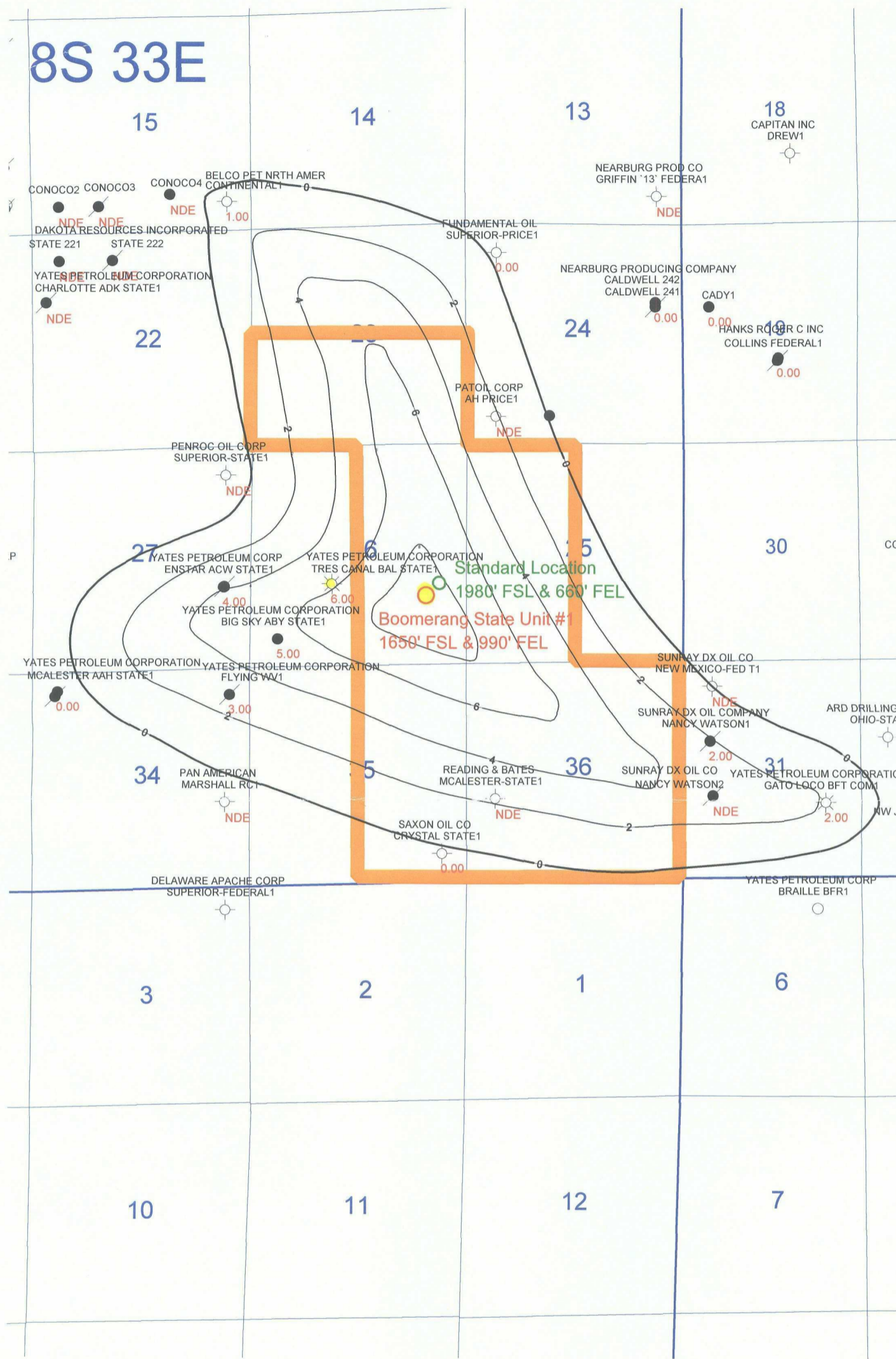
OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
DMULL	Will require administrative order for non-standard location
DMULL	Approval to drill, with condition the operator cannot produce until the Non-Standard Location is approved by the OCD in Santa Fe.


BOOMERANG STATE UNIT #1
1,650 FSL & 990 FEL
26-8S-33E
CHAVES COUNTY, NEW MEXICO

Search for order
The Boomerang State Unit #1 is located at 1,650 feet from the south line and 990 feet from the east line in section 26-8S-33E. This proposed non-standard location shown on the Bough C Net Porosity Isopach Map by a red circle is in the best position to penetrate up to 8-10 feet of Bough C net porosity. When the Bough C formation has net porosity of 5 feet or better, oil production of 100,000 barrels of oil is possible. Yates Petroleum Corporation's Big Sky ABY State #1 in the southwest corner of this same section which is west southwest of the proposed Boomerang State Unit #1 has produced 105,000 barrels of oil from the Bough C interval. This well has 5 feet of net porosity. Yates Petroleum Corporation's Tres Canal BAL State #1 which is directly west of the Boomerang State Unit #1 has 6 feet of net porosity and has the potential of producing 100,000 barrels of oil or better similar to the Big Sky well. The Tres Canal is presently producing from a deeper horizon. There are three other wells that have produced oil from the Bough C Interval and they are all Yates Petroleum Corporation's wells: Enstar ACW State #1, Flying W #1, and Gato Loco BFT Com #1. Each of these wells has produced 1,876, 13,562, and 4,504 barrels of oil respectively. They all have less than 5 feet of net porosity as shown on the Bough C Net Porosity Isopach Map which accounts for their poor production.

Yates Petroleum Corporation believes that a standard location of 1,980 feet from the south line and 660 feet from the east line as shown by the green circle on the Bough C Net Porosity Isopach Map would not be the best location to penetrate the thickest net porosity for oil production of 100,000 barrels or better. Yates Petroleum Corporation's non-standard location of 1,650 feet from the south line and 990 feet from the east line in 26-8S-33E has the best chance of encountering Bough C net porosity of 8-10 feet for an oil well capable of producing 100,000 plus barrels of oil.





		
Bough C Net Porosity Isopach $\geq 4\%$ T8S-R33E CHAVES COUNTY, NM		
Author: Tim Miller	CI = 2"	Date: 6 May, 2008
TR	Scale: 1" = 3000'	TR_Boomerang_TM.gmp

Boomerang
Unit Outline

