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|--------------------|----------|--------|----------------------|-------------|---------------------------|
| 8/29/08<br>DATE IN | SUSPENSE | Brooks | 8/29/08<br>LOGGED IN | NSL<br>TYPE | PKVR0824253901<br>APP NO. |
|--------------------|----------|--------|----------------------|-------------|---------------------------|

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  
Rebra State #5  
5923*

**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

2008 AUG 29 PM 2 54  
RECEIVED

**[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  
Print or Type Name

*Ocean Munds-Dry*  
Signature

Attorney  
Title

8-29-08  
Date

omundsdry@hollandhart.com  
e-mail Address



August 29, 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

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Reba State Unit Well No. 5 located 2300 feet from the South line and 1650 feet from the West line of Section 32, Township 11 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

API No. 30-025-31243 formerly Kerr-McGee  
S432 #1

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 Reba State Unit Well No. 5 located 2300 feet from the South line and 1650 feet from the West line of Section 32, Township 11 South, Range 35 East, N.M.P.M., Lea County, New Mexico. The S/2 of Section 32 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-acre spacing to be located no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed location is unorthodox because it is only 340 feet from the northern boundary of the spacing unit.

This well was originally drilled by Kerr McGee this well as a Devonian test. As discussed by Mr. Amiet in **Exhibit A**, Yates would like to test several prospective Atoka zones. **Exhibit B** shows the location of the proposed well. **Exhibit C** is a Cross Section A-A' which shows the pay zones in yellow.

Attached hereto as **Exhibit D** is a plat as required by Rule 104.F (3). Yates is the operator of the Reba State Unit and is therefore also the offset operator towards which the well is encroaching and holds 100% of the working interest in Section 32. 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

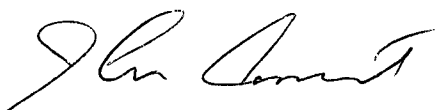
cc: Mr. Robert Bullock

## REQUEST FOR LOCATION EXCEPTION – REBA STATE UNIT # 5

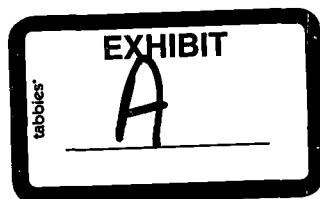
Yates Petroleum Corporation is requesting a location exception for the Reba State Unit # 5 re-entry well. The re-entry candidate was originally drilled by Kerr McGee in 1991. The re-entry location is 1650' FWL and 2300' FSL of section 32, T11S R35E. The geologic targets for the Reba # 5 well are several bypassed lower Atoka sands from 12,000' to 12080'.

The attached map shows the location of the Reba # 1 and the Reba # 5 re-entry. The productive lower Atoka wells are colored red. The Reba well has a cumulative production of 5 MBO and 612 MMCF thru June with the majority of the production coming from the lower Atoka. Cross section A-A' shows the pay zones (highlighted in yellow) of the Reba # 1 well compared to the re-entry well. The Reba # 5 (re-entry) has a thicker pay zone and should have better production than the Reba # 1.

Yates has a 100% interest in section 32 and the proposed re-entry will not encroach on any other lease holders. The estimated re-entry and completion costs for the Reba St. Unit #5 well are \$1,583,00. Re-entering the existing wellbore will save approximately \$1,400,000 over the cost to drill a new well. There is risk since the original Kerr McGee well tested water on a DST, but the well is updip from the productive Reba # 1 well. This proposed re-entry is the most efficient and economic way to develop these potential reserves, and would be in the best interest of conservation and the prevention of waste for the State of New Mexico and Yates Petroleum. Yates has been very active in this area and has already drilled one well in the Reba State Unit. If the Reba re-entry is successful, Yates has several more locations staked.



John Amiet      505-748-4312







20'

well

# EIGHT MILE DRAW

35.77 Ac 3  
Yates Pet.  
Lone Star St.  
(1) AA  
V.M. (8/37)  
TD10636  
(WO) (DA 1-18-70)  
Termo. Penn.  
Disc.  
37  
State, MI  
Bogle Ltd. (S)

35.89 Ac  
Yates Pet.  
1-1-99  
VO-5589  
38 29  
HBV  
Cobol Carbon  
St. NW  
TD 10545  
Abo 1829  
36 04 DIA 7-18-60  
36 07 Ac 4  
Tenneco  
Sand Spring  
TD 10181  
D/A 11-6-72  
State, MI  
Bogle Ltd. (S)

36.16 Ac 1  
Yates Pet., etal  
2-1-2004  
V-5458  
63 93  
Kellon, Inc.  
NM St.  
TD 10425  
36 75 Ac 1  
Yates  
Pet., etal  
2-1-2004  
V-5469  
16 40  
36 22 Ac 8  
"Willie St. Ut."  
State, MI  
Bogle Ltd. (S)  
HBV  
36 78 Ac 1  
Yates Pet., etal  
2-1-2009  
V-6378  
50 52  
HBV  
Southwest  
State  
TD 10440  
D/A 4-11-68

36 21 Ac 8  
Yates Pet., etal  
V-5470  
36 19 Ac 1  
Yates Pet., etal  
2-1-2004  
VA-1904 67 93  
Australia  
State  
TD 10915  
D/A 6-5-55  
"Willie St. Ut."  
State  
36 31 Ac 1  
"Willie St. Ut."  
State

36 41 Ac 1  
Yates Pet., etal  
VA-1372  
HBV  
Yates Pet.  
Indigo St.  
(Miss Disc.)  
1.5 Mil.  
Morr. Disc.  
1.7 Mil.  
36 50 Ac 1  
Yates  
Indigo St.  
TD 10225  
D/A 8-19-06

15 22  
HBV  
32 12  
HBV  
20  
Yates Pet., etal  
2-1-2004  
V-5466  
15 63  
State, MI  
HBV Bogle Ltd. (S)

Yates Pet., etal  
V-5467  
HBV  
Yates Pet.  
Reba St.  
Lit.  
Mor. Disc.  
29  
"Reba St. Ut."  
State, M.I.  
2  
(1-55)  
Bogle Ltd. (S)  
Tenneco  
(Mid-Cent.)  
State  
Sand Spring  
No. Unit  
Tenneco  
D/A 4-10-58  
NTD 10488  
State

Cit. Serv.  
(Carper Drig)  
Rambouillet  
Atlantic  
TD 10796  
PB 10130  
Bought & Disc.  
Fig. 9-11-55  
Pride Ener.  
8-1-2005  
V-6303  
356 25  
Kerr-McPee  
State  
TD 13650  
D/A 7-9-91  
HBV  
32  
Yates Pet., etal  
8-1-2006  
V-6326  
377 25  
HBV  
"Reba St. Ut."  
State

36 90 Ac 1  
Yates Pet., etal  
VO-5459  
36 90 Ac 1  
Yates Pet., etal  
2-1-2006  
VA-1913  
HBV  
Yates Pet.  
Willie St.  
TD 12515  
D/A 11-28-07  
Yates Pet.  
Indigo St. Ut.  
3  
(P/B)  
State  
WILLIE ST. UT.  
YATES PET. (OP.)

Yates Pet., etal  
12-1-2011  
V-7912  
52 87  
Yates Pet.  
Indigo St.  
UT  
TD 60  
D/A 9-19-06  
EXHIBIT  
D  
tabbles

21  
Yates Pet., etal  
2-1-2006  
VA-2364  
341 87  
HBV  
State

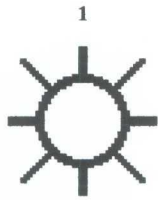
Yates Pet., etal  
9-1-2005  
V-5924  
62 58  
HBV  
REBA ST. UT.  
YATES PET. (OP.)  
28  
Yates Pet., etal  
9-1-2005  
V-5940  
68 75  
HBV  
State

Yates Pet., etal  
9-1-2005  
V-5925  
127 52  
HBV  
Buck  
Hogan  
TD 6725  
33  
Yates Pet., etal  
9-1-2005  
V-5941  
131 25  
State  
Hena

36 90 Ac 1  
Marbob Ener  
1-1-2006  
V-2338  
193 82  
36 90 Ac 1  
Marbob Ener.  
1-1-2006  
VA-2315  
301 56  
State  
Hena

Yates Pet., etal  
1-1-2006  
V-2339  
340 53  
36 90 Ac 1  
Marbob Ener  
1-1-2006  
VA-2316  
301 56  
State  
Yat





30025365270000  
YATES PETROLEUM CORP  
REBA STATE UNIT 1  
4160 KB  
011.0S 035.0E 029



30025312430000  
KERR MCGEE CORP  
STATE '32' 1  
4178 KB  
011.0S 035.0E 032

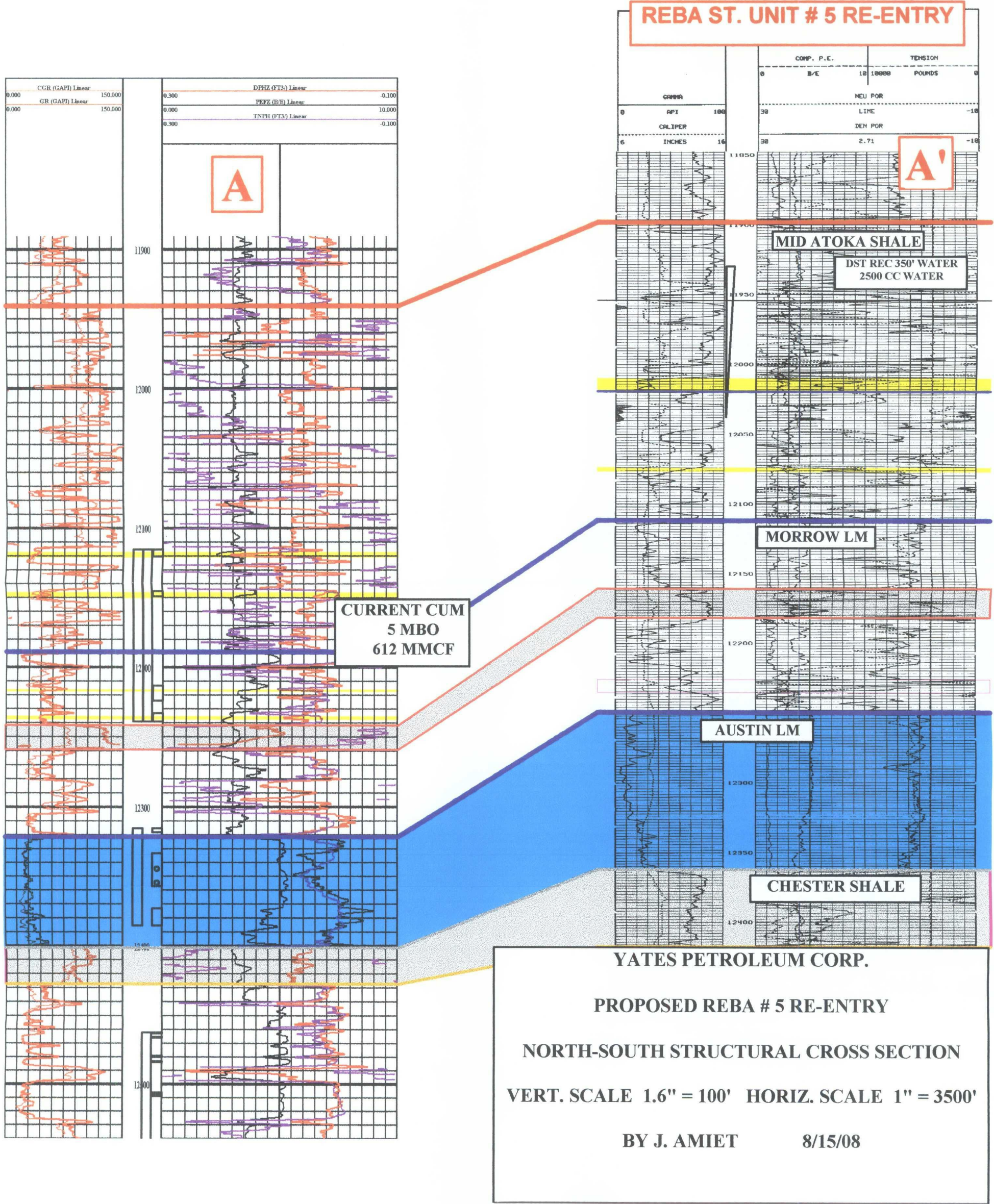


EXHIBIT  
C