

DATE IN 10/7/98	SUSPENSE 10/27/98	ENGINEER MS	LOGGED BY RV	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [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 - Directional Drilling
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [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

[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] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

October 7, 1998
Date

OIL CONSERVATION DIV.
98 OCT - 7 PM 4:05

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October 7, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its John AGU Well No. 2 located 660 feet from the North and East Lines of Section 14, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for all formations developed on 320-acre spacing or proration units for its John AGU Well No. 2 located 660 feet from the North and East lines of Section 14, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico. The N/2 of Section 14 will be dedicated to the well. See copy of Division Form C-102 attached hereto as Exhibit A. This well was originally drilled to the Canyon formation. Production from the well has declined to the point where it should be abandoned in the Canyon formation. Yates is proposing to reenter and recomplete the well in the Atoka and Morrow formations, Cemetery-Morrow Gas Pool.

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary of the designated drilling tract.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

October 7, 1998

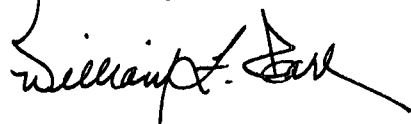
Page 2

Since this unorthodox location is the reentry of an existing wellbore, the unorthodox location qualifies for administrative approval for topographical conditions.

Attached hereto as Exhibit B is the plat required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units. Yates Petroleum Corporation is the designated operator of all the immediately adjoining and diagonal spacing units in all 320-acre spaced gas formations offsetting the proposed unorthodox well location. These spacing units are shaded in yellow on this plat. Accordingly, there are no affected parties to whom notification of the application should be provided.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a stylized flourish extending from the end.

WILLIAM F. CARR
Attorney for Yates Petroleum Corporation

Enclosures

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

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

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

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

Operator YATES PETROLEUM CORPORATION			Lease John AGU		Well No. 2
Unit Letter A	Section 14	Township 20 South	Range 24 East	County Eddy County, N.M.	
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 660 feet from the North line and 660 feet from the East line </div>					
Ground Level Elev. 3609.	Producing Formation Cisco Canyon		Pool Assoc. South Dwyer Draw Upper Penn	Dedicated Acreage: 320 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 Commission.

660'
660'

FEE

EXHIBIT A

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 0

CERTIFICATION

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

Ken Beardemph

Name
KEN BEARDEMPH

Position
LANDMAN

Company
Yates Pet. Corp.

Date
9-5-90

DAN R. REDDY
NEW MEXICO
REGISTERED PROFESSIONAL ENGINEER
5412

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 knowledge and belief.

Date Surveyed
September 4, 1990

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.
5412

NM PE&PS NO. 5412

The map displays a detailed view of the Canyon area, with various land parcels and ownership details. The map is divided into numerous small sections, each labeled with a name (e.g., 'Canyon', 'Dagger Draw', 'Zorrillo WU'), a date (e.g., '1934', '1935'), and a location (e.g., 'U.S.', 'S. 1/4'). The map also includes a legend and a scale bar.

Legend:

- U.S. (United States)
- State (State)
- County (County)
- Section (Section)
- Quarter Section (Quarter Section)
- Block (Block)
- Lot (Lot)
- Tract (Tract)
- Subtract (Subtract)
- Reserve (Reserve)
- Exception (Exception)
- Encumbrance (Encumbrance)
- Right of Way (Right of Way)
- Water Right (Water Right)
- Mineral Right (Mineral Right)
- Oil and Gas Right (Oil and Gas Right)
- Other (Other)

Scale:

1 inch = 1 mile



Ceniza AGZ Com #2



Ceniza AGZ Com #3



Hill View AHE Fed Com #7



John AGU #2



Undivided Mineral ownership of Fina Oil & Chemical Company



Nearburg Exploration, Inc. and Prudential Bache Energy Leasehold



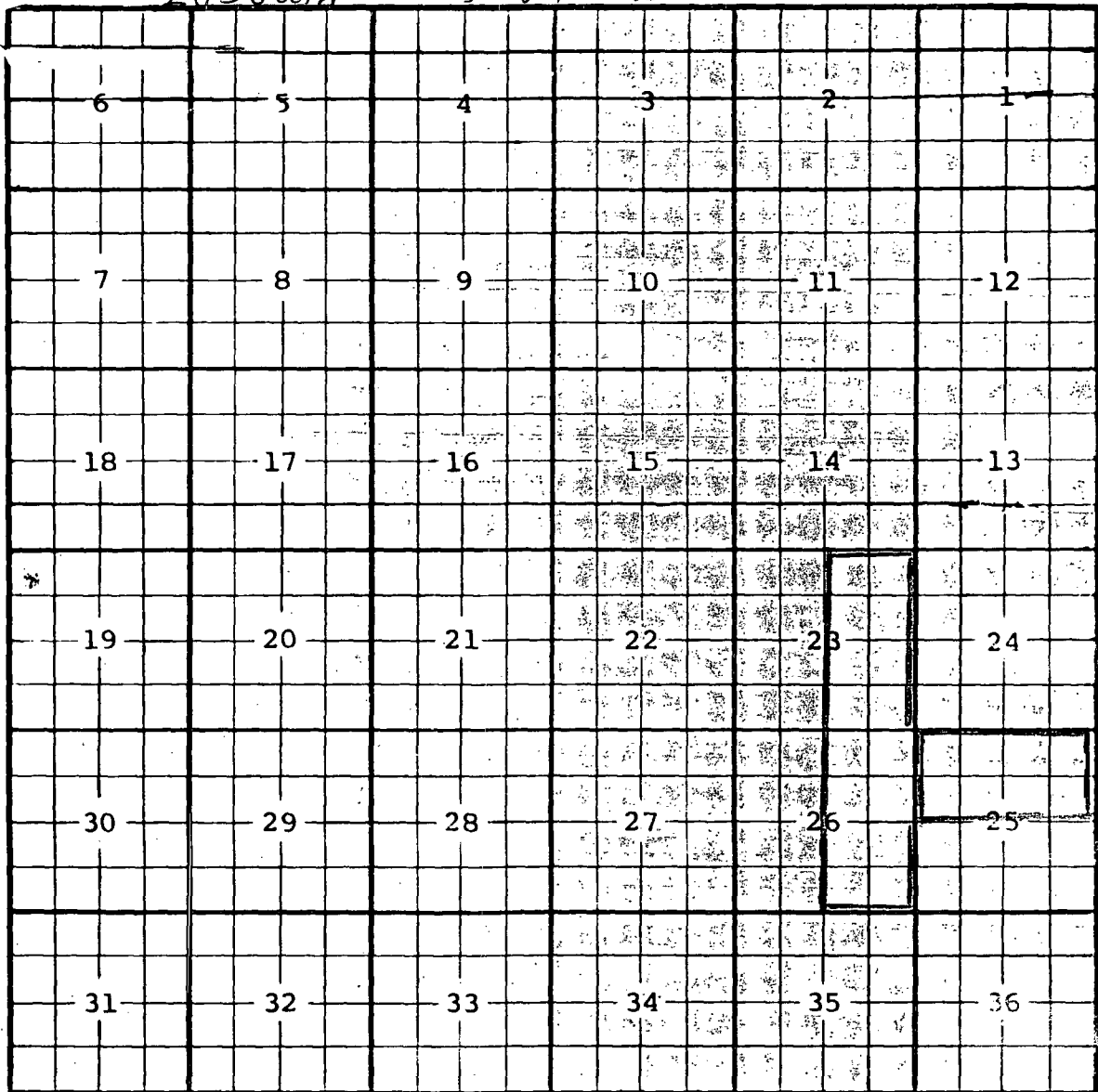
Yates Petroleum Corporation Leasehold

Addresses:

- 1) Fina Oil & Chemical Company
14950 Heathrow Forest Parkway
Suite 300
Houston, Texas 77032
- 2) Nearburg Exploration, Inc.
3300 North "A" Street
Suite 300
Midland, Texas 79705
- 3) Prudential Bache Energy
P.O. Box 3134
Covington, LA 70434-3134

County Eddy Pool Cemetery - Wolfcamp Gas

TOWNSHIP 20 South Range 24 East NMPM



Ext: $\frac{N}{2}$ Sec. 25 (R-10124, 5-31-94) Ext: $\frac{E}{2}$ Sec. 23, $\frac{E}{2}$ Sec. 26 (R-11005, 7-24-98)

County Eddy Pool Cemetery-Strawn Gas

TOWNSHIP 20 South Range 24 East NMPM

6	5	4	3	2	1		
7	8	9	10	11	12		
18	17	16	15	14	13		
19	20	21	22	23	24		
30	29	28	27	26	25		
31	32	33	34	35	36		

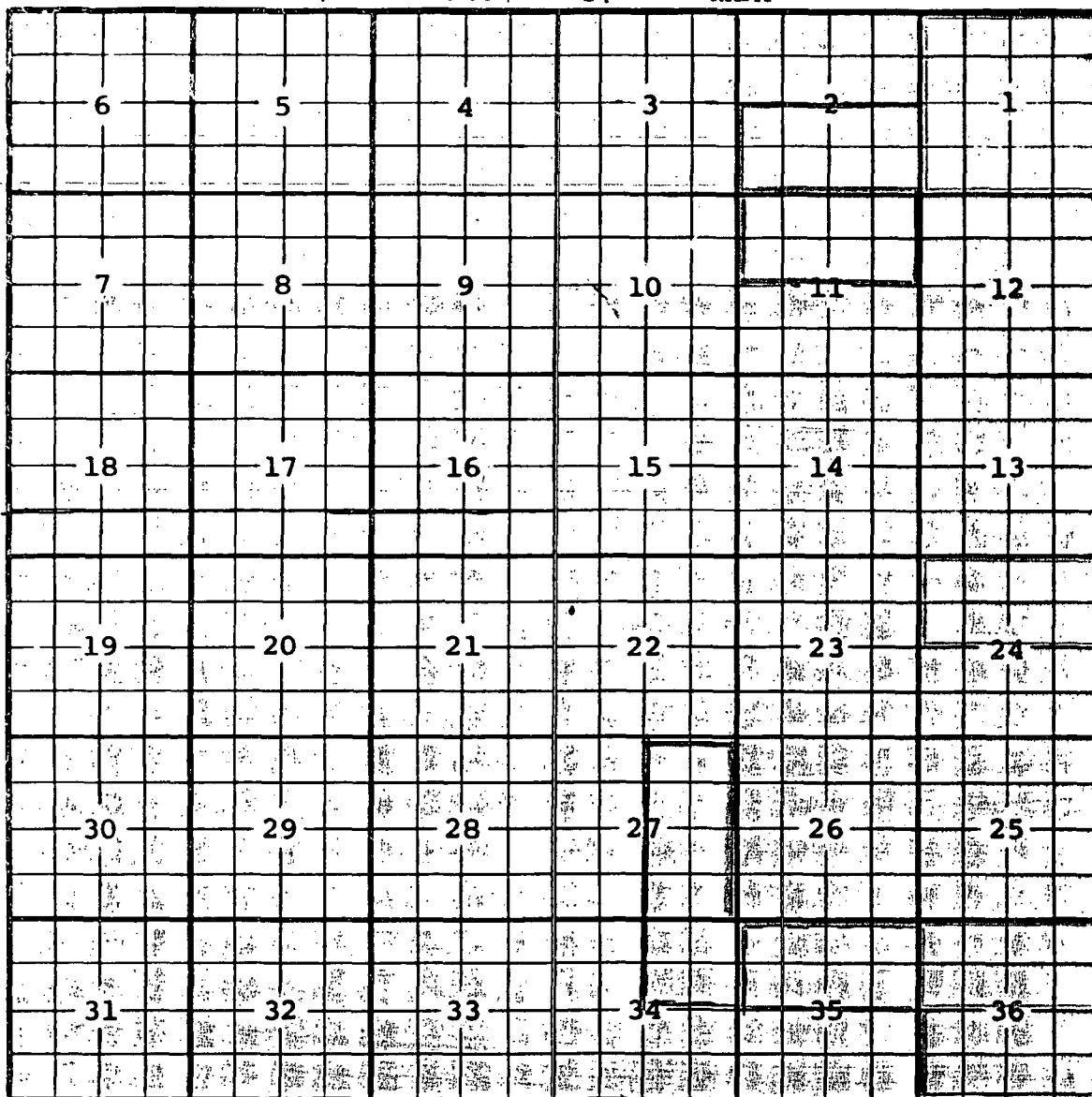
Description: N¹/₂ Sec. 24 (A-9844, 2-8-93)

COUNTY Eddy

POOL Cemetery - Morrow Gas

TOWNSHIP 20 SouthRANGE 24 East

NMFM



Ext: All Sec 1 (R-5417, 4-1-77) Ext: $\frac{N}{2}$ Sec 24 (R-5667, 4-1-78)

Ext: $\frac{N}{2}$ Sec 36 (R-5781, 9-1-78) Ext: $\frac{S}{2}$ Sec 36 (R-5988, 5-1-79)

Ext: $\frac{S}{2}$ Sec 2 (R-8969, 8-1-89) Ext: $\frac{N}{2}$ Sec 11 (R-9096, 1-1-90)

Ext: $\frac{N}{2}$ Sec 35 (R-9938, 8-17-93) Ext: $\frac{E}{2}$ Sec 27, $\frac{NE}{4}$ Sec 34 (R-11005, 7-24-98)