



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

August 14, 2001

Lori Wrotenbery  
Director  
Oil Conservation Division

**Yates Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attention: Clifton R. May

Telefax No. (505) 748-4572

*Administrative Order NSL-4629*

Dear Mr. May:

Reference is made to the following: (i) your application dated August 9, 2001 (*application reference No. pKRV0-122151726*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for an unorthodox wildcat Morrow gas well location for the plugged and abandoned State of New Mexico Well No. 1 (API No. 30-025-01868), to be redesignated the Slick "AZU" State Com. Well No. 1, located 649 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 1, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico.

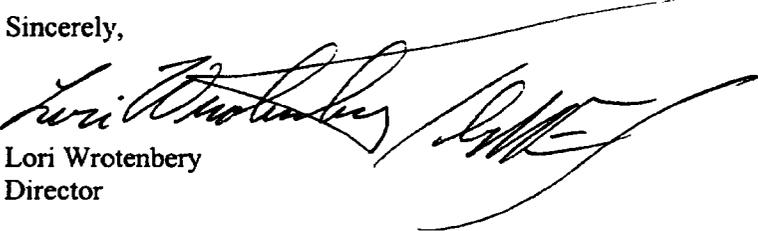
The State of New Mexico Well No. 1 was originally drilled by Slick Oil Corporation to a total depth of 13,360 feet to test the Devonian formation at a standard oil well location within a standard 39.28-acre oil spacing and proration unit comprising Lot 3 in August, 1957. In November, 1957 this well was plugged and abandoned. In October, 1976 Maralo, Inc. re-entered this well to test the Cisco formation for oil, found it to be dry, and plugged it again.

It is our understanding that Yates now intends to reenter this well in order to test the wildcat Morrow formation for gas within a standard 317.12-acre lay-down gas spacing and proration unit comprising Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 1.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location for the Slick "AZU" State Com. Well No. 1 is hereby approved.

Sincerely,

  
Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe

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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

01 AUG 13 PM 1:03

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

August 9, 2001

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

VIA FACSIMILE  
CERTIFIED MAIL  
Return Receipt Requested

RE: Application for Unorthodox Location  
Slick "AZU" State Com. #1 Re-entry  
649' FNL and 1980' FWL  
Section 1-T13S-R34E  
Lea County, New Mexico  
Lease VA-2500

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Wildcat Morrow gas well, the Slick "AZU" State Com. #1. The proposed well is located on State of New Mexico Minerals, lease VA-2500, 649' FNL and 1980' FWL of Section 1, Township 13 South, Range 34 East.

Yates proposes to re-enter this well bore using a pulling unit and a reverse unit. The cement plugs in the 9 5/8" casing and the plugs in the 8 3/4" open hole will be drilled down to the TD of 13,170'. A new suite of open hole logs will be ran. Yates will run 4 1/2" production casing to TD and will be cemented with approximately 1000 sacks of cement to bring the cement top up to 7000' +/- . The Morrow formation is the main target for completion.

Yates concludes that it is cheaper to re-enter this well than to drill a new well and would be in the best interest of conservation.

Yates Petroleum Corporation is the operator of Lease V-5972 due north of this well. It is the only lease that this well encroaches. The affected persons in the lease are also our partners in this well and have agreed to our re-entry of this well. Therefore, Yates requests that this unorthodox location be administratively approved as early as possible.

Enclosed are forms C-101, C012, and land plat showing the lease around this well.

Thank you for your consideration of this request. Please call me at (505) 748-4347 if you need further information.

Sincerely,

YATES PETROLEUM CORPORATION

*Clifton R. May*  
Clifton R. May  
Regulatory Agent

PP/dc  
Enclosure(s)

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-101  
Revised March 17, 1999  
Instructions on back

DISTRICT II  
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to appropriate District Office

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

PO BOX 2088  
Santa Fe, NM 87504-2088

State Lease - 6 Copies  
Fee Lease - 5 Copies

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87501

AMENDED REPORT

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

<sup>1</sup> Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		<sup>2</sup> OGRID Number 025575
		<sup>3</sup> API Number 30-025-01868
<sup>4</sup> Property Code 28581	<sup>5</sup> Property Name Slick "AZU" State Corn	<sup>6</sup> Well No. 1

**<sup>7</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
C	1	13S	34E		649	North	1980	West	Lea

**<sup>8</sup> Proposed 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
<sup>9</sup> Proposed Pool 1 Wildcat Morrow					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code E	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 4127.9'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 13,170'	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor Not Determined	<sup>20</sup> Spud Date ASAP

**<sup>21</sup> Proposed Casing and Cement Program**

Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
17"	13 3/8"	48#	387'-in place	250 sx	Circulate
12 1/4"	9 5/8"	36# & 40#	0-4188'-in place	1300 sx	Circulate
8 3/4"	4 1/2"	11.6#	0-TD	1000sx	TOC-7000'

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new production. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See attached sheets for additional drilling information. An Application for Administrative Approval for an Unorthodox Location is being applied for.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Clifton R. May</i>	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Clifton R. May	Title:	
Title: Regulatory Agent	Approval Date:	Expiration Date:
Date: 08/09/01	Phone: (505) 748-1471	Conditions of Approval Attached <input type="checkbox"/>

**YATES PETROLEUM CORPORATION**

**Slick "AZU" State Com #1 Re-entry**

**649' FNL & 1980' FWL**

**Section 1-T13S-R34E**

**Lea County, New Mexico**

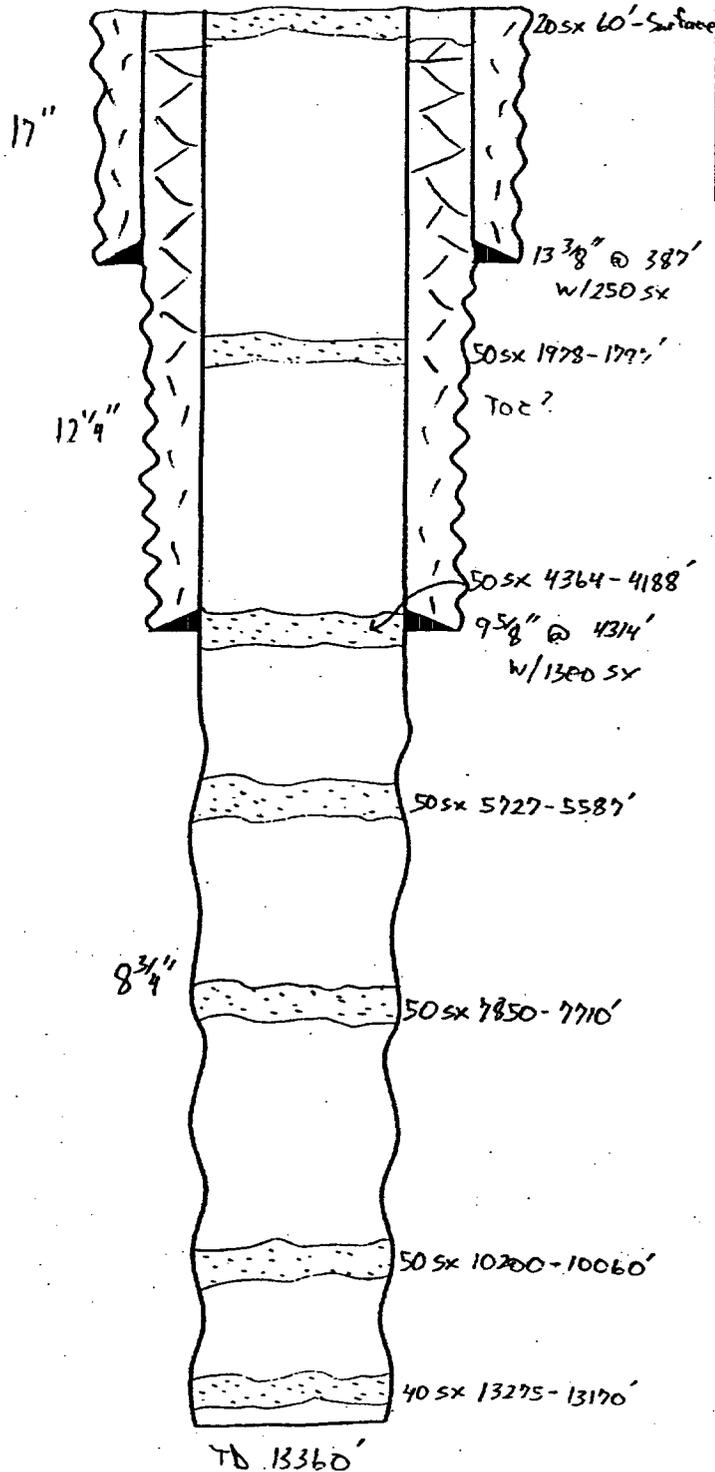
**Lease VA-2500**

**Drilling Plans:** Yates Petroleum Corporation plans to re-enter this well bore that was originally drilled by Slick Oil Company as their State of New Mexico #1 which was plugged in 1957. The well was re-entered by Maralo, Inc. as their State of New Mexico #1 and was plugged in 1976. Yates will use a pulling unit and a reverse unit to drill out the cement plugs in the 9 5/8" casing which was set at 4314' and cemented with 1300 sacks. The plugs in the 8 3/4" open hole will be drilled down to the TD of 13,170'. After reaching the TD, a new suite of open hole logs will be ran. Yates will run 4 1/2" production casing to TD and will be cemented with approximately 1000 sacks of cement to bring the cement top up to 7000'+/-. The mud program to be used will be 9.5 – 9.8 ppg brine water with a 55-70 viscosity. A 5000# BOPE will be installed on the 9 5/8" casing.

**The well will be completed using a pulling unit. The Morrow formation will be the main target for completion.**

WELLNAME: State of NM E1865 #1 (Slick Oil) FIELD: Wildcat  
 LOCATION: 649' FNL & 1980' FW Sec 1-135-34E Lea County  
 GL: 7,127.9' ZERO: \_\_\_\_\_ AGL: \_\_\_\_\_ KB: \_\_\_\_\_  
 SPUD DATE: 8-10-57 COMPLETION DATE: 11/57  
 COMMENTS: N/A

CASING PROGRAM	
SIZEWT/GR/CONN	DEPTH SET
13 3/8" 48# H40	387'
9 5/8" 40# & 36#	4314'



10/76 R/E by Maralo as State of NM #1  
 Drilled out plugs to 10630'  
 P/A

*before*

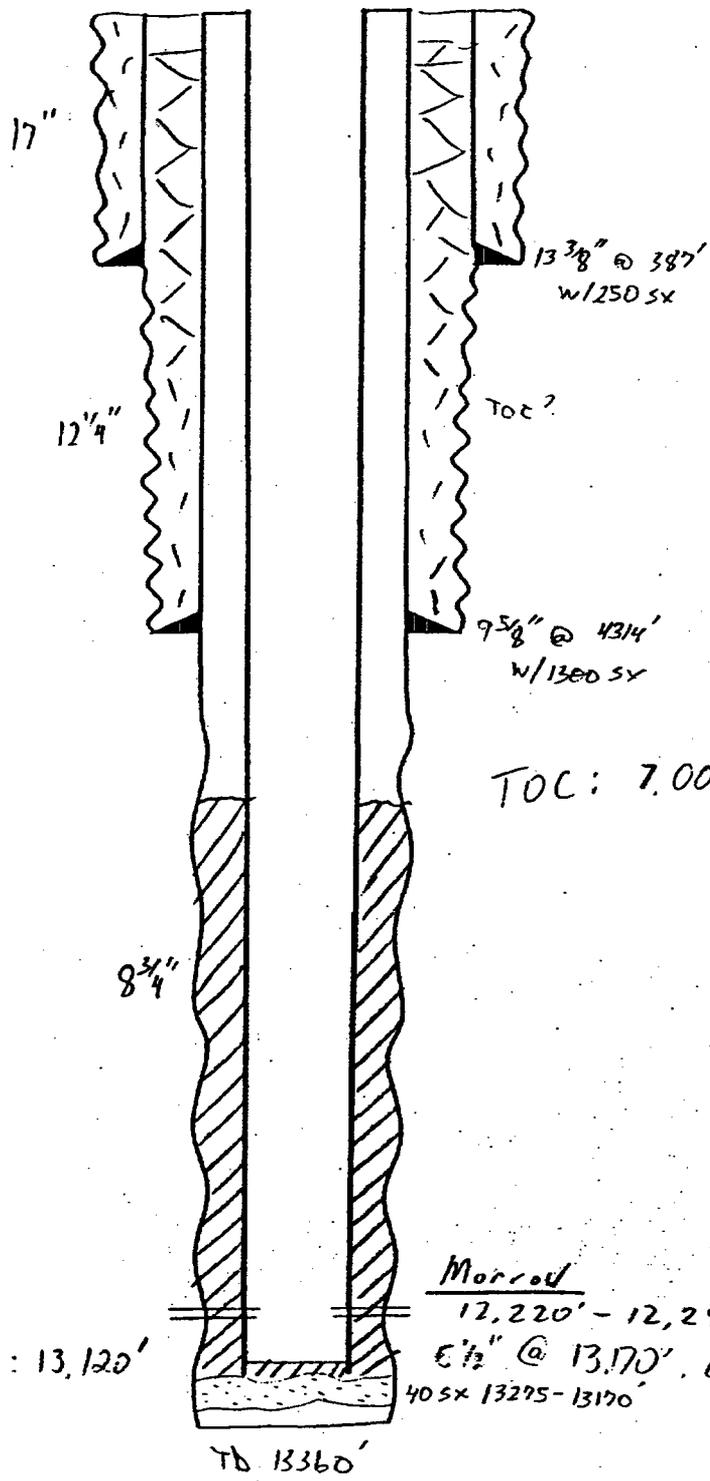
**YATES PETROLEUM CORPORATION**  
 Slick "AZU" State Com #1 Re-entry  
 649' FNL & 1980' FWL  
 Section 1-T13S-R34E  
 Lea County, New Mexico  
 Lease VA-2500

- SKETCH NOT TO SCALE -

DATE: 7-6-01 *RD*

WELLNAME: State of NM E1865 #1 (Slick Oil) FIELD: Wildcat  
 LOCATION: 649' FNL & 1980' FWL Sec 1-13S-34E Lea County  
 GL: 7,127.9' ZERO: \_\_\_\_\_ AGL: \_\_\_\_\_ KB: \_\_\_\_\_  
 SPUD DATE: 8-10-57 COMPLETION DATE: 11/57  
 COMMENTS: N/A

CASING PROGRAM	
SIZE WT/GR/CONN	DEPTH SET
13 3/8" 48# 1140	387'
9 5/8" 40# + 36#	4314'
5 1/2" or 4 1/2"	13,170'



10/76 R/E by Maralo as State of NM #1  
 Drilled out plugs to 10630'  
 PAX

After

**YATES PETROLEUM CORPORATION**  
**Slick "AZU" State Com #1 Re-entry**  
**649' FNL & 1980' FWL**  
**Section 1-T13S-R34E**  
**Lea County, New Mexico**  
**Lease VA-2500**

TOC: 7,000'

Morrod  
 12,220' - 12,245' w/ 6 jspt  
 E 1/2" @ 13,170'. (MTD w/ 1,000+ SACKS)  
 40 SX 13275-13170

PBTU: 13,120'

TB 13360'

- SKETCH NOT TO SCALE -

DATE: 7-6-01 JD  
8/7/01 JWP

DISTRICT I  
1625 E. French Dr., Hobbs, NM 88240

DISTRICT II  
511 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
2048 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-01868	Pool Code	Pool Name Wildcat Morrow
Property Code 28581	Property Name Slick "AZU" State Com.	Well Number 1
OCED No. 025575	Operator Name Yates Petroleum Corporation	Elevation 4127.9'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	1	13S	34E		649	North	1980	West	Lea

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 320	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

		649'			
1980'					
	VA-2500		V-6024		

**OPERATOR CERTIFICATION**

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

*Clifton R. May*

Signature \_\_\_\_\_

Clifton R. May  
Printed Name \_\_\_\_\_

Regulatory Agent  
Title \_\_\_\_\_

8-9-01  
Date \_\_\_\_\_

---

**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.

Refer to Original Plat

Date Surveyed \_\_\_\_\_

Signature & Seal of Professional Surveyor \_\_\_\_\_

---

Certificate No. Herschel L. Jones RLS 3640

GENERAL SURVEYING COMPANY

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PL

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

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

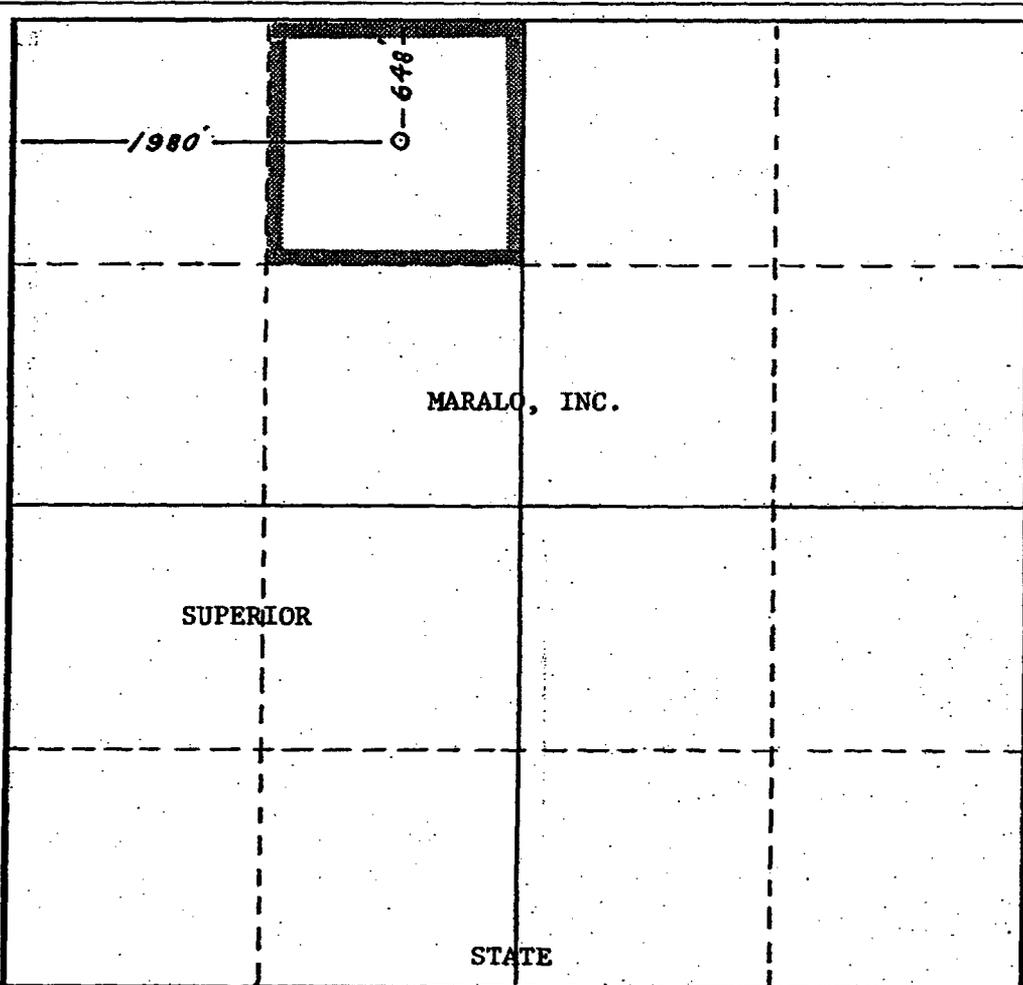
Operator <b>MARALO, INC.</b>		Lease State of New Mexico			Well No. 1
Unit Letter C	Section 1	Township 13-S	Range 34-E	County Lea	
Actual Footage Location of Well: 648.9 feet from the North line and 1980 feet from the West line					
Ground Level Elev: 4127.9'	Producing Formation Bough (?)		Pool Wildcat	Dedicated Acreage: 40 Acres	

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



CERTIFICATION

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

Name *Jack D. Semon*  
Jack D. Semon

Position  
Manager - Engineer

Company  
Maralo, Inc.

Date  
22 September 1976

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

Registered Professional Engineer and/or Land Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

# ILLEGIBLE

Form C-128  
Revised 5/1/57

NEW MEXICO OIL CONSERVATION COMMISSION  
Well Location and Acreage Dedication Plat

Section A.

Operator Slick Oil Corporation et al lease Slick Unit #1 State of N.M.  
Well No. 1 Unit Letter C Section 1 Township 13 South Range 16 East NMPN  
Located 648.8 Feet From North Line, 1980 Feet From West Line  
County Lea G. L. Elevation 4127.9 Dedicated Acreage 48 Acres  
Name of Producing Formation Wildcat Pool ---

DATE July 19, 1957  
40000  
1957 JUL 23  
1957 JUL 23  
1957 JUL 23

1. Is the Operator the only owner\* in the dedicated acreage outlined on the plat below?  
Yes --- No X
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No --- If answer is "yes," Type of Consolidation Slick Unit Agreement covering unit area dated 7-19-57.
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

See Exhibit "B", Slick Unit Area attached.

Section B

← 1980'	449' ⊙		
Lot 4 39.30	Lot 3 39.28	Lot 2 39.28	Lot 1 39.26

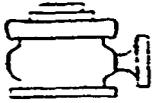
This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Slick Oil Corporation et al  
(Operator)

J. E. Toddie, Jr.  
(Representative)  
J. E. Toddie, Jr., Asst. Pres.  
1030 Hk. Bldg. Mgr.  
Address  
Houston, Texas.

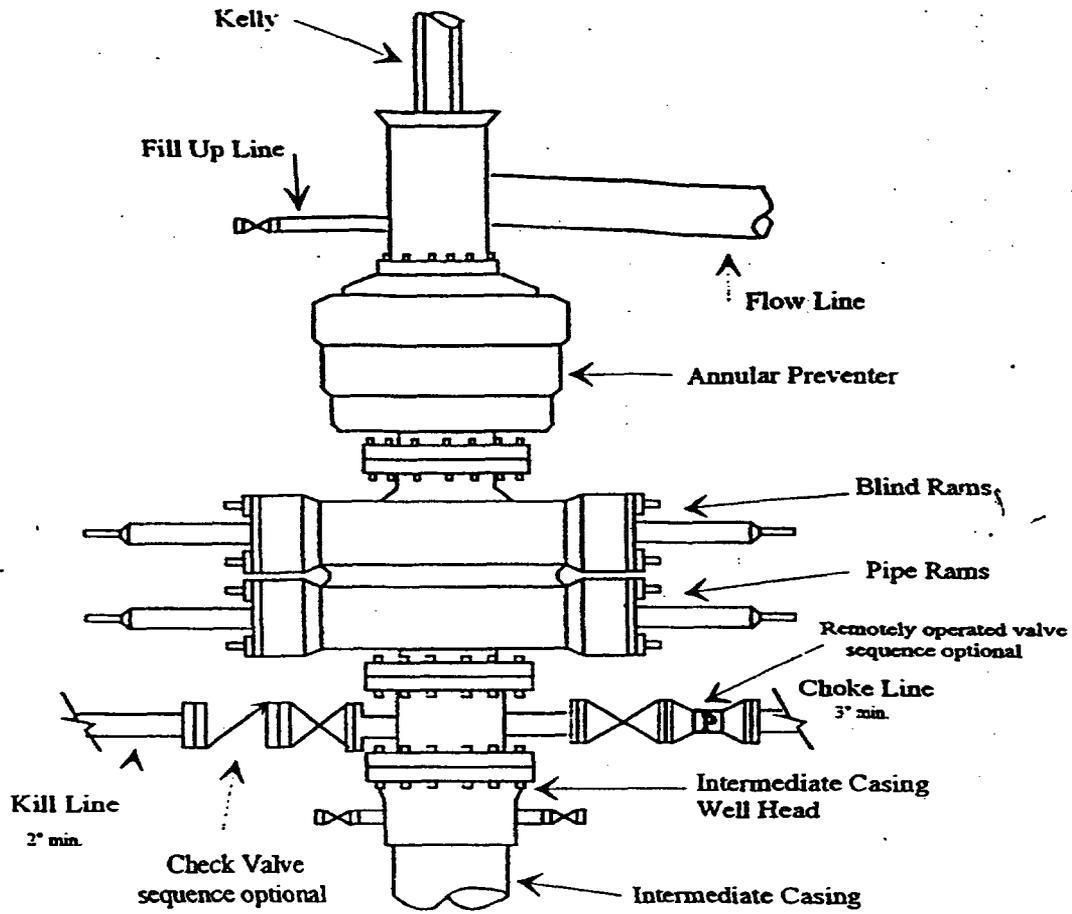
This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed July 19, 1957  
Alvin W. Stearns  
Registered Professional  
Engineer and/or Land Surveyor.

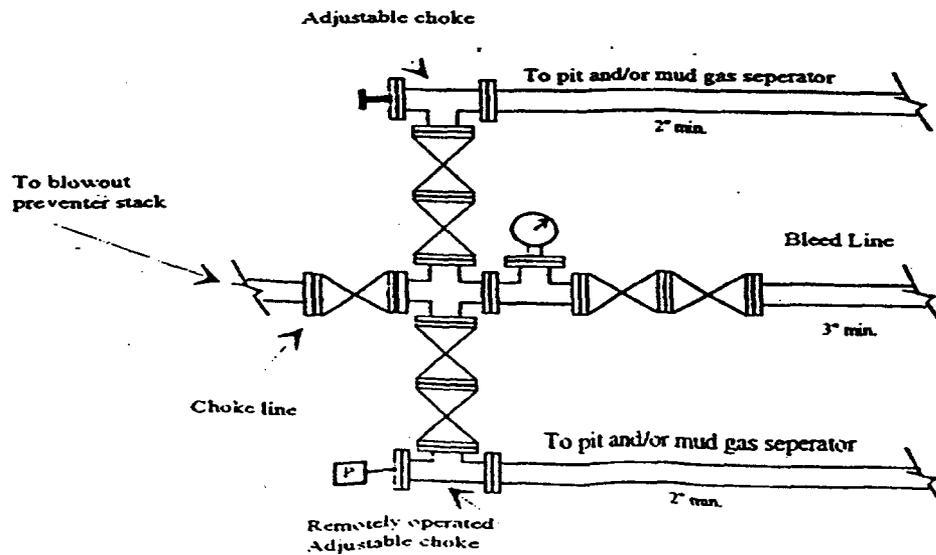


**Yates Petroleum Corporation**  
**Typical 5,000 psi Pressure System**  
**Schematic**  
**Annular with Double Ram Preventer Stack**

BOP-4



Typical 5,000 psi choke manifold assembly with at least these minimum features



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

08/14/01 06:46:44  
OGOMES -TPFW  
PAGE NO: 1

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

4 39.30 RR VA2500 0000 YATES PETROLEUM C 08/01/06	3 39.28 RR VA2500 0000 YATES PETROLEUM C 08/01/06	2 39.28 RR V06024 0000 YATES PETROLEUM C 11/01/05	1 39.26 RR V06024 0000 YATES PETROLEUM C 11/01/05
E 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06	F 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06	G 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	H 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD        PF09 PRINT     PF10 SDIV      PF11              PF12

317.12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

08/14/01 06:46:49  
OGOMES -TPFW  
PAGE NO: 2

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

L 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	K 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	J 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	I 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05
M 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	N 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	O 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	P 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

08/13/01 17:56:22  
OGOMES -TQLS  
PAGE NO: 1

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

<p>4 39.30 RR VA2500 0000 YATES PETROLEUM C 08/01/06</p>	<p>3 39.28 RR VA2500 0000 YATES PETROLEUM C 08/01/06</p>	<p>2 39.28 RR V06024 0000 YATES PETROLEUM C 11/01/05</p>	<p>1 39.26 RR V06024 0000 YATES PETROLEUM C 11/01/05</p>
<p>E 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06</p>	<p>F 40.00 RR VA2500 0000 YATES PETROLEUM C 08/01/06</p>	<p>G 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05</p>	<p>H 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05</p>

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

08/13/01 17:56:26  
OGOMES -TQLS  
PAGE NO: 2

Sec : 01 Twp : 13S Rng : 34E Section Type : NORMAL

L 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	K 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	J 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	I 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05
M 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	N 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	O 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05	P 40.00 RR V06024 0000 YATES PETROLEUM C 11/01/05

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
 PF07 BKWD    PF08 FWD          PF09 PRINT     PF10 SDIV      PF11              PF12

122151726

**New Mexico Oil Conservation Division---Engineering Bureau**  
**Administrative Application Process Documentation**

**Date Application Received:** 8-9-2001

**Date of Preliminary Review:** 8-14-2001  
(Note: Must be within 10-days of received date)

**Results:**  **Application Complete**  **Application Incomplete**

**Date Incomplete Letter Sent:** NA

**Deadline to Submit Requested Information:** NA

**Phone Call Date:** NA  
(Note: Only applies if requested data is not submitted within the 7-day deadline)

**Phone Log Completed?**  **Yes**  **No**

**Date Application Processed:** \_\_\_\_\_

**Date Application Returned:** \_\_\_\_\_  
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)