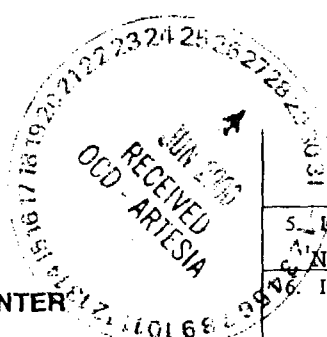


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000



1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			7. If Unit or CA Agreement, Name and No.		
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			8. Lease Name and Well No. Chosa ATR Federal #1		
2. Name of Operator YATES PETROLEUM CORPORATION			9. API Well No. 33 015-31215		
3a. Address 105 South Fourth Street Artesia, New Mexico 88210		3b. Phone No. (include area code) (505) 748-1471	10. Field and Pool, or Exploratory Chosa Draw Morrow		
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2250' FSL and 1060' FWL At proposed prod. zone Same Unit L			11. Sec., T., R., M., or Blk. and Survey or Area Section 8, T25S-R26E		
14. Distance in miles and direction from nearest town or post office* Approximately 14 miles southwest of Carlsbad, New Mexico			12. County or Parish Eddy County	13. State New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1060'		16. No. of Acres in lease 1704.74	17. Spacing Unit dedicated to this well W/2		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3300'		19. Proposed Depth 12,000'	20. BLM/BIA Bond No. on file 585997		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3344' GR		22. Approximate date work will start* ASAP	23. Estimated duration 30 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Cy Cowan	Date February 29, 2000
Title Regulatory Agent		
Approved by (Signature) 	Name (Printed/Typed) EARLE SMITH	Date JUN 27 2000
Title Assistant Field Manager, Lands And Minerals		
Office ROSWELL FIELD OFFICE		

APPROVED FOR 1 YEAR

Application approval does not warrant or certify the 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name Chosa Draw Morrow
⁴ Property Code	⁵ Property Name CHOSA "ATR" FEDERAL		⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION		⁹ Elevation 3344.

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	8	25-S	26-E		2250	SOUTH	1060	WEST	EDDY

¹¹ 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

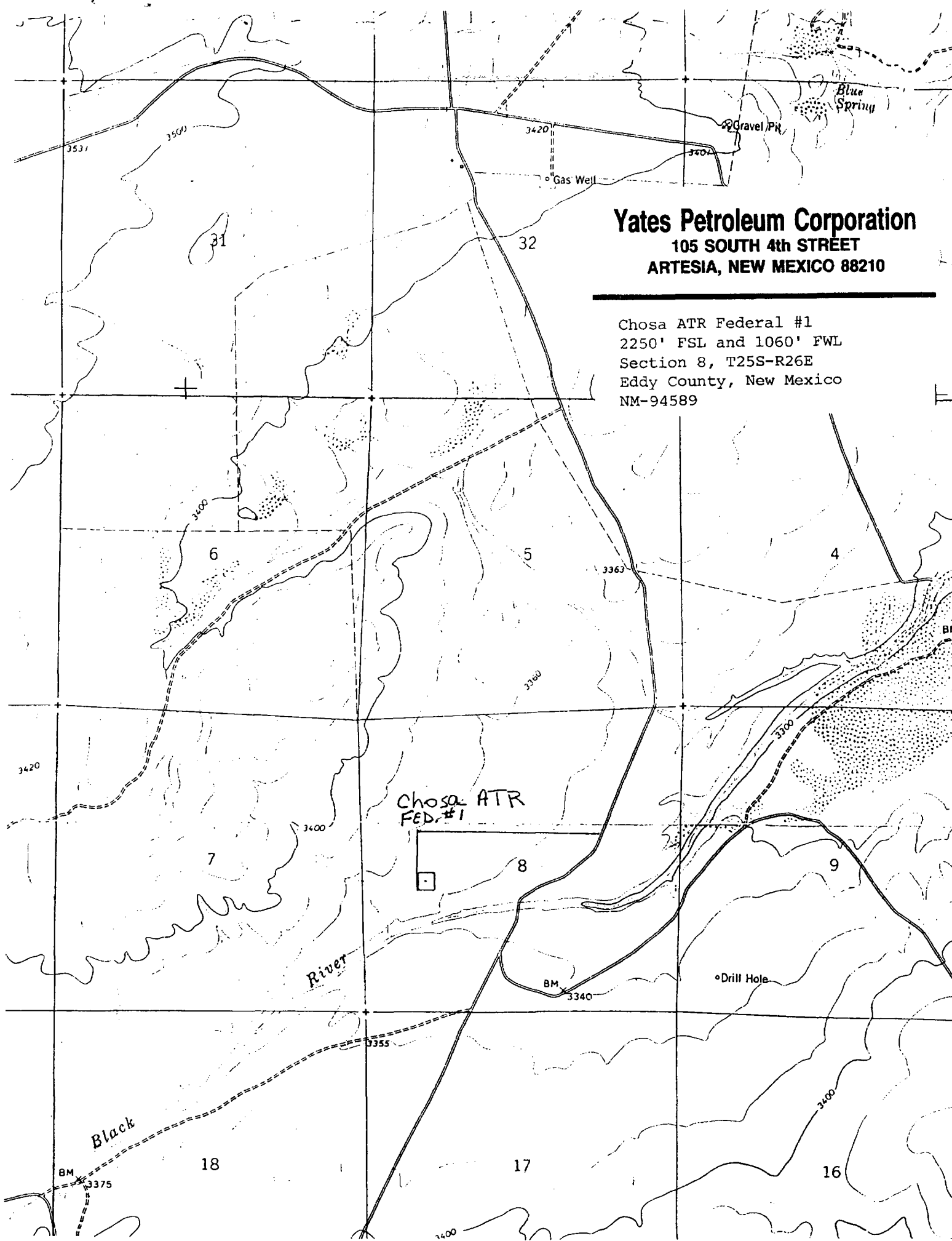
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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

<p>6</p> <p>NM-94589</p> <p>1060'</p> <p>2250'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Cy Cowan</i></p> <p>Signature Cy Cowan</p> <p>Printed Name Regulatory Agent</p> <p>Title February 29, 2000</p> <p>Date</p>			
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <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>FEBRUARY 24, 2000</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 5412 ENGINEER</p>			
	<p>APPROVED FOR FILING</p> <p>DATE 02/29/00</p>			
	<p>CERTIFICATE NUMBER 025575</p>			

Chosa ATR Federal #1
2250' FSL and 1060' FWL
Section 8, T25S-R26E
Eddy County, New Mexico
NM-94589

Chosa ATR Federal #1
2250' FSL and 1060' FWL
Section 8, T25S-R26E
Eddy County, New Mexico
NM-94589



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Chosa ATR Federal #1
2250' FSL and 1060' FWL
Section 8, T25S-R26E
Eddy County, New Mexico
NM-94589

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION**

Chosa "ATR" Federal #1
2250' FSL and 1060' FWL
Section 8-T25S-R26E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 14 miles southwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

From the Carlsbad Airport go approximately 9.8 miles south on Highway 285 to County Road 772 (Means and National Parks Highway). Turn left on CR 772 and go approximately 1.7 miles on the paved county road. At this point is the intersection of County Roads 772 and 476. County Road 772 jogs left then turns right (south) going through ranchhouse yard. Continue south on CR 772 (dirt road) for approx. 2.3 miles. Turn west on existing lease road and go approx. 0.5 of a mile. The new access road will start here going south.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.2 mile in length from the point of origin to the southwest corner of drilling pad. The road will lie in a north to south direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnouts will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is not any drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will locate the closest pit and obtain any permits and material needed for the construction.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

11. SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico.

OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

12. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:

Brian Collins, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

2/29/00
Date


Regulatory Agent

YATES PETROLEUM CORPORATION

Chosa "ATR" Federal #1
2250' FSL and 1060' FWL
Section 8-T25S-R26E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

Anhydrite	1450'
Bell Canyon	1700'
Cherry Canyon	2600'
Brushy Canyon	4000'
Bone Spring	5210'
Wolfcamp	8500'
Strawn	10,410'
Atoka	10,760'
Morrow	11,300'
TD	12,000'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 350'
Oil or Gas: All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Interval</u>
17 1/2"	13 3/8"	48.0#	H-40	ST&C	0-350'
12 1/4"	9 5/8"	36.0#	J-55	ST&C	0-1750'
8 3/4"	7 "	26.0#	J-55	LT&C	0-400'
8 3/4"	7"	23.0#	J-55	LT&C	400'-5200'
8 3/4"	7"	26.0#	J-55	LT&C	5200'-7300'
8 3/4"	7"	26.0#	N-80	LT&C	7300'-9000'
6 1/8"	4 1/2"	11.6#	S-96	LT&C	8500'-12000'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.8, Joint Strength 2.0

B. CEMENTING PROGRAM:

Surface casing: 400 sx Class "C" + 2% CaCl₂ (YLD 1.32 WT.14.8).

Intermediate Casing:

Stage I: 400 sx Lite "C" (YLD 2.05 WT 12.0). Tail in with 250 sx Class C + 2% CaCl₂ (YLD 1.32 WT 14.8)

Stage II: 550 sx Lite (YLD 2.05 WT 12.0) Tail in with 250 sx Super C Modified (YLD 1.66 WT 13.0)

Production Casing: 250 sx Super "C" Modified (Yld 1.66 WT 13.0).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 350'	FW	8.3-9.0	28-32	N/C
350'-1750'	FW	8.4	28	N/C
1750'-9000'	Cut Brine	8.9-9.2	28	N/C
9000'-10700'	Cut Brine	9.0-9.4	28	N/C
10700'-12000'	Salt Gel/Starch	9.4-10.0	32-38	12cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' from start of mudlogger.

Logging: CNL TD to surface casing; DLL TD to surface casing.

Coring: None anticipated.

DST's: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: Spud	TO 350'	Anticipated Max. BHP:	150	PSI
From: 350'	TO 1750'	Anticipated Max. BHP:	760	PSI
From: 1750'	TO 9000'	Anticipated Max. BHP:	4500	PSI
From: 9000'	TO 12000'	Anticipated Max. BHP:	6000	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 156° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 35 days to drill the well with completion taking another 20 days.



NEW MEXICO ENERGY, MINERALS and *Artesia* NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

August 22, 2000



Yates Petroleum Corporation
c/o William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Re: Administrative application of Yates Petroleum Corporation for an exception to Division Rule 104.C (2) for the Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) to be drilled 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East, NMPM, Undesignated Chosa Draw-Morrow Gas Pool, Eddy County, New Mexico.

Dear Mr. Carr:

I have reviewed the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this matter, please be advised that:

- (1) with the inception of Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, operators have been given an additional 18.7 acres on the surface within a single governmental quarter section in which to locate deep gas wells (Wolfcamp and older) at a location considered to be standard;
- (2) from the information provided, there appear to be areas within the 120 acres comprising the NE/4 SW/4 and S/2 SW/4 of Section 8 that adequately meets both the geological and topographical perimeters necessary for drilling at a standard deep (Morrow) gas well location; and
- (3) further, from the information provided, moving this well to the south within the SW/4 of Section 8 would improve Yates' geological position on the targeted structure. Yet this fact was never covered in the subject application.

This application is hereby **denied** and is being returned to you at this time.

Yates Petroleum Corporation

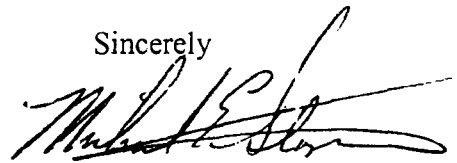
August 22, 2000

Page 2

As a reminder our pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Since the primary objective of the recent amendments to the location requirements for deep gas wells in southeast New Mexico (see the record in Case No. 12119) were to grant operators increased flexibility in locating wells and to decrease the number of applications for unorthodox locations, all future location exceptions will require substantial justification, *i.e.*, unusual circumstances. Also, please refer to the findings in the recently issued Division Order No. R-11364, issued in Case No. 12370 and dated April 28, 2000 (see copy attached) that addressed this issue further.

Thank you for your understanding, cooperation, and continued support in making this newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
U. S. Bureau of Land Management - Roswell
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Kathy Valdes, NMOCD – Santa Fe

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Oil Cons. Division
11 S. 1st Street
Artesia, NM 88210-2834

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

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

2,250' FSL & 1,060' FWL
Section 8 T25S-R26E

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation respectfully requests permission to make the following changes to this well:

Change 13 3/8" setting depth from 350' to 400'. Change 9 5/8" setting depth from 1,750' to 1,800'. Change 7" casing setting depth from 9,000' to 8,700'. All casing designs will remain the same. A cement program for the 7" casing was not listed on the APD. The cement program is 250 sx PVL, Yld 1.34 wt 13.0. TOC will be approximately 7,500'.

Sincerely,

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

Name (Printed/Typed)

Cory Frederick

Title

Drilling Engineer Asst.

Signature

Cory Frederick

Date

May 11, 2001

Approved by

APPROVED

THIS SPACE FOR FEDERAL OR STATE USE

Title

Date

(ORIG. SGD.) DAVID R. GLASS

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds a legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

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SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

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

2250' FSL and 1060' FWL

Section 8-T25S-R26E

5. Lease Serial No.

NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

30-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, New Mexico

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TYPE OF SUBMISSION	TYPE OF ACTION			
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<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Extend</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>APD</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to extend the captioned well's APD expiration date for one (1) year to June 27, 2002.

Thank you.

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

Name (Printed/Typed)

Darlene Chavarria

Title

Regulatory Technician

Signature

Darlene Chavarria

Date

May 30, 2001

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

OPIC 2001 INEG. LAP

Title

Regulatory Technician

Date

8/9/2001

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

CFC

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

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

2,250' FSL & 1,060' FWL

Section 8 T25S-R26E

5. Lease Serial No.

NM-9489 94534

6. Office or Tribe Name

Chosa ATR Federal #1

9. API Well No.

50-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

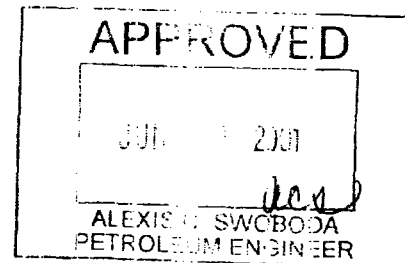
Eddy County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation respectfully requests permission to make the following changes to this well:
Change drilling fluid for intermediate hole (400'-1,800') to a cut brine drilling fluid instead of FW as originally permitted.



Sincerely,

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

Name (Printed/Typed)

Cory Frederick

Title

Drilling Engineer Asst.

Signature

Cory Frederick

Date

June 5, 2001

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

CISF

SUMMARY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an
an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil well ☐ Gas Well ☐ Other

2. Name of Operator

Yankee Petro

a. Address

107 North E

Phone No. (include area code)

4. Location of Well

Survey Description

2250' FSL & 1060' FWL Section 8-T25S-R26E

5. Lease Serial No.

NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No.

Chosa ATR Federal

9. API Well No.

#1

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy, NM

12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Reclaim

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Water Casing

☐ Fracture Treat

☐ Reclamation

Well Integrity

☐ Subsequent Report

☐ Abandon

☐ New Construction

☐ Recomplete

☐ Other

☐ Change Flow

☐ Plug and Abandon

☐ Temporarily Abandon

☐ Final Abandonment Notice

☐ Change Flow

☐ Plug Back

☐ Water Disposal

13. Describe Proposed or Completed Construction with necessary detail, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen, describe the proposed depth, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the field notes under which the work was done, and the location of the Bond no. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the proposed work. If the work is done in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Subsequent reports shall be filed only after all requirements, including reclamation, have completed, and the operator has determined that the site is appropriate for reclamation.

6/29/01-Ran 7" casing log with Schlumberger. Td 8703' cement casing. PD at 3:00 p.m. 6-29-01.

Detailed casing report: ran 208 joints casing at 8700'.

15 joints 7" 26# N-80 SB 103.34'

22 joints 7" 26# N-80 vane 101.37'

51 joints 7" 26# J-55 vane 1132.80'

107 joints 7" 23# J-55 vane 1450.07'

13 joints 7" 26# J-55 vane 537.46'

Float shoe set at 8700'. Float collar set at 8553.86' Bottom marker at 8039.13' cemented w/500 sacks class "H" w/0.2% D13 (yield 1.18 wt 15.3) PD at 3:00 p.m. 3/29/01. Bumped plug to 1660 psi, float and casing held ok. Drilled out at 9:00 a.m. 7/29/01. Reduced hole to 6-1.8" and resume drilling.



14. The following information is required for all wells:

Name: Ernest

Ernest

Title

Drilling Technician

Signature

Date

26-Oct-01

THIS SPACE IS FOR FEDERAL OR STATE OFFICE USE

Approved by:

Comments:

Where:

Title:

State:

Title

Date

Office

For any person knowingly and willfully to make to any department or agency of the United States any false statement or to conceal or withhold any material within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

CLSF

SUMMARY NOTICE AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an
an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

a. Address

105 South F Street

b. Phone No. (include area code)

4. Location of Well

Academy, Section 3, T25S-R26E

2250' FSL & 1060' FWL Section 3-T25S-R26E

5. Lease Serial No.

NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No.

Chosa ATR Federal

9. API Well No.

#1

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy, NM

12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Deepen

☐ Fracture Treat

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Alter Casing

☐ Reclaim

☐ Reclaim

☐ Well Integrity

☐ Subsequent Report

☐ Plug and Abandon

☐ Plug and Abandon

☐ Temporarily Abandon

☐ Other

☐ Final Abandonment Notice

☐ Plug Back

☐ Plug Back

☐ Water Disposal

13. Describe Proposed or Completed Work, including estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen, alter casing, or plug and abandon, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed, and provide the Bond no. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the proposed operations. If the work consists in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. If the work consists in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed and the operator has determined that the well is ready for production.

7/24/01-TD 11920'. Ran 4-1/2" casing. Rigged down casing crew and laydown machine. TIH w/liner: and circulate. Cement w/Schlumberger solid down. Nipped down and change pipe rams. Rig released at 6:00 a.m. 7/24/01. Casing report: Ran 89 joints (3721.84') casing, set 11,920'.

15 joints 4-1/2" P 110 11.6 SB (608.47)

46 joints 4-1/2" P 110 11.6 SB (1924.37')

28 joints 4-1/2" P 110 11.6 SB (1101.05')

Float shoe set at 11,920'. Float collar set at 11,874'. Cemented w/300 sks PV lite & 1#/sx D44

& 4#/sx D24 & 0.02% D05 + .3% D107 + 2% D46 + 7% D800 (yld 1.5, wt. 13). PD @ 3:45 p.m. Bumped plug to 1630 psi, hold bk. Top of liner at 8998.16'.

Waiting on completion unit.

14. If the operator is a
Name

E. J. B.

Title

Drilling Technician

Signature

Date

26-Oct-01

FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conduct this work in accordance with the provisions of the Federal Land Management and Policy Act, 43 U.S.C. 1701-1705, and the regulations of the Department of the Interior, 25 C.F.R. 161.1-161.10, and the regulations of the Bureau of Land Management, 43 C.F.R. 161.1-161.10.

Office

Which of the following best describes the nature of the work being performed?

For any person knowingly and willfully to make to any department or agency of the United States a false statement or to furnish any false information.

States that the work being performed is in accordance with the provisions of the Federal Land Management and Policy Act, 43 U.S.C. 1701-1705, and the regulations of the Department of the Interior, 25 C.F.R. 161.1-161.10, and the regulations of the Bureau of Land Management, 43 C.F.R. 161.1-161.10.

Chosa A/R Federal #1
Section 8-T25S-R26E
Eddy County

test to 1500 psi. Release and pull packer. TIH w/6-1/8" bit and drill collars. Close in well.

8/7/01-Resume TIH w/6-1/8" bit and drill collars. Tag 8129'. Drilled hard cement to 8198' top of liner. Circulate hole clean. Test to 1500 psi. TIH to top of liner w/3-7/8" bit and drill collars.

8/8/01-Tagged cement at top of liner in 4-1/2 at 8198' TIH to PBTD at 11,720'. Perforate Morrow sand w/3-3/8" guns (6 JSPF)=11,609-15' (43 Holes), 11,628-30' (18 holes) + 11,647-51' (30 holes). Total of 91 holes. Prep to TIH w/packer and RBP. Tag up at 11,609'. Top of perf. could not work, past spot. Pull gun ran in with gauge basket with 3-7/8" OD. Tag at 11,609'.

8/10/01-TIH to PBTD @ 11,720

8/11/01-RIH w/ 3-3/8 guns, shot 11,628-30' w/6 JSPF start in hole w/ 4-1/2" packer and RBP.

8/14/01-Well back up to 1500 psi. Set RBP @ 11,712'. Pulled packer above perfs. RIH w/Gamm ray tool & correlate packer depth. Lower below perfs, spot 5 bbls 7.5% Morrow sand acid. Pull packer & RBP to straddle perfs 11,609-15'. Break at 3650 psi. Move tools to straddle perfs 11,628-38'. Break @ 2600 psi., communicate with upper perfs. Straddle perfs 11,647-51', break at 3900 psi. Lower RBP to 11,712. Pull packer to 11,500. Set and test to 1500 psi. Acidize Morrow sand perfs 11,609-11,651'= 91 holes w/1500 gal. 7.5% morrow sand type acid w/1000 SCF N₂/per bbls. Break 3600 psi, avg rate 5 BPD 50:50 mix. Avg pressure=4850 psi, ISDP=4600 psi, 15 min=4050.

8/17/01-Turn well over to production department.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
CMB No. 1004-C135
Expires November 30, 2000

CISF

SEARCH NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an abandoned well. Refer to BLM 160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Energy

a. Address

105 South E

Phone No. (include area code)

4. Location of Well

(For use with BLM 160-3 Survey Description)

2250' FSL & 1060' FWL Section 13-T253-R26E

5. Lease Serial No

NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No

Chosa ATR Federal

9. API Well No.

#1

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy, NM

12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Redesign

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Subsequent Report

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☐ New Construction

☐ Recomplete

☐ Other

☐ Plug and Abandon

☐ Temporarily Abandon

☐ Plug Back

☐ Water Disposal

13. Describe Proposed Work

If the proposal is to deep, attach the bond under which the work is to be done. The bond no. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days. If the proposal is to plug and abandon, attach the bond no. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days. If the proposal is to plug and abandon, attach the bond no. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days.

7/31/01-POH w/6-7/8" bit and drill collars. Tih w/3-7/8" bit and drill collars w/tapered tubing string. Tagged @ 11,783'. Returns show number. Picked tubing w/1000 gals 15% NEFE acid pulled 10 stands.

8/1/01-Ran GR/C. LCCCL log now wireline PBTD 11,720' to liner top @ 8198'. Logged without pressure on casing.

8/2/01-Prep to Tih w/packer w/1000' tail pipe. Pull up & spot at liner top.

8/3/01-Well built up to 140' p. blow down & kill casing. Tih w/7" packer w/1000' 2 3/8" tail pipe. Spot 5 bbls flowcheck at 862'. Picked to top of line at 8198: spct 5 bbls squeeze crete. Pull to 7187' set and test packer. Cold press at 1000 psi to 1500 psi. Pump 1.2 bbls into liner top press dropped to 1450 psi in 30 min, press up to 1500 psi. Pumping 7/10 bbls into liner. Press stayed @ 1500 psi. Total squeeze crete pumped into liner 1000' @ 1500 psi (yld 1.6, wt 14). Tubing had 650 psi overnight.

continue on next page

14. The undersigned hereby certifies that the information furnished herein is true and correct to the best of his knowledge.

Name

Ernie

Title

Drilling Technician

Signature

Date

26-Oct-01

FEDERAL OR STATE OFFICE USE

Approved By

Comments and signature of the certifying official

Which must be filed with the Title

States

Title

Date

Office

for any person knowingly and willfully to make to any department or agency of the United States

any matter within its jurisdiction

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Conn
N.M. DIV-2
1301 W. Grand Avenue
Artesia, NM 98210
FORM APPROVED
1004-0135
November 30 2000

C1912

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an
an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil well ☐ Gas Well ☐ Other

2. Name of Operator

Chosa Petroleum Corporation

3a. Address

115 South Fourth Street

3b. Phone No. (include area code)

4. Location of Well

(Footage, Sec. T, R, M., OR Survey Description)

2250' FSL & 1060' FWL Section 8-T25S-R26E

5. Lease Serial No.

NM-94589

6. Indian, Allottee or Tribe Name

7. If Unit or O/A Agreement, Name and/or No.

8. Well Name and No.

Chosa ATR Federal #1

9. AP. Well No.

#1 10-015-3121

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy, NM

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Acidize

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Alter Casing

☐ Fracture Treat

☐ Reclamation

Well Integrity

☐ Subsequent Report

☐ Casing Repair

☐ New Construction

☐ Recomplete

☒ Other

☐ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

☐ Final Abandonment Notice

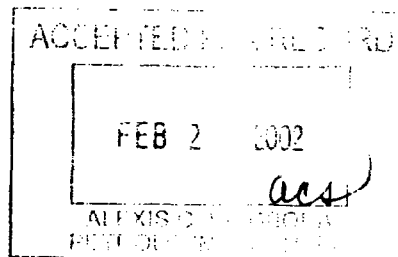
☐ Convert to Injection

☐ Plug Back

☐ Water Disposal

13. Describe Proposed or Completed Operation. Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or to recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all operations, including reclamation, have completed and the operator has determined that the site is ready for final inspection.

First date of production 8/16/01.



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

Name (Printed/Typed)

Erma Vazquez

Title

Drilling Technician

Signature

Erma Vazquez

Date

26-Oct-01

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal title to the rights in the subject lease. It only warrants that the applicant is the owner of the lease and is the owner of the lease.

Office

This form is to be used for the purpose of providing information to the Bureau of Land Management and is not to be used for any other purpose. It is the responsibility of the applicant to provide accurate information and to comply with all applicable laws and regulations. The Bureau of Land Management is not responsible for any errors or omissions in this form.

State of New Mexico
Energy Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
Revised February 10, 1994
Instructions on Back
Submit to appropriate District Office
5 Copies

AMENDED REPORT

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1. Operator Name and Address Yates Petroleum Corporation 104 South 4th St. Artesia, NM 88210 505-748-1471		2. OSRD Number 25575
		3. Reason for Filing Code NW
4. Applicant 30-015-2425	5. Pool Name Chosa Draw Morrow	6. Pool Code 74900 43220
7. Property Code 26133	8. Property Name Chosa ATR Federal	9. Well Number #1

II. 10. Surface Location									
1. Section L	2. Township 8	3. Range 25S	4. Meridian 26E	5. Easting 2250	6. Northing South	7. Feet From Line 1060	8. Easting West	9. Northing Eddy	10. County

11. Bottom Hole Location									
1. Section F	2. Township F	3. Range	4. Meridian	5. Easting	6. Northing	7. Feet From Line	8. Easting	9. Northing	10. County
12. Production Method(s)		13. Gas Connection Date		14. OSRD Number		15. OSRD Effective Date			

III. Oil and Gas Transporters				
16. Transporter ID 000734	17. Transporter Name and Address Amoco Pipeline Company 502 N. West Avenue Levelland TX 79336	18. POB 2830268	19. POB O	20. POB Location and Description Unit L Sec. 8-T25S-R26E
007057	El Paso Natural Gas P.O. Box 1492 El Paso TX 79978	2830269	G	Unit L Sec. 8-T25S-R26E

IV. Produced Water	
21. POB 2830270	22. POB Location and Description Unit L Sec. 8-T25S-R26E

V. Well Completion Data				
23. Well ID RN-5-10-01, RT 6-1-01	24. Completion Date 8/16/01	25. Depth 11,920'	26. Depth 11,720'	27. Perforations 11609-11651
28. Hole Size 17 1/2	29. Casing & Tubing Size 13 3/8		30. Depth Set 421	
12 1/4	9 5/8		1800	
8 3/4	7		8710	300 sxs circ

VI. Well Test Data					
31. Test Date 8/15/01	32. Test Date 8/16/01	33. Test Type 24 hrs	34. Test Type 42 hrs	35. Test Type 42 hrs	36. Test Type flow test
37. Test Type 3/8	38. Test Type 0	39. Test Type 0	40. Test Type 3954	41. Test Type 42 hrs	42. Test Type flow test

43. I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Erma Vazquez</i> Printed Name: Erma Vazquez Title: Drilling Technician		OIL CONSERVATION DIVISION ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR OCT 30 2001	
--	--	---	--

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Options.
N.M. D.V.-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

CSF

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 Gas

☐ Well ☒ Well ☐ Other

2. Name of Operator
Yates Petroleum Corporation

3. Address and Telephone No.
105 South Fourth Street, Artesia, NM 88210 (505) 7481471

2250' FSL & 1060' FWL, Sec. 8-T25S-R26E (Unit L, NWSW)

2. Lease Designation and Serial No.
NM-04589

• If Indian, Give the Full Name

* IFA, Interco, A. Agreement Designation

8. Well Name and No.
Chosa ATR #1

9. API Well No.
- 30-01S-31215

10. Field and Pool, or Exploratory Area
Chosa Draw Morrow

11. County or Parish, State

Eddy Co., NM

12. CHECK APPROPRIATE BOX(es) 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 Off Lease Measurement & Sales

- ☐ Change of Plans
- ☐ New Construction
- ☐ Non-Routine Fracturing
- ☐ Water Shut-Off
- ☐ Conversion to Injection
- ☐ Dispose Water

Note: Report results of multiple completion on Weid completion or Reconstruction Report and Log Form(s)

1.3 Describe Proposed or Completed Operations to learn, 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 request approval for off lease measurement and Sales

The gas sales from the Chosa ATR #1 Federal Com #1 is metered and sold at the following location, Delta Federal #1, Unit G, Section 7-T25S-R26E, NM-28172.

The off lease measurement of production is in the interest of conservation and economic feasibility, and will not result in reduced royalty or improper measurement of production.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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

Witnessed Charles E. [illegible]

Top Production Secretory

Date February 11, 2002

1310 66B of 544 Office No. SW 2010

102

Date 10-1-36

* <http://www.elsevier.com/locate/ymbs>

Article 18.5.3.1. Section 18.5.3.1 states that a statement is false and willfully made if the respondent, a "member of the Executive, Legislative, or Judicial Branch of the United States or any department, agency, or office of the United States," makes a "false, fictitious or fraudulent statement."

*See instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. DIV st. 2
301 W. Grand Avenue
Artesia, NM 88210
APPROVED
Bureau No. 1004-0135
Expires: March 31, 1993

CLSF

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 Gas
☒ Well ☐ Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3. Address and Telephone No.

105 South 4th Street, Artesia, NM 88210 (505) 748-1471

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

2,250' FSL & 1,060' FWL Section 8 T25S-R26E

5. Lease Designation and Serial No.
NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

30-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, 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 _____
☐ 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 is submitting application for produced water pursuant to Order #7 and requests your approval. The well at present produces 3 Bbbls of water per day from the Chosa Draw Morrow. The water will be stored in a 210 Fbbls tank and will be pipeline by Don McDaniel Trucking Company, to the HOC Federal Com #2 Battery SWD System Located at 13 23E 22S. If the system is down it will be trucked by the lowest bid company

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

Signed

Maureen P. Jones

Title Production Secretary

Date February 18, 2002

(This space for signature of the engineer)

Approved by

Maureen P. Jones

Title

Maureen P. Jones

Date

February 28, 2002

Conditions of approval, if any

Title is U.S.C. Section 1091, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL C S.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED

OMB No. 1004-0135

Expires November 30, 2000

5. Lease Serial No.

NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

30-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, NM

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☐ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th Street - Artesia, NM 88210

3b. Phone No. (include area code)

505-748-1471

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

2250' FSL and 1060' FWL Section 8-T25S-R26E

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

TYPE OF SUBMISSION	TYPE OF ACTION				
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Spud, set and cement surface casing	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimate; starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond Under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operations results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

5/10/01 - Spudded 26" hole with rathole machine at 8:00 AM. Set 40' of 20" conductor pipe, cemented to surface.

Notified Paul Evans with the BLM of spud.

6/3/01 - Resumed drilling 17-1/2" hole with rotary tools at 7:00 PM.

6/4/01 - Reached TD of surface hole at 421' at 7:30 PM.

Ran 10 joints (426.63') 13-3/8" H-40 48# casing set at 421'. Texas Pattern guide shoe set at 421'. Insert float set at 378'.

Cemented with 200 sxs RFC-12-2 Class A + 3 pps D24 + 2% S1 (yld 1.6, wt 14.2) and 150 sxs 35/65 Poz C + 6% D20 + 2% S1 + 1/4 pps D130 (yld 1.89, wt 12.6). Tailed in with 200 sxs C + 2% S1 + 1/4 pps D130 (yld 1.89, wt 14.8).

6/5/01 - PD at 1:45 AM. Bumped plug to 850 psi, held OK. Circ 122 sxs. WOC.

Drilled out at 10:15 PM. WOC 20 hours, 30 mins.

Reduced hole to 12-1/4" and resumed drilling.

I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Susan Herpin

Signature

Title

Engineering Technician

Date

5-Mar-02

LFS BABYAK

PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Wells
N.M. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210
FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000
Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a Address

105 S. 4th Street - Artesia, NM 88210

3b. Phone No. (include area code)

505-748-1471

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

2250' FSL and 1060' FWL Section 8-T25S-R26E

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

30-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Perforate
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operations results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

8/4-8/6/01 - TIH with 6-1/8" bit and drill hard cement 8129' to liner top at 8198'.

8/7/01 - TIH with 3-7/8" bit and drill cement 8198-8218'. TIH to PBTD.

Perforate Morrow 11,609-11615', 43 holes, 11,628-11630', 18 holes and 11647-11651', 30 holes, total of 91 holes, .42".

8/13/01 - Acidize Morrow perfs 11,609-11,615' with 1500 gals 7.5% Morrow acid with 1000 scf N2 per bbl.

TIH with packer and tbg as follows:

2-7/8" tbg to crossover at 7874', 2-3/8" tbg below crossover to 11,566', bottom of packer at 11,572'.

8/16/01 - Release all equipment and turn well to production department to build pipeline.

I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Susan Herpin

Signature

Title

Engineering Technician

Date

5-Mar-02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL Co
N.M. DIV-List. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

ckf

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

Lease Serial No.
NM-94589

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

Amended Report
SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th Street - Artesia, NM 88210

3b. Phone No. (include area code)

505-748-1471

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

2250' FSL and 1060' FWL Section 8-T25S-R26E

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

30-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, NM

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

TYPE OF SUBMISSION

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

TYPE OF ACTION

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input checked="" type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operations results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Gas connect date and date of first production - October 24, 2001

I hereby certify that the foregoing is true and correct:

Name (Printed/Typed)

Susan Herpin

Signature

Title

Engineering Technician

Date

5-Mar-02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. DIST. 2
1301 W. Grant Avenue
Artesia, NM 88210

FORM APPROVED

CMB NO. 1004-0137

Expires: February 28, 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other ☐
b. TYPE OF COMPLETION: NEW WELL ☒ WORKOVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF RESVR. ☐ Other ☐

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS AND TELEPHONE NO.

105 South Fourth St. - Artesia, NM 88210

505-748-1471

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

At surface

2250' FSL and 1060' FWL

At top prod. Interval reported below

At total depth

15. DATE SPUDDED
RH - 5/10/01
RT - 6/3/01
16. DATE T.D. REACHED
7/21/01
17. DATE COMPL. (Ready to prod.)
8/16/01
18. ELEVATIONS (OF RKE, RT, GR, ETC.)
3344' GR

20. TOTAL DEPTH, MD & TVC
11,920'
21. PLUG BACK T.D., MD & TVC
11,783'
22. IF MULTIPLE COMPL.
→
23. INTERVALS DRILLED BY
40-11,920'

24. PRODUCTION INTERVAL(S) OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD):

11,609-11,651' Morrow

25. TYPE ELECTRIC AND OTHER LOGS RUN

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
20"		40'	26"	cement to surface	
13-3/8"	48#	421'	17-1/2"	550 sxs circ	
9-5/8"	36#	1800'	12-1/4"	1270 sxs circ	
7"	23# & 26#	8700'	8-3/4"	500 sxs	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT	SCREEN (MD)	SIZE	SIZE	DEPTH SET (MD)	PACKER SET (MD)
4-1/2"	8198'	11,920	300			2-7/8"	7874'	
						2-3/8"	7874-11,566'	11,572'

31. PERFORATION RECORD (Interval, size and number)

11,609-11,615' 43 holes .42"
11,628-11,630' 18 holes .42"
11,647-11,651' 30 holes .42"

32. ACID SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

11,609-11,651' 1500 gals 7.5% MSA + 1000 scf N2 per bbl

33. PRODUCTION

DATE FIRST PRODUCTION
10/24/01
PRODUCTION METHOD (Flowing, gaslift, pumping-size and type of pump)
Flowing
WELL STATUS (Producing or shut-in)
Producing

DATE OF TEST
8/15/01
HOURS TESTED
24
CHOKE SIZE
3/8"
PROD. FOR TEST PERIOD
→
OIL-BBL
0
GAS-MCF
3954
WATER-BBL
0
GAS-OIL RATIO

FLOW TBG PRESS.
1150#
CASING PRESS
Packer
CALCULATED 24-HR RATE
→
OIL-BBL
0
GAS-MCF
3954
WATER-BBL
0
OIL GRAVITY-API CORR.

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Sold

TEST WITNESSED BY

Tracy Richardson

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

TITLE **Engineering Technician**

DATE

3/5/02

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
-----------	-----	--------	-----------------------------

38. GEOLOGIC MARKERS

10P

112111

MEAS DEPTH

VERT. DEPTH

Delaware	1664'
Cherry Canyon	3064'
Brushy Canyon	4432'
Bone Springs	5212'
Wolfcamp	8428'
Strawn	10438'
Atoka	10780'
Morrow	11380'

RECEIVED

2007 M12-7 AM 9:33

100

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

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

2250'FSL & 1060'FWL of Section 8-T25S-R26E

Oil Cons. DIV. Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210
NM-94589

6. If Indian, Allottee, or Tribe Name

7. If Unit or C.A. Agreement Designation

8. Well Name and No.

Chosa ATR Federal #1

9. API Well No.

30-015-31215

10. Field and Pool, or Exploratory Area

Chosa Draw Morrow

11. County or Parish, State

Eddy County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recombine	<input checked="" type="checkbox"/> Other Acidize
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will be performed or provide the Bond No. on file with the BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleting in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

7/23/02 Release and trip out with packer and RBP.
7/24/02 Set 4-1/2" AS-1 packer at 11,346' with 1875 F profile nipple.
7/29/02 Acidized Morrow perfs 11,609'-11,651' (91 holes) with 2500 gals 7-1/2% Morrow type acid with Super Flow surfactant and IC HCL with 50% methanol mix in fluid.

Aug 2002
acc

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

Name (Printed/ Typed)

Tina L. Huerta

Signature

Tina L. Huerta

Title

Regulatory Compliance Supervisor

Date

August 7, 2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any are attached. Approval of this notice 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.

Office

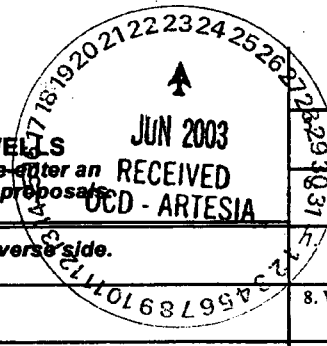
Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.



SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. CHOSA ATR FEDERAL 1
2. Name of Operator YATES PETROLEUM CORPORATION Contact: TINA HUERTA E-Mail: tinah@ypcnm.com		9. API Well No. 30-015-31215
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505-748-4168 Fx: 505.748.4585	10. Field and Pool, or Exploratory CHOSA DRAW MORROW
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T25S R26E NWSW 2250FSL 1060FWL		11. County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

6/5/03 Set 4-1/2" packer at 11,372'.

6/9/03 Acidize Morrow perms 11,607'-11,651' with 1500g 7-1/2% MSA, methanol and N2.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #23476 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 06/20/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice 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.		Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ****

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-31215		³ Pool Name Chosa Draw Morrow	
⁴ Property Code	⁵ Property Name Chosa ATR Federal		⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3363'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	8	25S	26E		2250	South	1060	West	Eddy

¹¹ 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
¹² Dedicated Acres 320	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

		<p style="text-align: center;">RECEIVED NOV 21 2003 OCD-ARTESIA</p>		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Cherry Matchus</u> Cherry Matchus Printed Name: _____ Engineering Technician Title: _____ Date: <u>11/19/03</u>
				¹⁸ 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. Date of Survey: _____ Signature and Seal of Professional Surveyor: _____ Certificate Number: _____

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-31215		² Pool Code	³ Pool Name Wildcat Atoka	
⁴ Property Code 26133	⁵ Property Name Chosa ATR Federal		⁶ Well Number 1	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3344'GR	

¹⁰ **Surface Location**

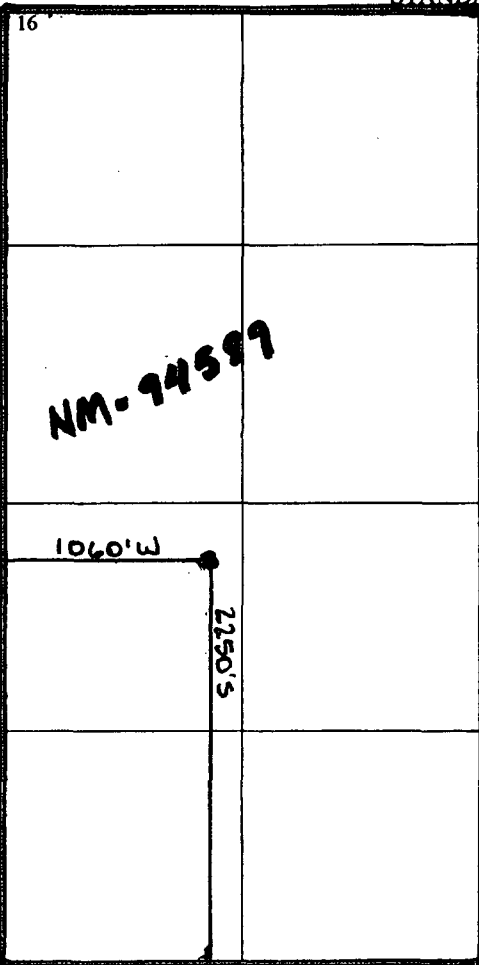
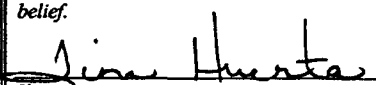
UL or lot no. L	Section 8	Township 25S	Range 26E	Lot Idn	Feet from the 2250	North/South line South	Feet from the 1060	East/West line West	County Eddy
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¹¹ **Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶ 	RECEIVED NOV 20 2003 OCD-ARTESIA	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature
		Tina Huerta Printed Name Regulatory Compliance Supervisor
		Title and E-mail Address November 18, 2003 Date
		¹⁸ SURVEYOR CERTIFICATION <i>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.</i>
		Date of Survey Signature and Seal of Professional Surveyor:
		Certificate Number

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-31215		³ Pool Name Wildcat Atoka	
⁴ Property Code	⁵ Property Name Chosa ATR Federal		⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3363'

¹⁰ Surface Location

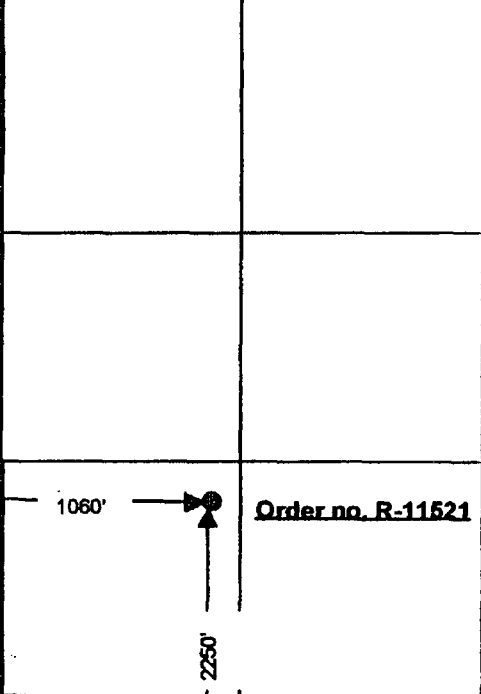
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	8	25S	26E		2250	South	1060	West	Eddy

¹¹ 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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

¹² Dedicated Acres 320	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

	RECEIVED NOV 12 2002 OCD-ARTES	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Cherry Matchus</u> Cherry Matchus Printed Name Engineering Technician Title Date: <u>11/19/03</u>
		¹⁸ 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. Date of Survey Signature and Seal of Professional Surveyor:
		Certificate Number

The Wildcat Atoka is a new zone and production curves are not available.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

RECEIVED

SUBMIT IN TRIPLICATE - Other instructions on reverse side

NOV 21 2003

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		OCD-ARTESIA	5. Lease Serial No. NMNM94589
2. Name of Operator YATES PETROLEUM CORPORATION		Contact: TINA HUERTA E-Mail: tinah@ypcnm.com	6. If Indian, Allottee or Tribe Name
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4168 Fx: 505.748.4585	7. If Unit or CA/Agreement, Name and/or No.	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T25S R26E NWSW 2250FSL 1060FWL		8. Well Name and No. CHOSA ATR FEDERAL 1	
		9. API Well No. 30-015-31215-00-S1	
		10. Field and Pool, or Exploratory UNKNOWN	
		11. County or Parish, and State EDDY COUNTY, NM	

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

YATES PETROLEUM CORPORATION PLANS TO RECOMPLETE THIS WELL AS FOLLOWS:

SET A COMPOSITE PLUG OR A CIBP AT 11,476'. PERFORATE ATOKA 11,270'-11,278'(49), 11,372'-11,378'(43) FOR A TOTAL OF 91 HOLES. STIMULATE AS NEEDED. POSSIBLY COMMINGLE MORROW AND ATOKA.

Accepted for record - NMOCD

14. I hereby certify that the foregoing is true and correct. Electronic Submission #25287 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by ARMANDO LOPEZ on 11/19/2003 (04AL0114SE)	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 11/18/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By LES BABYAK	Title PETROLEUM ENGINEER	Date 11/19/2003
Conditions of approval, if any, are attached. Approval of this notice 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.		Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3220

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: James H. Hill

RECEIVED

DEC 10 2003

OCD-ARTESIA

*Chosa ATR Federal Well No. 1
API No. 30-015-31215
Unit L, Section 8, Township 25 South, Range 26 East, NMPM,
Eddy County, New Mexico
Chosa Draw-Morrow (Gas 74900), and
Wildcat-Atoka (Gas) Pools*

Dear Mr. Hill:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the well bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule.

The applicant shall consult with the supervisor of the Artesia District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Artesia District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 7th day of December 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Division Director

LW/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad

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

State of New Mexico
Energy, Minerals & Natural Resources

Form C-104
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		² OGRID Number 025575
		³ Reason for Filing Code/ Effective Date RC - RT for December, 2003 for Atoka perfs 11,270'-11,378'
⁴ API Number 30-015-31215	⁵ Pool Name Wildcat Atoka	⁶ Pool Code
⁷ Property Code 26133	⁸ Property Name Chosa ATR Federal	⁹ Well Number 1

II. ¹⁰ Surface Location

UL or lot no. L	Section 8	Township 25S	Range 26E	Lot Idn	Feet from the 2250	North/South Line South	Feet from the 1060	East/West line West	County Eddy
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¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Lse Code F	¹³ Producing Method Code F	¹⁴ Gas Connection Date 12/6/03	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
209700	BP Pipelines NA, Inc. 502 N. West Avenue Levelland, TX 79336	2830268	O	Unit L of Section 8-T25S-R26E
007057	El Paso Natural Gas P. O. Box 1492 El Paso, TX 79978	2830269	G	Unit L of Section 8-T25S-R26E
				RECEIVED

IV. Produced Water

DEC 18 2003

²³ POD 2830270	²⁴ POD ULSTR Location and Description Unit L of Section 8-T25S-R26E	OCD-ARTESIA
------------------------------	---	-------------

V. Well Completion Data

²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBTD	²⁹ Perforations	³⁰ DHC, MC
³¹ Hole Size	³² Casing & Tubing Size	³³ Depth Set	³⁴ Sacks Cement		

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date	³⁷ Test Date	³⁸ Test Length	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
⁴¹ Choke Size	⁴² Oil	⁴³ Water	⁴⁴ Gas	⁴⁵ AOF	⁴⁶ Test Method

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Tina Huerta</i> Printed name: Tina Huerta Title: Regulatory Compliance Supervisor E-mail Address: tinah@ypcnm.com Date: December 9, 2003		Phone: (505) 748-1471	OIL CONSERVATION DIVISION Approved by: <i>Simon W. Brown</i> Title: District Supervisor Approval Date: DEC 15 2003
--	--	-----------------------	---

NSL for Atoka to Produce

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

OCD-ARTESIA

SUBMIT IN TRIPLICATE - Other Instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM94589
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address 105 S 4TH STREET ARTESIA, NM 88210		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505.748.4168 Fx: 505.748.4585		8. Well Name and No. CHOSA ATR FEDERAL 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T25S R26E NWSW 2250FSL 1060FWL		9. API Well No. 30-015-31215-00-S1
		10. Field and Pool, or Exploratory UNKNOWN
		11. County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

10/24/03 FRAC MORROW 11,609'-11,651' WITH 65Q CO2 FOAM FRAC AND 38,100# 20/40 CARBO-LITE SAND.
11/12/03 SET 4-1/2" COMPOSITE PLUG AT 11,580'. PERFORATE MORROW 11,536'-11,546' FOR A TOTAL OF 61 HOLES.
11/13/03 ACIDIZE MORROW 11,536'-11,546' WITH 1500G 7-1/2% MORROW ACID AND 2000 SCF/BPM N2.
11/25/03 SET 4-1/2" COMPOSITE PLUG AT 11,476'. PERFORATE ATOKA 11,270'-11,276'(49),
11,372'-11,378'(43).
12/1/03 ACIDIZE ATOKA 11,270'-11,378' WITH 2500G 7-1/2% MSA. SET 4-1/2" AS-1 PACKER WITH 1.81 PROFILE TO 11,146'.

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

Electronic Submission #25339 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by LINDA ASKWIG on 12/11/2003 (04LA0147SE)

Name (Printed/Typed) TINA HUERTA

Title REG COMPLIANCE SUPERVISOR

Signature (Electronic Submission)

Date 12/09/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	LES BABYAK PETROLEUM ENGINEER	Date 12/11/2003
Conditions of approval, if any, are attached. Approval of this notice 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.		Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
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RECEIVED

DEC 1 5 2003

OCD-ARTESIA

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM94589
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
Contact: TINA HUERTA E-Mail: tinah@ypcnm.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4168 Fx: 505.748.4585	8. Well Name and No. CHOSA ATR FEDERAL 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T25S R26E NWSW 2250FSL 1060FWL		9. API Well No. 30-015-31215-00-S1
		10. Field and Pool, or Exploratory UNKNOWN
		11. County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

10/24/03 FRAC MORROW 11,609'-11,651' WITH 65Q CO2 FOAM FRAC AND 38,100# 20/40 CARBO-LITE SAND.
11/12/03 SET 4-1/2" COMPOSITE PLUG AT 11,580'. PERFORATE MORROW 11,536'-11,546' FOR A TOTAL OF 61 HOLES.
11/13/03 ACIDIZE MORROW 11,536'-11,546' WITH 1500G 7-1/2% MORROW ACID AND 2000 SCF/BPM N2.
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12/1/03 ACIDIZE ATOKA 11,270'-11,378' WITH 2500G 7-1/2% MSA. SET 4-1/2" AS-1 PACKER WITH 1.81 PROFILE TO 11,146'.

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #25339 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by LINDA ASKWIG on 12/11/2003 (04LA0147SE)	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 12/09/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	LES BABYAK Title PETROLEUM ENGINEER	Date 12/11/2003
Conditions of approval, if any, are attached. Approval of this notice 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.		Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

CMD :
OG6IWCN

ONGARD
INQUIRE WELL COMPLETIONS

12/30/03 16:00:35
OGOMES -TPXS

API Well No : 30 15 31215 Eff Date : 08-16-2001 WC Status : A
Pool Idn : 74900 CHOSA DRAW;MORROW (GAS)
OGRID Idn : 25575 YATES PETROLEUM CORPORATION
Prop Idn : 26133 CHOSA ATR FEDERAL

Well No : 001
GL Elevation: 3344

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	---	-----	-----	-----
B.H. Locn : L	8	25S	26E	FTG 2250 F S	FTG 1060 F W	P	

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

E6317: No more recs. for this api well no.

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

County Eddy

Pool Chosa Draw-Morrow Gas

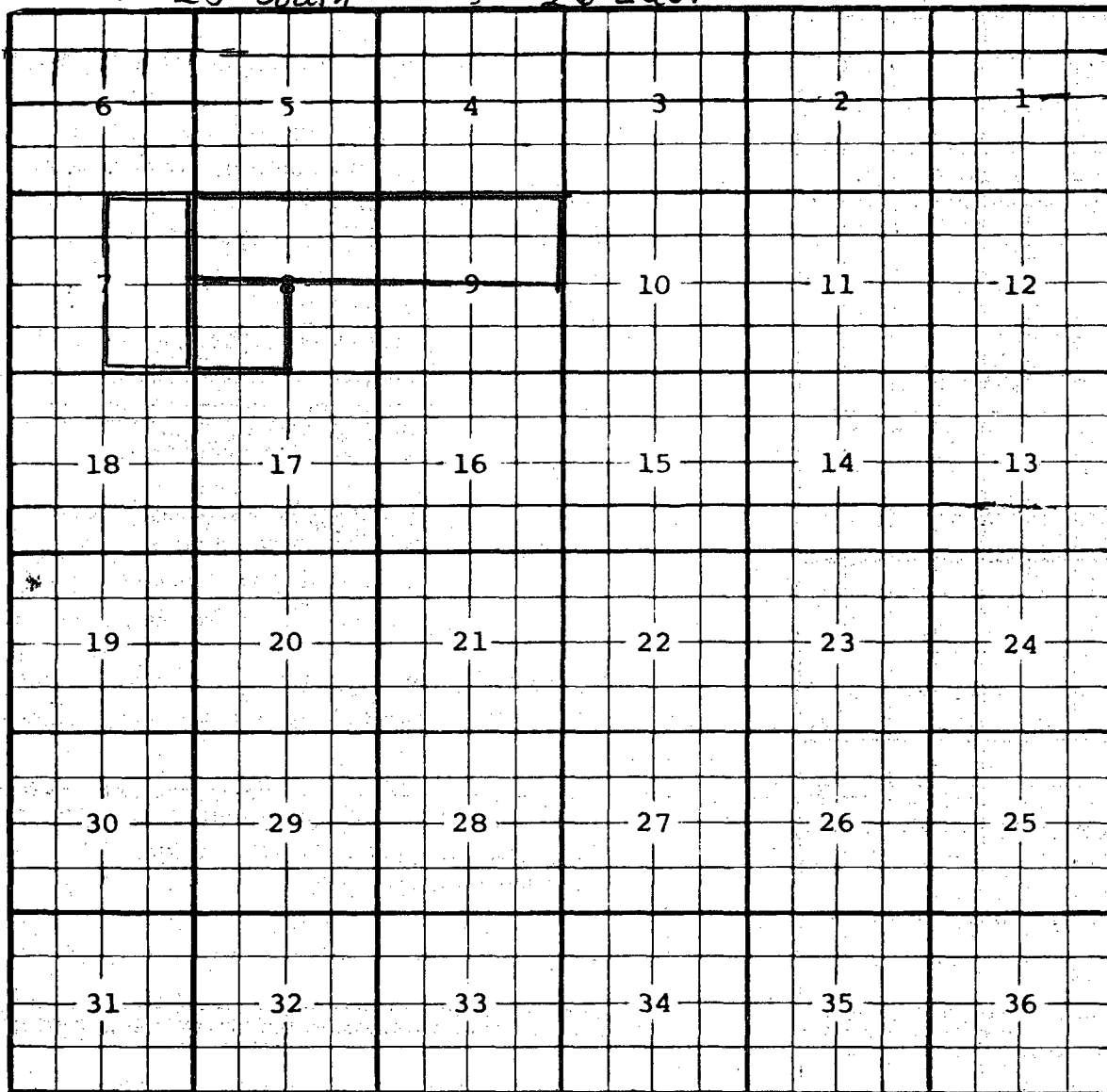
TOWNSHIP

25 South

Range

26 East

NMPM



Description: $\frac{E}{2}$ Sec. 7 (R-7372, 10-20-83)

Ext: $\frac{N}{2}$ Sec. 8, $\frac{N}{2}$ Sec. 9 (R-71205, 12-13-01) Ext: $\frac{SW}{4}$ Sec. 8 (R-11796, 1-9-83)

COUNTY EddyPOOL White City - Pennsylvanian GasTOWNSHIP 24 SouthRANGE 26 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: NE 1/4 Sec 29 (R-1857, 2-1-61)Ext: E 1/2 Sec 20 (R-2187, 3-1-62) - W 1/2 Sec 20; W 1/2 SE 1/4 Sec 29 (R-2507, 7-1-63)- All Sec 21 (R-3818, 9-1-69) - All Sec 32 (R-4437, 12-1-72)Ext: All Sec 30, All Sec 33 (R-4734, 3-1-74)Ext: All Sec 17 (R-4782, 6-1-74) Ext: All Sec 22 (R-5131, 1-1-76)Ext: All Sec 16, All Sec 34 (R-5171, 4-1-76) Ext: All Sec 35 (R-5334, 12-1-76)Ext: All Sec 15, All Sec 28 (R-5417, 4-1-77)Ext: All Sec 9 & 19 (R-5534, 10-1-77) Ext: All Sec 8 (R-5876, 12-1-78)Ext: All Secs. 26 and 27 (R-7915, 7-13-83)Ext: All Sec. 31 (R-10459, 9-11-95)

County Eddy

Pool White City-Pennsylvanian Gas

TOWNSHIP 25 South

Range 26 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

Ext: All Sec 3 (R-5171, 4-1-76) Ext: All Sec 2 (R-5417, 4-1-77)

Ext: All Sec 11 (R-5729, 6-1-78) Ext: All Sec 4 (R-5876, 12-1-79)

Ext: All Sec 1, All Sec 10 (R-5988, 5-1-79) Ext: All Sec 12 (R-6211, 12-31-79)

EXT: All sec 13 (R-7009, 6-19-82) Ext: All Sec 14 (R-11203, 6-14-99)

County Eddy

Pool White City - Pennsylvanian Gas

TOWNSHIP

25 South

Range

27 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	

Ext. All Sec. 7 (R-11013, 7-30-98)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

R-2429-D
R-2429-E

CASE No. 2737
Order No. R-2429

APPLICATION OF GULF OIL CORPORATION
FOR SPECIAL POOL RULES, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Also see
R-2429-A
R-2429-B
R-2429-C
R-2429-C-1

This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 21st day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Gulf Oil Corporation, seeks the establishment of special pool rules including provisions for 640-acre spacing for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico.
- (3) That 640-acre well spacing is a considerable deviation from the statewide rules and regulations and should not be approved without substantial evidence that such deviation is justified.
- (4) That the applicant has not presented sufficient evidence concerning the reservoir characteristics of the White City-Pennsylvanian Gas Pool to enable the Commission to determine whether 640-acre well spacing is justifiable in said pool.
- (5) That this case should be continued to enable the applicant to present additional evidence concerning the reservoir characteristics of the White City-Pennsylvanian Gas Pool.

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CASE No. 2737
Order No. R-2429

IT IS THEREFORE ORDERED:

(1) That this case is hereby continued to the last examiner hearing in March, 1963.

(2) That the subject application shall be denied if the applicant does not appear at the last examiner hearing in March, 1963, and present additional evidence concerning the reservoir characteristics of the White City-Pennsylvanian Gas Pool.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2737
Order No. R-2429-A

APPLICATION OF GULF OIL CORPORATION
FOR SPECIAL POOL RULES FOR THE WHITE
CITY-PENNSYLVANIAN GAS POOL, EDDY
COUNTY, NEW MEXICO.

Also see R-2429-B
R-2429-C
R-2429-C1
R-2429
R-2429-D
R-2429-E

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 20, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 27th day of March, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, seeks the promulgation of temporary special rules and regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, including a provision for 640-acre spacing units.

(3) That temporary special rules and regulations establishing 640-acre spacing units should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

(4) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) That the temporary special rules and regulations should be established for a one-year period and that during this one-year period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(6) That this case should be reopened at an examiner hearing in March, 1964, at which time the operators in the subject pool should appear and show cause why the White City-Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, are hereby promulgated as follows, effective April 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
WHITE CITY-PENNSYLVANIAN GAS POOL

RULE 1. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile of the White City-Pennsylvanian Gas Pool, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located no nearer than 1650 feet to the boundary of the spacing unit and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Pennsylvanian formation within the White City-Pennsylvanian Gas Pool or within one mile of the White City-Pennsylvanian Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator of any such well shall notify the Artesia District Office in writing of the name and location of the well on or before April 1, 1963.

(2) That any operator desiring to dedicate 640 acres to a well presently drilling to or completed in the White City-Pennsylvanian Gas Pool shall file a new Form C-128 with the Commission on or before April 1, 1963.

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CASE No. 2737

Order No. R-2429-A

(3) That this case shall be reopened at an examiner hearing in March, 1964, at which time the operators in the subject pool may appear and show cause why the White City-Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

(4) That Order No. R-2429 entered by the Commission on February 21, 1963, is hereby superseded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2737
Order No. R-2429-B

APPLICATION OF GULF OIL CORPORATION
FOR SPECIAL POOL RULES FOR THE WHITE
CITY-PENNSYLVANIAN GAS POOL, EDDY
COUNTY, NEW MEXICO.

*Also see R-2429-C
R-2429-C-1
R-2429-D
R-2429
R-2429-A
R-2429-E*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 11, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this 13th day of April, 1964, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That by Order No. R-2429-A, dated March 27, 1963,
temporary special rules and regulations were promulgated for the
White City-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2429-A,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the White City-Pennsylvanian Gas
Pool should not be developed on 160-acre spacing units.

(4) That the evidence establishes that one well in the
White City-Pennsylvanian Gas Pool can efficiently and economically
drain and develop 640 acres.

(5) That to prevent the economic loss caused by the drill-
ing of unnecessary wells, to avoid the augmentation of risk
arising from the drilling of an excessive number of wells, to
prevent reduced recovery which might result from the drilling of
too few wells, and to otherwise prevent waste and protect correl-
ative rights, the Special Rules and Regulations promulgated by

-2-

CASE No. 2737

Order No. R-2429-B

Order No. R-2429-A should be continued in full force and effect until further order of the Commission.

Said (6) That the Special Rules and Regulations promulgated by Order No. R-2429-A have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the White City-Pennsylvanian Gas Pool promulgated by Order No. R-2429-A are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7208
Order No. R-2429-C

APPLICATION OF GULF OIL CORPORATION
FOR THE AMENDMENT OF POOL RULES,
EDDY COUNTY, NEW MEXICO.

Also see R-2429-C-1

R-2429

R-2429-A

R-2429-B

R-2429-D

R-2429-E

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of April, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2429-A, entered March 27, 1963, in Case No. 2737, the Division promulgated special pool rules for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, including a provision for 640-acre well spacing and proration units and specified well locations.

(3) That by Order No. R-2429-B, entered April 13, 1964, the Division continued said special pool rules in full force and effect until further order of the Division.

(4) That the applicant in the instant case, Gulf Oil Corporation, seeks the amendment of the special pool rules for the spacing and location of wells in the White City-Pennsylvanian Gas Pool, and seeks to have said pool governed by the provisions of Rule 104 C II(a) of the Division Rules and Regulations for gas pools of Pennsylvanian age, with respect to acreage dedication, but with certain specified locations for wells in said pool.

(5) That the evidence in this case indicates that the wells in the White City-Pennsylvanian Gas Pool are not draining 640 acres as it had been thought that they would, but that in fact the average well in the pool is draining only 257 acres.

(6) That although the Strawn, Atoka, and Morrow zones of the Pennsylvanian all produce gas in the subject pool, production from the pool is mostly from the many separate pay stringers in the Morrow zone which vary greatly in areal extent and in permeability, porosity, and thickness, both within individual stringers and between stringers.

(7) That due to the variation in the areal extent and in permeability, porosity, and thickness of the stringers, there is considerable variation in the amount of original gas in place tapped by the various wells completed in the subject pool, and also in the percent of such original gas in place under each well which may be expected to be recovered by the well.

(8) That due to the variation in the areal extent and in permeability, porosity, and thickness of the stringers in the Pennsylvanian formation in the subject pool, the existing wells (drilled on 640-acre spacing and proration units) are not believed to have encountered many of the smaller stringers in the reservoir, nor are they expected in all cases to effectively and efficiently drain the stringers which they have tapped.

(9) That to reduce the size of the spacing and proration units in the subject pool from 640 acres to 320 acres would result in numerous additional wells being drilled in the pool, and would greatly enhance the chances of tapping all of the productive stringers in the reservoir, and could also improve the drainage of gas from stringers previously tapped by existing wells.

(10) That the wells presently completed in the White City-Pennsylvanian Gas Pool are not effectively and efficiently draining the 640-acre spacing and proration units assigned to them, but if 320-acre spacing and proration units are adopted for said pool, the wells in the pool should more effectively and efficiently drain the spacing and proration units assigned to them.

(11) That according to the evidence submitted in this case, approximately 1.48 billion cubic feet of additional gas may be expected to be recovered by each additional well drilled as the result of amending the existing pool rules and developing the White City-Pennsylvanian Gas Pool on 320-acre well spacing and proration units.

(12) That the amendment of the Special Pool Rules for the White City-Pennsylvanian Gas Pool as promulgated by Division Orders Nos. R-2429-A and R-2429-B is in the public interest and will not cause but will prevent waste, and will not impair but will protect correlative rights.

(13) That the vertical limits of the White City-Pennsylvanian Gas Pool comprise the Pennsylvanian formation and the horizontal limits comprise the following described lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Sections 8 and 9: All

R-2429-C-1 Sections ~~14~~¹⁵ through 17: All

Sections 19 through 22: All

Sections 28 through 30: All

Sections 32 through 35: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Sections 1 through 4: All

Sections 10 through 12: All

(14) That Rule 2 of the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool should be amended to read in its entirety as follows:

"RULE 2. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section."

(15) That Rule 4 of the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool should be amended to read in its entirety as follows:

"RULE 4. Each well shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary."

(16) That the effective date of this order and the provisions hereof should be April 1, 1981.

IT IS THEREFORE ORDERED:

(1) That Rule 2 of the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, as promulgated by Division Orders Nos. R-2429-A and R-2429-B, is hereby amended to read in its entirety as follows:

"RULE 2. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section."

(2) That Rule 4 of said Special Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 4. Each well shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary."

(3) That the locations of all wells drilled and completed in the White City-Pennsylvanian Gas Pool are hereby approved.

(4) That the operator of each well in the White City-Pennsylvanian Gas Pool shall have until May 1, 1981, to file with the Artesia District Office of the Division new Forms C-102, Well Location and Acreage Dedication Plat, for each of his wells, showing thereon the location of the well and the acreage dedicated thereto pursuant to this order. Failure to so file such plats will subject the well to cancellation of allowable.

(5) That this order shall become effective at 7:00 o'clock a.m. on April 1, 1981, and shall apply to the White City-Pennsylvanian Gas Pool as described in Finding No. 13 above and as it may be subsequently extended by the Division, and to the Pennsylvanian formation within one mile of said pool.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

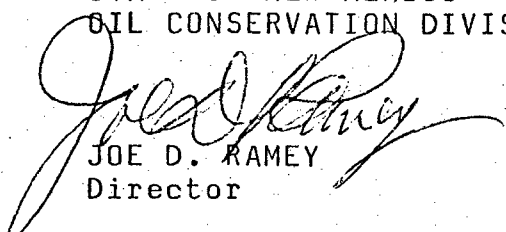
-5-

Case No. 7208

Order No. R-2429-C

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

S E A L

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See Also Orders No. R-2429-A
R-2429-B
R-2429-C
R-2429-D
R-2429-E

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 7208
Order No. R-2429-C-1

APPLICATION OF GULF OIL CORPORATION
FOR THE AMENDMENT OF POOL RULES,
EDDY COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-2429-C,
dated April 7, 1981, does not correctly state the intended
order of the Division,

IT IS THEREFORE ORDERED:

(1) That Finding No. (13) on page 3 of Order No. R-2429-C
is hereby amended to read in its entirety as follows:

"(13) That the vertical limits of the White City-
Pennsylvanian Gas Pool comprise the Pennsylvanian formation
and the horizontal limits comprise the following described
lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Sections 8 and 9: All
Sections 15 through 17: All
Sections 19 through 22: All
Sections 28 through 30: All
Sections 32 through 35: All

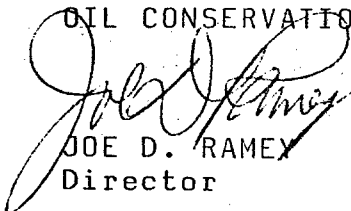
TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Sections 1 through 4: All
Sections 10 through 12: All"

(2) That this order shall be effective nunc pro tunc as
of April 7, 1981.

DONE at Santa Fe, New Mexico, on this 30th day of April,
1981.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L
fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

See Also Orders No.

*R-2429
R-2429-A
R-2429-B
R-2429-C
R-2429-C-1
R-2429-E*

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

CASE NO. 7295
Order No. R-2429-D

APPLICATION OF GULF OIL CORPORATION
FOR RESCISSION OF DIVISION ORDER
NO. R-2429-C, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 2, 1981,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of July, 1981, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That by Order No. R-2429-A, entered March 27, 1963,
in Case No. 2737, the Division promulgated special pool rules
for the White City-Pennsylvanian Gas Pool in Eddy County, New
Mexico, including a provision for 640-acre well spacing and
proration units and specified well locations.

(3) That by Order No. R-2429-B, entered April 13, 1964,
the Division continued said special pool rules in full force
and effect until further order of the Division.

(4) That as a result of Case No. 7208 and by its Order
No. R-2429-C entered April 7, 1981, the Division amended said
special pool rules to provide for 320-acre well spacing and
proration units and specified well locations.

(5) That said amendment of the special pool rules resulted
from testimony and findings in said Case that the existing wells

in said pool were not effectively and efficiently draining the 640-acre proration units dedicated to them.

(6) That such findings are contained in Findings Nos. (5), (6), (7), (8), and (10) of said Order No. R-2429-C, which are hereby incorporated herein by reference.

(7) That subsequent to the entry of said Order No. R-2429-C it was determined that the change in spacing unit size would result in loss of some leases formerly dedicated to communitized 640-acre proration units and other disturbances of historical equities under the preexisting proration units within said White City-Pennsylvanian Gas Pool.

(8) That the net result of the conditions outlined in Finding No. (7) above would be to deprive owners of their correlative rights within said pool.

(9) That the correlative rights of the owners within said pool may be protected and effective and efficient drainage therefrom may be provided by permitting the infill drilling of additional wells on each 640-acre proration unit.

(10) That no more than two wells should be permitted to produce from any 640-acre proration unit within said pool without permission of the Director of the Division.

(11) That the special pool rules for the White City-Pennsylvanian Gas Pool should apply only within the boundaries of said pool.

(12) That the location of any well drilling or approved to be drilled within or within one mile of the White City-Pennsylvanian Gas Pool which location corresponds to that provided by said special pool rules should be approved.

(13) That approval of the proposed rescission of Order No. R-2429-C, provision for infill drilling, and limitation of special pool rules will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Division Order No. R-2429-C is hereby rescinded and is of no effect whatsoever.

(2) That Rule 2 of the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico,

as promulgated by Division Orders Nos. R-2429-A and R-2429-B, is hereby amended to read in its entirety as follows:

"RULE 2. A. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

B. Nothing in this rule shall be construed as prohibiting the drilling of additional wells on a standard proration unit provided that there shall be no more than two producible wells on any one proration unit at one time.

C. That for good cause shown the Director of the Division may waive the requirements of Rule 2B. above."

(3) That a new Rule 6 is hereby added to said special rules and regulations to read in its entirety as follows:

"RULE 6. That these special rules shall apply only within the horizontal limits of the White City-Pennsylvanian Gas Pool as they are defined below and as they may from time to time be amended.

HORIZONTAL LIMITS
WHITE CITY-PENNSYLVANIAN GAS POOL
EDDY COUNTY, NEW MEXICO

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Sections 8 and 9: All
Sections 15 through 17: All
Sections 19 through 22: All
Sections 28 through 30: All
Sections 32 through 35: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Sections 1 through 4: All
Sections 10 through 12: All"

(4) That the location of any well drilling or previously approved to be drilled within or within one mile of the White City-Pennsylvanian Gas Pool which location meets the requirements of Rule 4 of said special rules and regulations is hereby approved.

-4-

Case No. 7295

Order No. R-2429-D

(5) That the effective date of this order and of the rescissions, rule changes, and rule additions included herein shall be April 1, 1981.

(6) That 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


JOE D. RAMEY
Director

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**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:**

*See Also Orders No.
R-2429, R-2429-A, R-2429-B
R-2429-C, R-2429-C-1, R-2429-D*

**CASE NO. 12873
ORDER NO. R-2429-E**

**APPLICATION OF GRUY PETROLEUM MANAGEMENT COMPANY AND
WADI PETROLEUM, INC. TO AMEND THE SPECIAL RULES AND
REGULATIONS FOR THE WHITE CITY-PENNSYLVANIAN GAS POOL, OR,
IN THE ALTERNATIVE, FOR APPROVAL OF FOUR UNORTHODOX INFILL
GAS WELL LOCATIONS, TWO UNORTHODOX GAS WELL LOCATIONS, AND
ONE INFILL GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 27 and August 1, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of October, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicants, Gruy Petroleum Management Company ("Gruy") and Wadi Petroleum, Inc. ("Wadi") seek an order amending the "*Special Rules and Regulations for the White City-Pennsylvanian Gas Pool*," to provide:

- (a) the option to drill one well on each quarter-section within a standard 640-acre gas spacing and proration unit; and
- (b) that wells may be drilled no closer than 660 feet to a quarter-section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(3) In the alternative, the applicants seek approval of the following-described four unorthodox infill gas well locations:

- (a) the Wadi Pennzoil "9" Federal Com Well No. 4 to be drilled 1410 feet from the North line and 1320 feet from the East line (Unit G) of Section 9, Township 24 South, Range 26 East, NMPM;
- (b) the Wadi Pennzoil Federal Com Well No. 3 to be drilled 2000 feet from the South line and 660 feet from the East line (Unit I) of Section 15, Township 24 South, Range 26 East, NMPM;
- (c) the Gruy White Baby Com Well No. 3 to be drilled 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 16, Township 24 South, Range 26 East, NMPM; and
- (d) the Gruy White Baby Com Well No. 4 to be drilled 990 feet from the North and West lines (Unit D) of Section 16, Township 24 South, Range 26 East, NMPM.

(4) In addition, the applicants seek approval of the following-described unorthodox gas well locations:

- (a) the Wadi Pennzoil Federal Com Well No. 2 to be drilled 760 feet from the North line and 660 feet from the East line (Unit A) of Section 15, Township 24 South, Range 26 East, NMPM; and
- (b) the Wadi Federal "22" Com Well No. 2 to be drilled 990 feet from the North line and 660 feet from the East line (Unit A) of Section 22, Township 24 South, Range 26 East, NMPM.

(5) In addition, the applicants seek authority to drill the Wadi Pennzoil "9" Federal Com Well No. 3 as an infill gas well at a standard location 1650 feet from the North and West lines (Unit F) of Section 9, Township 24 South, Range 26 East, NMPM.

(6) In accordance with the applicants' alternative proposal, four (4) standard 640-acre gas spacing and proration units in the White City-Pennsylvanian Gas Pool would be developed as follows:

- (a) Section 9, to be developed by Wadi, would be dedicated to the proposed Pennzoil "9" Federal Com Wells No. 3 and 4, and to the existing Pennzoil "9" Federal Com Well No. 1 (API No. 30-015-22038) located 1980 feet from the South and East lines (Unit J), and to the existing Pennzoil "9" Federal Com Well No. 2 (API No. 30-015-24202) located 1725 feet from the South line and 1650 feet from the West line (Unit K);
- (b) Section 15, to be developed by Wadi, would be dedicated to the proposed Pennzoil Federal Com Wells No. 2 and 3, and to the existing Pennzoil Federal Com Well No. 1 (API No. 30-015-21847) located 1980 feet from the South and West lines (Unit K);
- (c) Section 16, to be developed by Gruy, would be dedicated to the proposed White Baby Com Wells No. 3 and 4, and to the existing White Baby Com Well No. 1 (API No. 30-015-21419) located 1980 feet from the South and West lines (Unit K), and to the existing White Baby Com Well No. 2 (API No. 30-015-24972) located 1690 feet from the North line and 2130 feet from the East line (Unit G); and
- (d) Section 22, to be developed by Wadi, would be dedicated to the proposed Federal "22" Com Well No. 2, and to the existing Federal "22" Com Well No. 1 (API No. 30-015-21583) located 1400 feet from the North line and 1650 feet from the West line (Unit F).

(7) The unorthodox location for the proposed White Baby Com Well No. 3 has been approved by Division Order No. NSL-4729 dated May 14, 2002. Therefore, the request for approval of this unorthodox location may be dismissed from this application.

(8) The White City-Pennsylvanian Gas Pool currently comprises the following-described area in Eddy County, New Mexico:

Township 24 South, Range 26 East, NMPM

Sections 8 & 9:	All
Sections 15 through 17:	All
Sections 19 through 22:	All
Sections 26 through 35:	All

Township 25 South, Range 26 East, NMPM

Sections 1 through 4:	All
Sections 10 through 14:	All

Township 25 South, Range 27 East, NMPM

Section 7:	All
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(9) The White City-Pennsylvanian Gas Pool is currently governed by the "Special Rules and Regulations for the White City-Pennsylvanian Gas Pool," as established by Division Order No. R-2429-A, as amended, dated March 27, 1963, which require:

- (a) standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet to the outer boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary; and
- (b) no more than two wells capable of producing may be located on a standard proration unit.

(10) The evidence presented demonstrates that the northern boundary of the White City-Pennsylvanian Gas Pool is adjacent to the southern boundary of the South Carlsbad-Morrow Gas Pool. The South Carlsbad-Morrow Gas Pool is currently governed by Division Rule 104.C., which requires standard 320-acre gas spacing and proration units with the initial and infill well to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The rule further provides that the infill well may not be located in the same quarter section as the initial well.

(11) The applicant presented geologic evidence that demonstrates that:

- (a) the Cisco/Canyon, Strawn, Atoka and Morrow formations are within the vertical limits of the White City-Pennsylvanian Gas Pool. The South Carlsbad-Morrow Gas Pool comprises only the Morrow formation;
- (b) the predominant producing interval within the White City-Pennsylvanian and South Carlsbad-Morrow Gas Pools is the Morrow formation;
- (c) the Morrow formation in this area is characterized by multiple producing channel sands that trend in a northeast to southwest direction, and appear to be generally present within both the White City-Pennsylvanian and South Carlsbad-Morrow Gas Pools;
- (d) although these Morrow channel sands are generally continuous throughout the White City-Pennsylvanian and South Carlsbad-Morrow Gas Pools, the presence and extent of these individual sands varies considerably such that a well drilled in a particular section may encounter some, but not all of the channel sands; and
- (e) Strawn production within the White City-Pennsylvanian Gas Pool is generally limited to those areas that contain sufficient porosity development, being Sections 16, 20, 21 and 29, Township 24 South, Range 26 East, NMPM.

(12) The applicants presented estimated ultimate gas recoveries for existing wells located within the White City-Pennsylvanian Gas Pool. This drainage data demonstrates that there are areas within the pool where the existing wells will not adequately drain their respective proration units.

(13) Murchison Oil and Gas, Inc., an operator within the White City-Pennsylvanian Gas Pool, appeared at the hearing and presented evidence to support the application.

(14) Murchison presented the results of an engineering study conducted within a nine-section area in the White City-Pennsylvanian Gas Pool. The results of this study demonstrate that:

- (a) within the study area, the original gas in place is estimated to be approximately 20.5 BCF per section;
- (b) the estimated recoverable gas within the study area, based upon a recovery factor of 75%, is approximately 135 BCF of gas; and
- (c) the cumulative gas recovery to date within the study area is approximately 34.5 BCF of gas.

(15) The evidence presented in this case by all parties demonstrates that:

- (a) the White City-Pennsylvanian and South Carlsbad-Morrow Gas Pools appear to represent a single common source of supply in the Morrow formation;
- (b) in order to protect correlative rights, the White City-Pennsylvanian and South Carlsbad-Morrow Gas Pools should be governed by similar rules, particularly with regards to well density and well location requirements;
- (c) two wells per 640 acres are insufficient to adequately recover the remaining gas reserves in the White City-Pennsylvanian Gas Pool; and
- (d) approval of the application will provide the operators in the pool the opportunity to recover additional gas reserves that may otherwise not be recovered by the existing wells, thereby preventing waste.

(16) The applicant's proposal to allow up to four wells per section is supported by their geologic and engineering evidence, and is consistent with current Division rules governing Morrow gas development in southeast New Mexico. However, certain provisions should be included in these proposed rule changes in order to ensure

consistency with the rules currently governing deep gas pools in southeast New Mexico on 320-acre spacing.

(17) The proposed well setback requirements will allow for greater flexibility in locating infill gas wells.

(18) The applicant notified all operators and interest owners within the area affected by this application. No operator or interest owner appeared at the hearing in opposition to the application.

(19) Approval of the application is in the best interest of conservation, prevention of waste and protection of correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Gruy Petroleum Management Company and Wadi Petroleum, Inc. for an order amending the "*Special Rules and Regulations for the White City-Pennsylvanian Gas Pool*," located in Sections 8, 9, 15 through 17, 19 through 22, and 26 through 35, Township 24 South, Range 26 East, Sections 1 through 4, and 10 through 14, Township 25 South, Range 26 East, and Section 7, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) Rules No. 2, 4, and 5 of the "*Special Rules and Regulations for the White City-Pennsylvanian Gas Pool*," are hereby amended to read in their entirety as follows:

RULE 2 (A): Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

RULE 2 (B): Nothing in this rule shall be construed as prohibiting the drilling of additional wells on a standard proration unit provided that there shall be no more than four (4) wells capable of producing from the White City-Pennsylvanian Gas Pool on any proration unit at one time.

RULE 4: The initial well within a gas spacing and proration unit shall be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Each infill well within an existing gas spacing and proration unit shall be

located in a quarter section that does not contain a producing Pennsylvanian gas well and shall be located with respect to the assigned unit boundaries as described above.

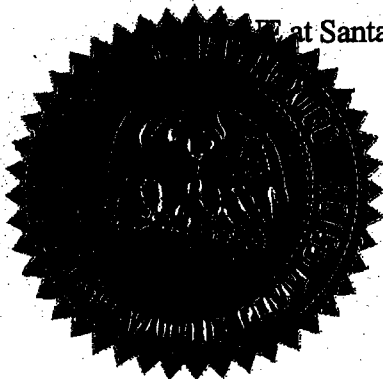
RULE 4 (A): No more than one Pennsylvanian gas well shall be located within a single governmental quarter section. Any deviation from this well density requirement shall be authorized only after hearing.

RULE 4(B): The land plat (NMOCD Form C-102) accompanying the "*Application for Permit to Drill*" (NMOCD Form C-101 or federal equivalent) for subsequent wells on an existing gas spacing and proration unit shall have outlined the boundary of the unit and shall show the location (well name, footage location, API number) of all existing Pennsylvanian gas wells on the unit plus the proposed new well.

RULE 5: The Division Director may grant an exception to the setback requirements for a Pennsylvanian gas well prescribed by Rule 4 above, without hearing, when an application has been duly filed under the provisions of Division Rule 104.F.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

At Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director