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|--------------|--------------------|-------------|--------------|----------|-------------------|
| DATE 9/25/02 | SUBMITTER 10/15/02 | ENGINEER MS | LOGGED IN NV | TYPE NSL | APP NO. 226935787 |
|--------------|--------------------|-------------|--------------|----------|-------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
 [D] Other: Specify _____
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or **Does Not Apply**
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Michael H. Feldewert  Attorney 9/23/02
 Print or Type Name Signature Title Date

e-mail Address _____

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert

mfeldewert@hollandhart.com

September 25, 2002

VIA HAND-DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Application of Harvey E. Yates Company for administrative approval of an unorthodox well location for its Pearsall 6 Federal Com Well No. 6, Section 6, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Harvey E. Yates Company ("Heyco") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F for its Pearsall 6 Federal Com Well No. 6 to be drilled and completed in the North Young-Bone Spring Pool at an unorthodox location 1600 feet from the South line and 2250 feet from the East line (Unit J) of Section 6, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico. A standard 40-acre spacing and proration unit comprised of the NW/4 SE/4 of Section 6 will be dedicated to this well.

This well location is unorthodox because this pool is governed by the Division's statewide rules that require oil wells to be located no closer than 330 feet to the outer boundary of the 40-acre spacing and proration unit. This unorthodox location is 280 feet from the Southern boundary of the 40-acre spacing and proration unit, thereby encroaching on the SW/4 SE/4 (Unit O) by fifty feet.

The BLM has required this unorthodox location due to topographic conditions and concerns over the Sand Dune Lizard, a threatened species. See Exhibit A.

Exhibit B is a plat showing the 40-acre spacing and proration unit in blue and the unorthodox well location in yellow. Exhibit C is a land locator map also showing the 40-acre spacing and proration unit, as well as the adjoining spacing units and wells. The ownership in the SW/4 of Section 6 is common. Heyco is the operator of

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ATTORNEYS AT LAW

September 25, 2002

Page 2

this area under an Operating Agreement signed by all working interest owners. As a result, there are no affected parties to be notified of this application.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

Michael H. Feldewert
Attorney for Harvey E. Yates Company

MHF/jlp

Enclosures

cc: Vernon Dyer
Melissa Randle

2991105_1.DOC



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220
Tel. (505) 234-5972
Fax (505) 885-9264

IN REPLY REFER TO: 1310
LC-029410-B

Harvey E. Yates Co.
C/o Bob Williams
P.O. Box 1933
Roswell, NM 88202

Dear Mr. Williams;

This letter is in reference to your Application for Permit to Drill (APD), for the Pearsall 6 Federal #6, located 1600 FSL & 2250 FEL in Section 6 of T. 18 S., R. 32 E. This well was originally staked 1800 FSL & 2150 FWL. Based on a field examination of the location on 12/11/01, by Don Peterson of this office and in consultation with the wildlife biologist John Sherman, a decision to move the well was made. The original location was situated in an area of large sand dunes. This area is habitat for the Sand Dune Lizard. The New Mexico Game and Fish listed the Sand Dune Lizard as threatened species in 1994. With the current listing status of this species, the Bureau of Land Management is responsible for managing their habitat in a way that keeps them from becoming federally listed. Based on this information it was decided to move the well location to an area in the inter-dunal flats, thereby avoiding the large dune areas. The location staked at 1600 FSL & 2250 FEL will be out of the largest dunes and mitigate any habitat loss of the Sand Dune Lizard.

If we can be of further assistance please call Mary Jo Rugwell at (505) 234-5907

Sincerely,

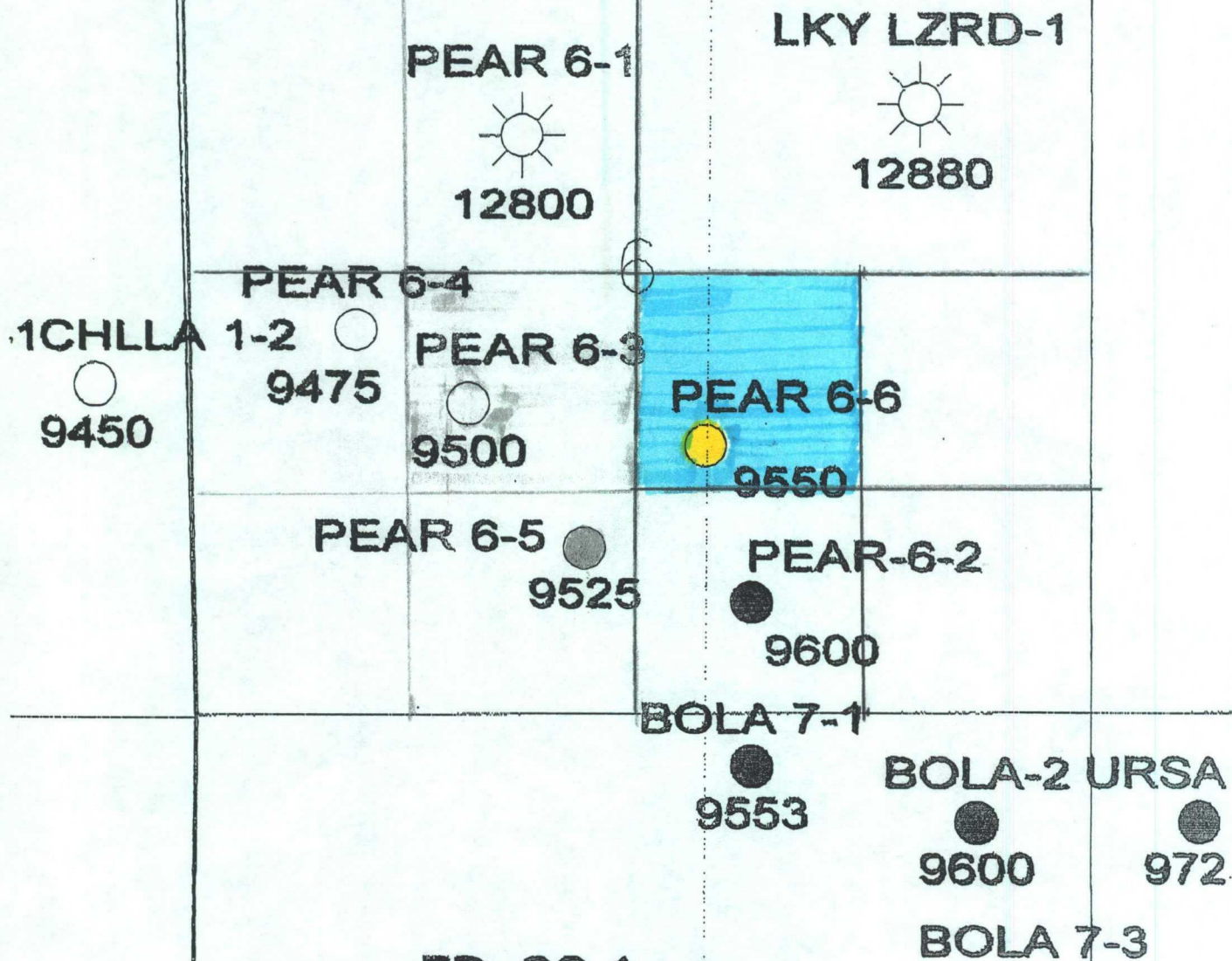
A handwritten signature in cursive script, appearing to read "Mary Jo Rugwell".

Mary Jo Rugwell
Acting Field Manager

EXHIBIT

A

tabbles



Scale 1:12000.

0 200 400 600 800 1000 feet



Harvey E. Yates Company

Pearsall Area
Lea County, New Mexico
Sec. 6, T-18-S, R-32-E

Revised By

0/10/03

Scale 1" = 1000'

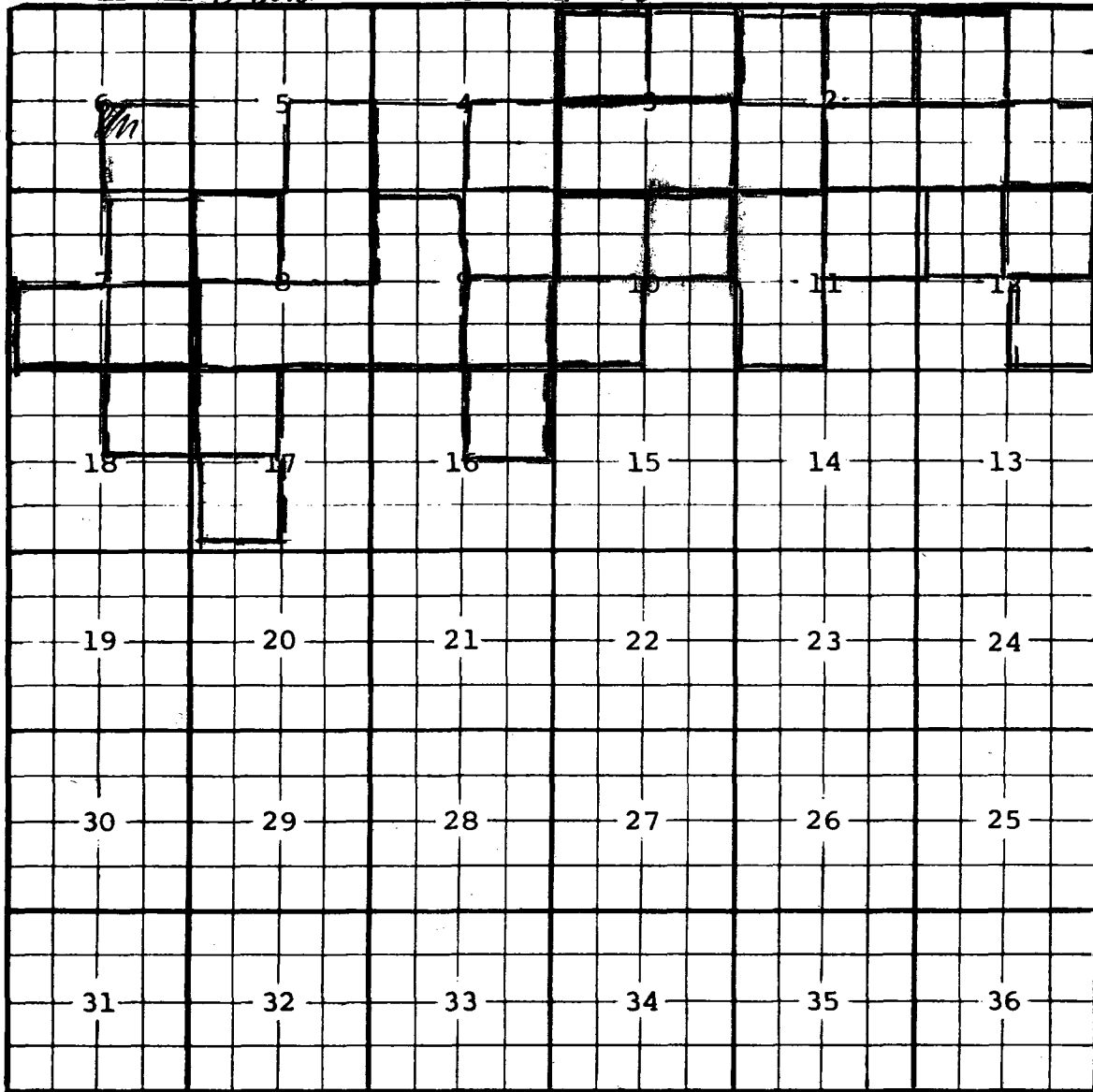
EXHIBIT

tabbles

B

County LEA Pool NORTH YOUNG - BONE SPRING

TOWNSHIP 18 South Range 32 East NMPM



Description: NW/4 Sec. 10 (R-6536, 12-1-80)
Ext. NE/4 sec 10 (R-6724, 7-16-81) Ext: 1/2 sec 3 (R-6758, 8-26-81)
EXT: 1/2 sec 8, 1/2 sec 9 (R-6923, 3-9-82) EXT: NE/4 sec 9 (R-6838, 11-8-81) EXT: SE/4 sec 4, 1/2 sec 11 (R-7009, 6-19-82)
Ext: SW/4 sec. 2 (A-7372, 10-20-83) Ext: NW/4 Sec. 2 (R-7714, 11-7-84)
Ext: SW/4 sec. 1, SE/4 sec. 2 (A-7842, 3-1-85) Ext: SE/4 sec. 7 (A-7959, 6-12-85)
Ext: SW/4 sec. 4, NW/4 sec. 8 (R-8024, 8-30-85)
Ext: SE/4 sec. 5, NE/4 sec. 8 (R-8126, 1-14-86) Ext: NW/4 Sec. 12 (R-8356, 12-3-86)
Ext: NE/4 sec. 11 (R-8513, 9-18-87) EXT: SE/4 sec. 1, SE/4 sec. 9, NW/4 sec. 17 (R-8626, 4-1-88)
EXT: NE/4 sec. 18 (R-8667, 6-10-88) EXT: NE/4 sec. 12 (R-9741, 9-1-89)
EXT: NE/4 sec. 2, SE/4 sec. 12 (R-9120, 3-1-90) EXT: NE/4 sec. 3 (R-9345, 1-11-90)
EXT: NW/4 sec. 1, NE/4 sec. 16 (R-9447, 3-1-91) Ext: NW/4 sec. 3 (A-9544, 7-1-91)
Ext: SW/4 sec. 10 (R-9615, 12-3-91) Ext: SW/4 sec. 7 (R-10419, 2-17-95)
Ext: SW/4 sec. 17 (R-11116, 1-7-99) Ext: NE/4 sec. 7 (R-11633, 8-10-01)

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/26/02 16:23:49
OGOMES -TPEH
PAGE NO: 1

Sec : 06 Twp : 18S Rng : 32E Section Type : NORMAL

| 4 | 3 | 2 | 1 |
|---------------|---------------|---------------|---------------|
| 40.94 | 40.02 | 40.04 | 40.05 |
| Federal owned | Federal owned | Federal owned | Federal owned |
| 5 | F | G | H |
| 40.95 | 40.00 | 40.00 | 40.00 |
| Federal owned | Federal owned | Federal owned | Federal owned |
| | C A | | A |

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/26/02 16:23:52
OGOMES -TPEH
PAGE NO: 2

Sec : 06 Twp : 18S Rng : 32E Section Type : NORMAL

| | | | |
|---------------|---------------|---------------|---------------|
| 6 | K | J | I |
| 40.97 | 40.00 | 40.00 | 40.00 |
| Federal owned | Federal owned | Federal owned | Federal owned |
| 7 | N | O | P |
| 40.99 | 40.00 | 40.00 | 40.00 |
| Federal owned | Federal owned | Federal owned | Federal owned |
| | A | A | |

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