

Rault Petroleum Corp.		Lease		Hanlad State LC-0000		Well No. #1	
Section	13	Township	8 South	Range	27 East	County	Chaves
Postage Location of Well:							
660 feet from the South line and		660 feet from the West line					
Well Level Elev.	3936	Producing Formation	Penn	Pool	Wildcat Undesignated		Dedicated Acreage: 320.00

Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

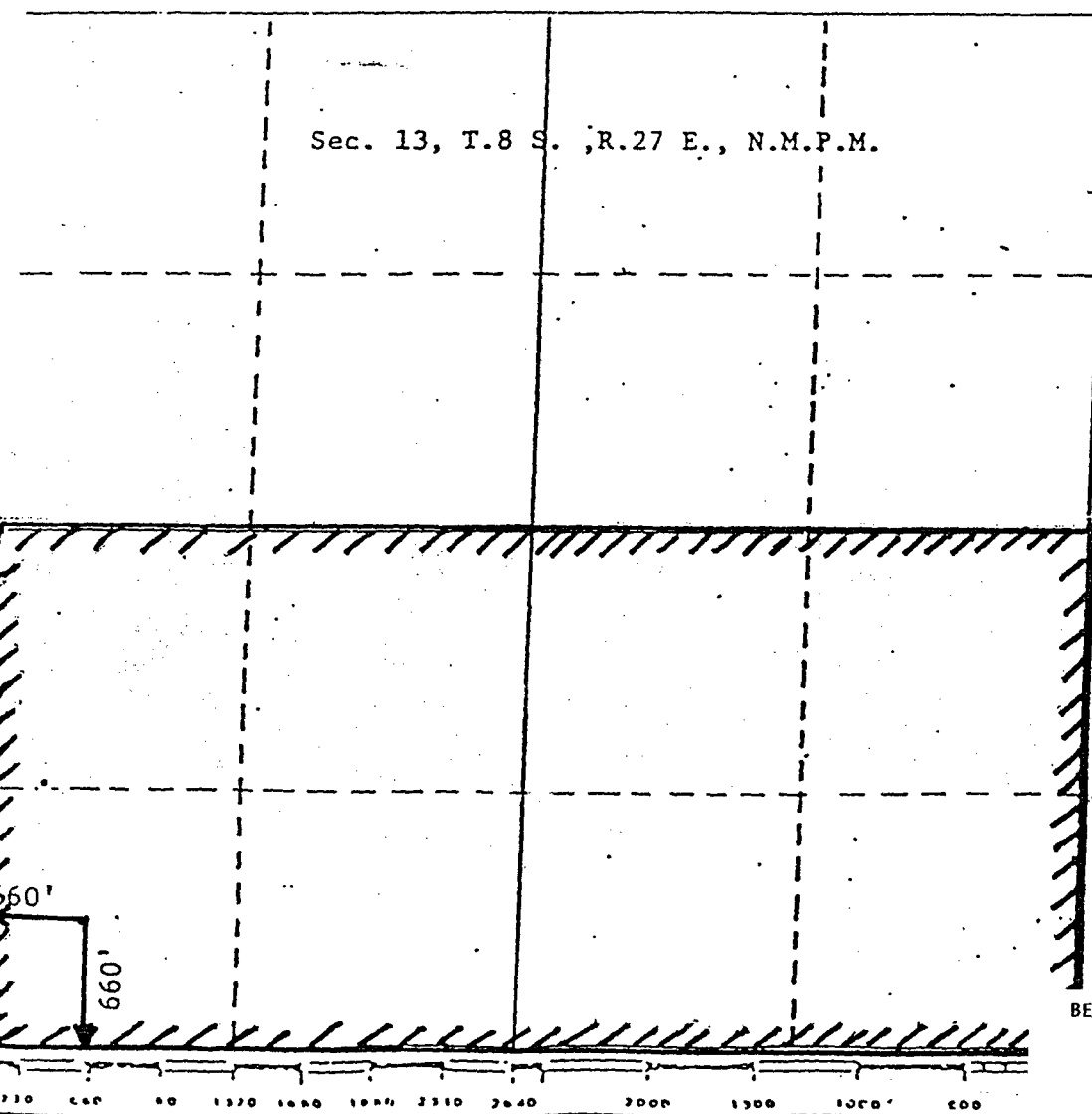
If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation -----

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Name
Carl A. Schellinger

Position
Agent

Company
Rault Petroleum Corporation

Date
March 19, 1982

I hereby certify that the well location shown on this plat was plotted from notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: March 19, 1982
By: JOHN D. JAMES
Registered Professional Engineer
and/or Land Surveyor
No. 6240

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 13229 Exhibit No. 2

Submitted by:

Yates Petroleum Corporation

Hearing Date: September 16, 2004

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

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

AUG 25 1982

O. C. D.
ARTESIA OFFICE

CASE NO. 7654
Order No. R-7065

APPLICATION OF RAULT PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS
WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 24th day of August, 1982, 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 the applicant, Rault Petroleum Corporation, seeks approval of an unorthodox Pennsylvanian gas well location 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 7 East, NMPM, Chaves County, New Mexico.

(3) That said well was originally projected to the Abo formation at a standard location, but on being non-productive in said formation, was deepened to the Pennsylvanian formation, wherein commercial production was encountered.

(4) That the S/2 of said Section 13 is to be dedicated to the well.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

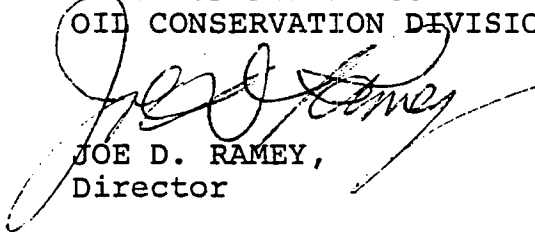
(1) That the application of Rault Petroleum Corporation for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well located at a point 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County, New Mexico.

(2) That the S/2 of said Section 13 shall be dedicated to the above-described well.

(3) 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

S E A L

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



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

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

August 19, 1993

Mr. William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy, Minerals, and Natural Resources
P.O. Box 2088
Santa Fe, NM 87504

Dear Mr. LeMay:

Yates Petroleum Corporation respectfully requests your administrative approval of an unorthodox location for recompletion to the Wolfcamp formation as authorized by New Mexico Oil Conservation Division Rule 104-F-(1) in the following well:

Hanlad AKZ State #1
Unit M, Sec 13-T8S-R27E
Chaves County, New Mexico

The subject well was originally approved as an unorthodox gas well in the Pennsylvanian formation by NMOCD Order No. R-7065.

We are sending a copy of this application to each direct offset operator to fulfill the requirement of notification.

Should you need additional information, please call me at (505)748-1471.

Sincerely,

Darrick Stallings
Petroleum Engineer

DS/sj

Enclosures

ENTERED JUN 11 2002



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

October 13, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Derrick Stallings, Petroleum Engineer

Corrected Administrative Order NSL-3309

Dear Mr. Stallings:

Reference is made to your application dated August 19, 1993 for a non-standard wildcat Wolfcamp gas well location for your existing Hanlad "AKZ" State Well No. 1 which was drilled in 1982 and completed in the Palma Mesa-Pennsylvanian Pool at a previously approved unorthodox gas well location (Division Order No. R-7065, dated August 24, 1982) 660 feet from the South and West lines (Unit M) of Section 13, Township 8 South, Range 27 East, NMPM, Chaves County, New Mexico.

It is my understanding that the Pennsylvanian zone will be properly plugged back and said well will be recompleted to the Wolfcamp formation, which pursuant to Division General Rule 104.B(1), is unorthodox. Further, the S/2 of said Section 13 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

By the authority granted me under the provisions of General Rule 104.F(1), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Artesia
NM State Land Office - Santa Fe

Submit 3 Copies To Appropriate District

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

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

WELL API NO. 30-005-61493
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-427
7. Lease Name or Unit Agreement Name Hanlad AKZ State
8. Well Number 1
9. OGRID Number 025575
10. Pool name or Wildcat Paloma Mesa Penn

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 S. 4th Street, Artesia, NM 88210

4. Well Location

Unit Letter M : 660 feet from the South line and 660 feet from the West line
Section 13 Township 8S Range 27E NMPM Chaves County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3936'GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: ☐

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: Well back on production ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Well back on production 10/20/03

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

SIGNATURE: Tina Huerta TITLE: Regulatory Compliance Supervisor DATE: October 28, 2003

Type or print name Tina Huerta E-mail address: tinah@ypcnm.com Telephone No. 505-748-1471
(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any: