



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

April 20, 1999

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

**Attention: Robert Bullock**

*Re: Application dated April 15, 1999 for the Yates Petroleum Corporation to drill its proposed Concho "ACT" State Com. Well No. 1 at an unorthodox gas well location to test the Undesignated Crow Flats-Morrow Gas Pool 1650' FSL & 660' FEL (H) of Section 8, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Bullock:

I am returning the subject application. An active APD for the Morrow interval underlying the N/2 of Section 8 exists for Concho Resources, Inc.'s proposed Chama "8" Federal Com. Well No. 1 (API No. 30-015-30472) to be drilled at a standard gas well location in Unit "B" of Section 8 (see copy of the Division's records attached).

Should you have additional information concerning this matter please resubmit your application with full details.

Thank you.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia  
U. S. Bureau of Land Management – Carlsbad  
William F. Carr, Legal Counsel for Yates Petroleum Corporation – Santa Fe  
Kathy Valdes, NMOCD – Santa Fe

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

APR 19 1999

April 15, 1999

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Application for Unorthodox Well Location  
Concho ACT State Com #1 Well  
Township 17 South, Range 27 East  
Section 8: N/2  
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Morrow gas well location, the Concho ACT State Com #1. The well is located on State of New Mexico minerals, 1650' FNL and 660' FEL of Section 8, Township 17 South, Range 27 East, Eddy County, New Mexico. The acreage dedicated to the well is the N/2 of Section 8 which is 50% State of New Mexico minerals and 50% USA minerals.

The necessity for this unorthodox location is based on geologic conditions prevailing in the primary objective Lower Morrow clastics interval.

The sand isopach map is enclosed herewith. The map exhibit is an isopach map of the Lower Morrow clastics. Double circled well spots are Morrow penetrations. The contour interval is 20 feet. The spacing unit is outlined in red and the proposed location is pointed out.

The isopach map depicts the varying thickness of the Lower Morrow to Mississippian unconformity interval in the environs of the subject proration unit. Contouring of the available well control shows that the proposed location is on the west flank of the main "thick" in the area. Experience in this area has shown that wells in or near "thicks" have a much better chance of encountering Lower Morrow alluvial channel sand reservoirs capable of producing very good economic volumes of gas.

The proposed location should encounter sufficient Lower Morrow interval to accommodate an alluvial sand channel capable of producing economic reserves of gas.

Notification to the offset operator(s) to the east was made by certified mail on April 15, 1999 including a copy of this application letter with all attachments.

New Mexico Oil Conservation Division  
April 15, 1999

Page 2

Yates requests that this unorthodox well location be administratively approved if no objections are received within the cited twenty (20) days as required by New Mexico Oil Conservation Division regulations or earlier if waivers are received.

Enclosed with the isolith map are forms C-101, C-102 and a land plat showing offset operator(s).

Please call me at 505-748-4351 if you need further information.

Thank you.

Very truly yours,

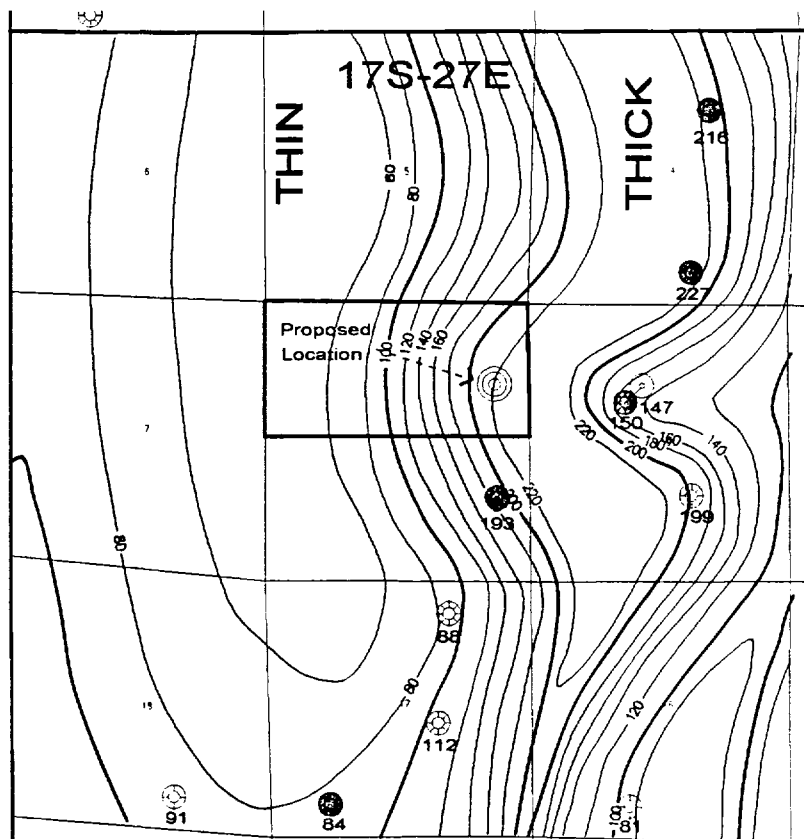
YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read "Robert Bullock". The signature is fluid and cursive, with the first name "Robert" and last name "Bullock" clearly distinguishable.

Robert Bullock  
Landman

RB/mw

Enclosures



LEGEND	
( )	Morrow Penetrations
1934	Lower Morrow to Miss. Thickness
●	Lower Morrow Producer
—	Solid Contours of Lower Morrow to Miss. Thickness; C.I. = 20'

YATES PETROLEUM CORPORATION		
New Mexico		
Empire - Logan Draw - Dog Canyon Area		
Isopach Lower Morrow Clastics		
Red Ray Beck	51 - 20	411599
1966	147000	1.47000

[illegible]

District I  
PO Box 1980, Hobbs, NM 88241-1980  
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 Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

<sup>1</sup> Operator Name and Address. YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		<sup>2</sup> OGRID Number 025575
		<sup>3</sup> API Number 30 - 0
<sup>4</sup> Property Code	<sup>5</sup> Property Name Concho "ACT" State Com.	<sup>6</sup> Well No. 1

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
H	8	17S	27E		1650'	North	660'	East	Eddy

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 Morrow					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3362'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 9150'	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor Undesignated	<sup>20</sup> Spud Date ASAP

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

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24# J-55	1400'	500 sx	Circulated
7 7/8"	4 1/2"	11.6# S-95	9150'	400 sx	TOC 7500'

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

Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formations. Approximately 1400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cement circulated, will perforate and stimulate as needed for production.

MUD PROGRAM: 0-1400' FW; 1400'-4700' FW Gel; 4700'-8100' Cut Brine; 8100'-TD Salt Gel/Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily for operational.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

KEN BEARDEMPHL

Title:

LANDMAN

Date:

April 6, 1999

Phone:

505-748-4348

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2083, Santa Fe, NM 87504-2083

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Morrow
Property Code	Property Name CONCHO "ACT" STATE COM		Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3362.

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	8	17-S	27-E		1650	NORTH	660	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

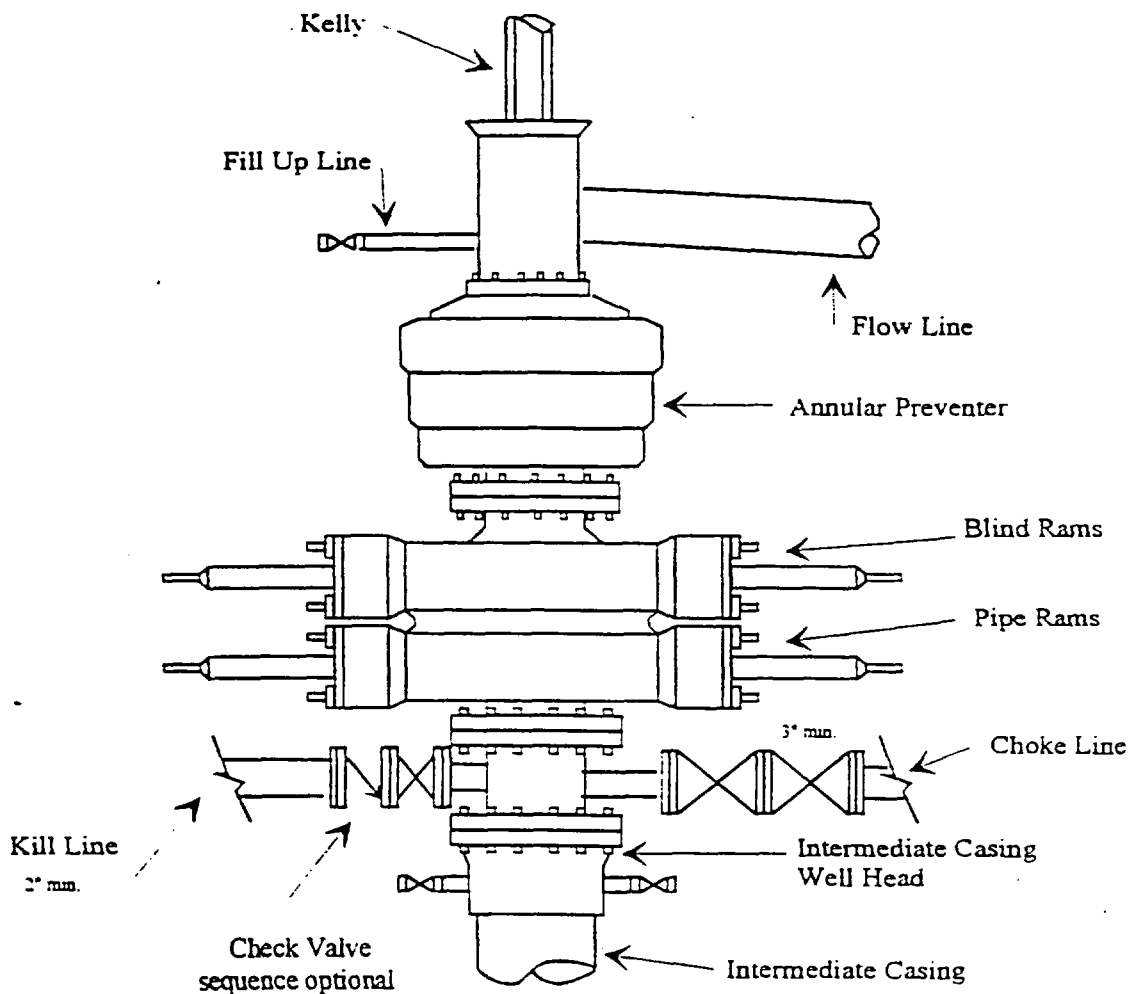
<div><p>16</p><p>1650'</p></div>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <u>Ken Beardemphl</u></p> <p>Printed Name: Ken Beardemphl</p> <p>Title: Landman</p> <p>Date: April 6, 1999</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed 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>APRIL 3, 1999</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p> Certificate Number: NM-RECPSE-NO. 009442</p>



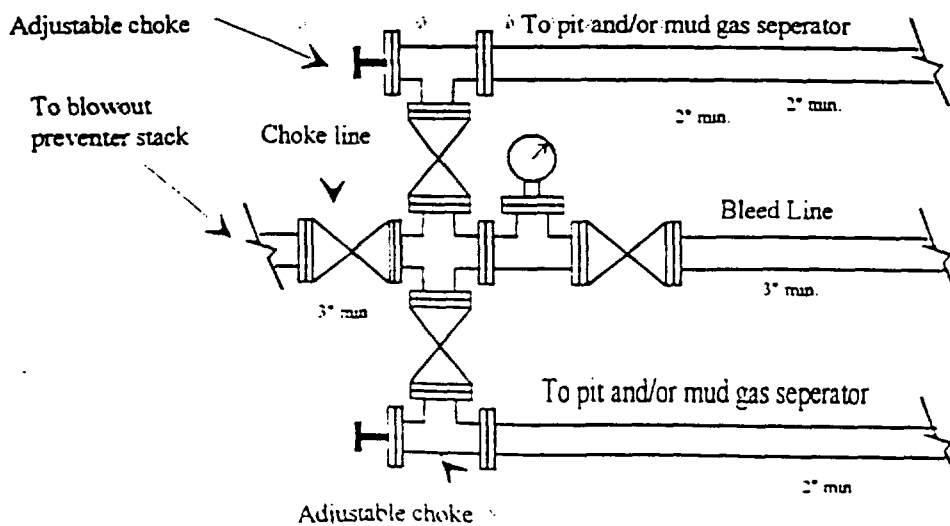
# Yates Petroleum Corporation

BOP-3

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features





Notification List of Offset Operator(s)  
to Unorthodox Morrow Gas well location  
Concho "ACT" St. Com. #1  
Township 17 South, Range 27 East  
Section 8: 1650' FNL & 660' FEL  
Eddy County, New Mexico

Oxy USA, Inc.  
Box 50250  
Midland, Texas 79710

District I  
PO Box 1980, Hobbs, NM 88241-1980

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 Department

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, NM 87505

Form C-104

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

<sup>1</sup> Operator name and Address Concho resources, Inc. 110 W. Louisiana, Suite 410 Midland, Tx 79701		<sup>2</sup> OGRID Number 16411- 166111
		<sup>3</sup> Reason for Filing Code CH 2/1/99
<sup>4</sup> API Number 30 - 0 15-30472	<sup>5</sup> Pool Name Crow Flat - Morrow	<sup>6</sup> Pool Code 75720
<sup>7</sup> Property Code 24303	<sup>8</sup> Property Name Chama "8" Federal Com	<sup>9</sup> Well Number 1

II. <sup>10</sup> Surface Location

Ul or lot no. B	Section 8	Township 17S	Range 27E	Lot Idn	Feet from the 660	North/South Line North	Feet from the 1650	East/West line East	County Eddy
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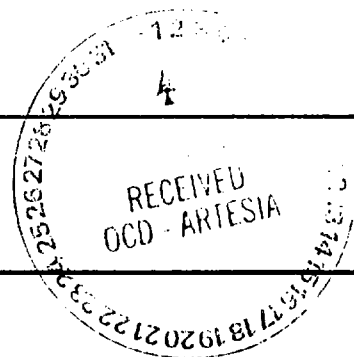
<sup>11</sup> Bottom Hole Location

Ul or lot no. B	Section 8	Township 17S	Range 27E	Lot Idn	Feet from the 660	North/South Line North	Feet from the 1650	East/West line East	County Eddy
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<sup>12</sup> Lse Code	<sup>13</sup> Producing Method Code N/A	<sup>14</sup> Gas Connection Date	<sup>15</sup> C-129 Permit Number	<sup>16</sup> C-129 Effective Date	<sup>17</sup> C-129 Expiration Date
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III. Oil and Gas Transporters

<sup>18</sup> Transporter OGRID	<sup>19</sup> Transporter Name and Address	<sup>20</sup> POD	<sup>21</sup> O/G	<sup>22</sup> POD ULSTR Location and Description



IV. Produced Water

<sup>23</sup> POD	<sup>24</sup> POD ULSTR Location and Description
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V. Well Completion Data

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

VI. Well Test Data

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

<sup>47</sup> 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: *Terri Statheim*

Printed name: Terri Statheim

Title: Production Analyst

Date: 01/22/99 Phone: 915-683-7443

OIL CONSERVATION DIVISION

Approved by: *Jim W. Gurn* BOO

Title: District Supervisor

Approval Date: 3-10-99

<sup>48</sup> If this is a change of operator fill in the OGRID number and name of the previous operator

Penwell Energy, Inc., OGRID #147380

Previous Operator Signature <i>Linda Walker</i>	Printed Name Linda Walker	Title Regulatory Analyst	Date 01/22/99
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(July 1992)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

811 (Other Instructions on  
reverse side)  
ARTESIA, NM 88210-2304

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☐

GAS  
WELL ☒

OTHER

SINGLE  
ZONE ☒

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

PENWELL ENERGY, INC.

(BILL PIERCS) 915-683-2534 147380

3. ADDRESS AND TELEPHONE NO.

600 NORTH MARIENFELD SUITE 1100 MIDLAND, TEXAS 79701

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

1650' FEL & 660' FNL SEC. 8 UNIT "B" T17S-R27E EDDY CO. NM

At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

Approximately 5 miles Northeast of Artesia New Mexico

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

NA

19. PROPOSED DEPTH

9200'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3360' GR.

22. APPROX. DATE WORK WILL START\*

WHEN APPROVED

23.

PROPOSED CASING AND CEMENT PROGRAM

ARTESIA CONTROLLED WATER BAZON

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor 20"	NA	40'	Cement to surface with Redi-mix
12 1/2"	J-55 8 5/8"	24	1850'	950 Sx. circulate cement to surf
7 7/8"	N-80 & J-55 5 1/2"	17 & 15.5	9200'	600 Sx. estimate top cement 6000
17-1/2"	H-40 13-3/8"	48	400'	Circulate Cement to surface

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix
2. Drill 12 1/2" hole to 1850'. Run and set 1850' of 8 5/8" J-55 24# ST&C casing. Cement with 950 Sx. of Class "C" cement, circulate cement to surface.
3. Drill 7 7/8" hole to 9200'. Run and set 9200' of 5 1/2" casing as follows: 1500' of 5 1/2" 17# N-80 LT&C, 2200' of 5 1/2" J-55 17# LT&C, 3100' of 5 1/2" J-55 15.5# LT&C, 2400' of 5 1/2" 17# J-55 LT&C casing. Cement with 350 Sx. of Halco Light, tail in with 250 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 6000'

SUBJECT TO  
LIKE APPROVAL  
BY STATE

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on proposed productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24.

SIGNED

TITLE Agent

DATE

09/28/98

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval 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

CONDITIONS OF APPROVAL, IF ANY:

Acting

Assistant Field Office Manager.  
Lands and Minerals

(ORIG. SGD.) ARMANDO A. LOPEZ

OCT 26 1998

APPROVED BY

TITLE

DATE

\*See Instructions On Reverse Side

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1800 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 75720	Pool Name CROW FLAT - MORROW
Property Code	Property Name Chama "8" Federal	Well Number 1
OGRID No. 147380	Operator Name Penwell Energy Inc.	Elevation 3360'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	8	17 S	27 E		660	North	1650	East	Eddy

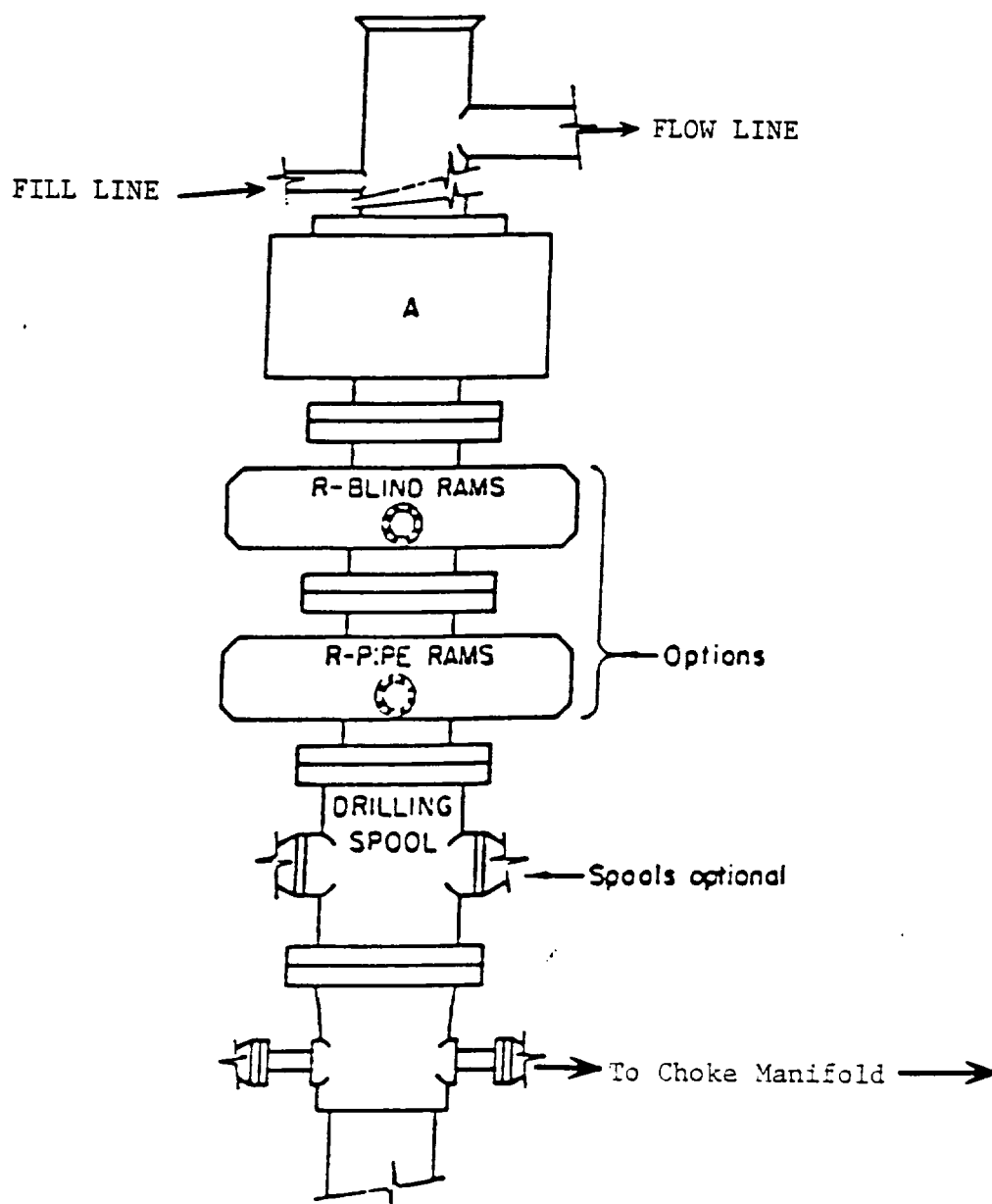
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.   Signature Joe T. Janica Printed Name Agent Title 09/28/98 Date
	<b>SURVEYOR CERTIFICATION</b>  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.  September 14, 1998 Date Surveyed  Signature Professional Surveyor  W.C. No. 8394 Certificate No. Jones 7977 BASIN SURVEYS

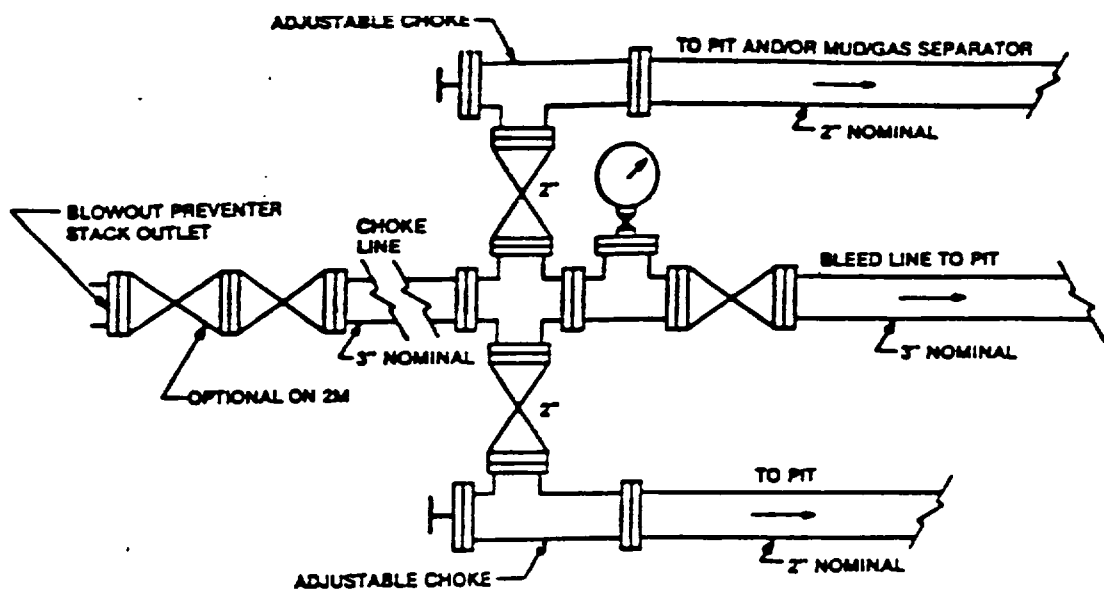


# **ARRANGEMENT SRRA**

900 Series  
3000 PSI WP

EXHIBIT "E"  
B.O.P. SKETCH TO BE USEN ON

PENWELL ENERGY, INC.  
CHAMA "8" FEDERAL # 1  
UNIT "B" SECTION 8  
T17S-R27E EDDY CO NM



Typical choke manifold assembly for 3M WP system

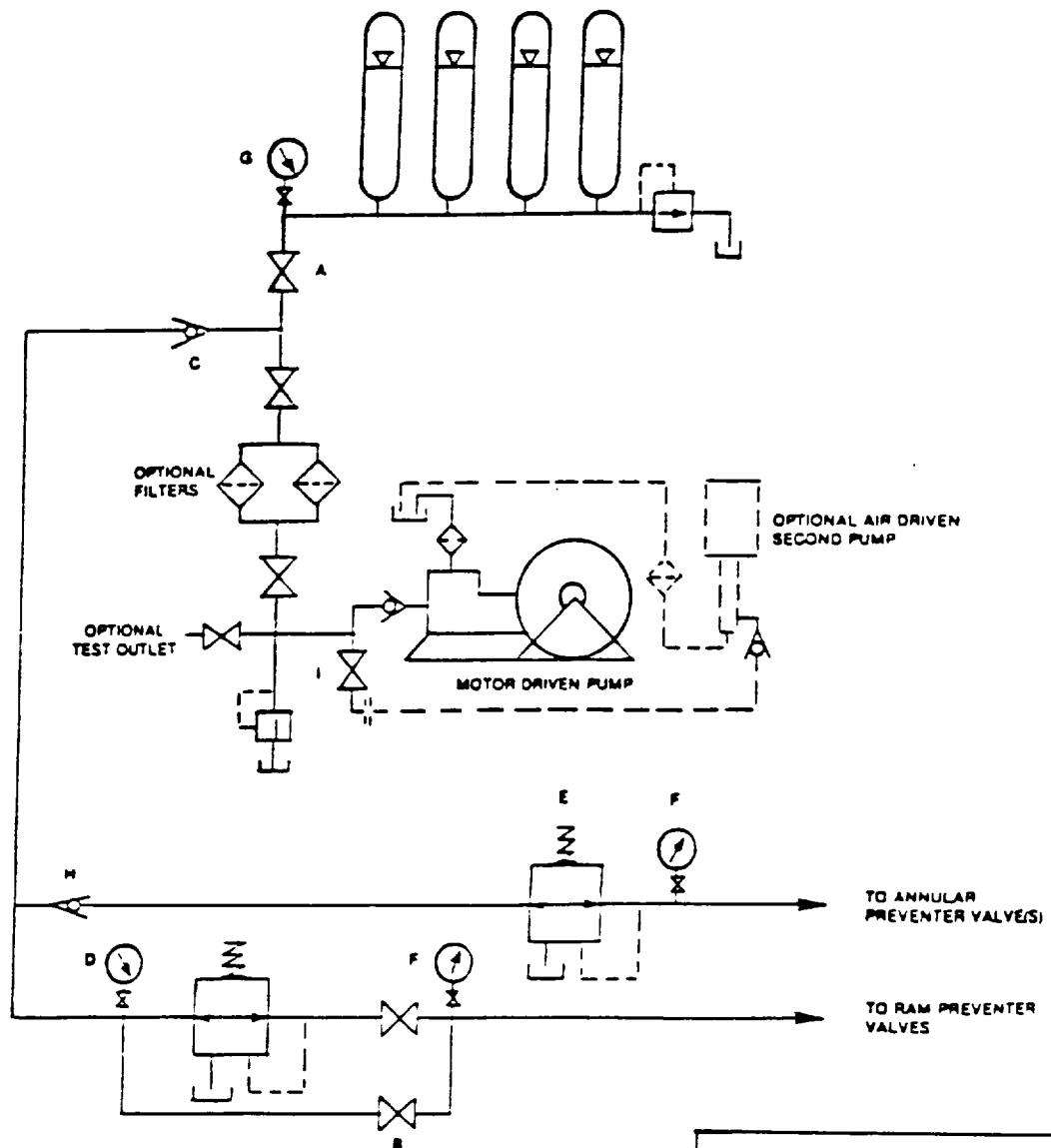


EXHIBIT "E-1"  
CHOKE MANIFOLD & CLOSING UNIT

PENWELL ENERGY, INC.  
CHAMA "8" FEDERAL # 1  
UNIT "B" SECTION 8  
T176-2275 FDDV CO. NM

County Eddy Pool Crow Flats-Morrow Gas

TOWNSHIP 17 South Range 27 East NMPM

A 6x6 grid with numbers 1 through 36. The numbers are arranged in a boustrophedon pattern, starting from the top right (1) and ending at the bottom left (36). A path of 12 squares is highlighted with a thick black border, starting at square 4 and ending at square 13. The path consists of the following squares: 4, 3, 2, 1, 13, 12, 11, 10, 9, 8, 7, 6.

EXT: All sec 1,  $N/2$  sec 12 (R-6994, 5-28-82)

Ext: All Sec 2 (A-7248, 3-30-83) Ext: 5/2 Sec. 3, 5/2 Sec. 4 (A-11013, 4-30-98)

Ext: N/2 Sec. 4, SE/4 Sec. 12, E/2 Sec. 13 (R-11097, 1270-95)

Ext: 1/2 Sec. 9 (R-11120, 1-21-99)