

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
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

May 15, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508

MAY 17 2001

Re: Application for Unorthodox Location
Jasper "ARJ" Federal #2
Foor Ranch; Precambrian
Sec. 25, T8S-R26E
Chaves County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Precambrian gas well. The proposed Jasper "ARJ" Federal #2 well is located on federal minerals, 760' FNL and 2240' FEL in Sec. 25, T8S-R26E. The well was surveyed and staked at this location because of the topography; there is drainage on the north, west and south side and archaeology to the east. This is also the best area to intersect the Ordovician dolomite which is anticipated to be structurally higher than the Ordovician in our Jasper "ARJ" #1 in the southeast quarter of this section the Penn Sands and the Abo Sands which are on a northwest to southeast trend that appear to have their greatest accumulation in this part of the section. The offset operator to the north has been notified of this application. The other offset leases are operated by Yates.

Yates Petroleum Corporation requests that this unorthodox location be administratively approved if no objections are received within 20 days.

Enclosed is a copy of form 3160-3, C-102, land plat and copy of notification to offset operators. Please call me at (505) 748-4376 if any other information is needed. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Pat Perez
Permit Agent

/pp
Enclosures

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12883 Exhibit No. 2
Submitted by:
YATES PETROLEUM CORPORATION
Hearing Date: June 27, 2002

OPERATOR'S COPY

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

0
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NM-93184
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name Not Applicable
2. Name of Operator Yates Petroleum Corporation			7. If Unit or CA Agreement, Name and No. Not Applicable
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Jasper "ARJ" Federal #2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 760' FNL and 2240' FEL At proposed prod. Zone same as above			9. API Well No. 30-005-63143
14. Distance in miles and direction from nearest town or post office* Approximately 30 miles Northeast of Roswell, New Mexico			10. Field and Pool, or Exploratory Foor Ranch; Precambrian 76730
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease 800	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 6500'	20. BLM/BIA Bond No. on file Nationwide Bond #NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3941'	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 office. |

25. Signature <i>Pat Perez</i>	Name (Printed/Typed) Pat Perez	Date 3/8/01
Title: Regulatory Agent		
Approved by (Signature) <i>Larry D. Bray</i>	Name (Printed/Typed) LARRY D. BRAY	Date APR 09 2001
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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, 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)

STRICT I
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

STRICT II
Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

STRICT III
10 Rio Brazos Rd., Aztec, NM 87410

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-63143	Pool Code	Pool Name Foor Ranch; Precambrian
Property Code	Property Name JASPER "ARJ" FEDERAL	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3941

Surface Location

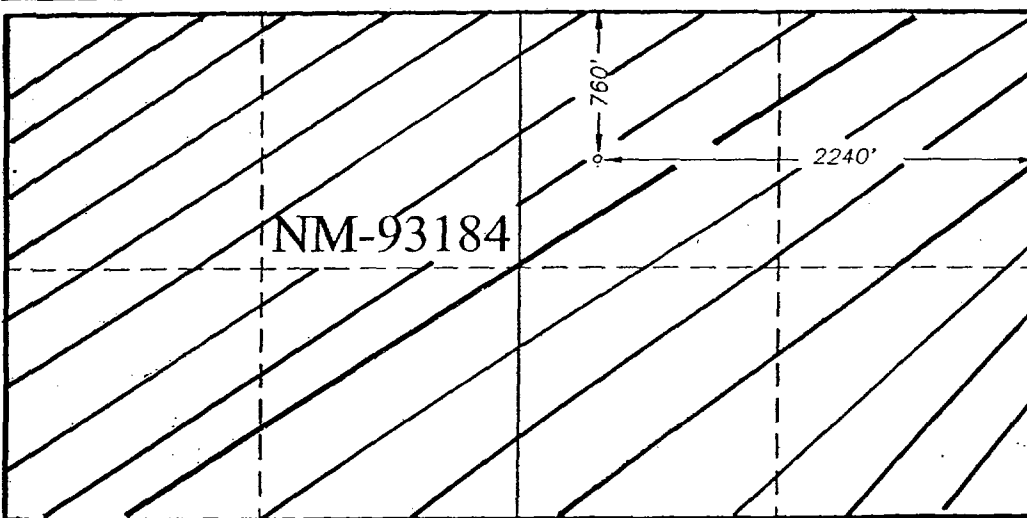
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	25	8S	26E		760	NORTH	2240	EAST	CHAVES

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 320.00	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



OPERATOR CERTIFICATION

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

Pat Perez
Signature

Pat Perez
Printed Name

Regulatory Agent
Title

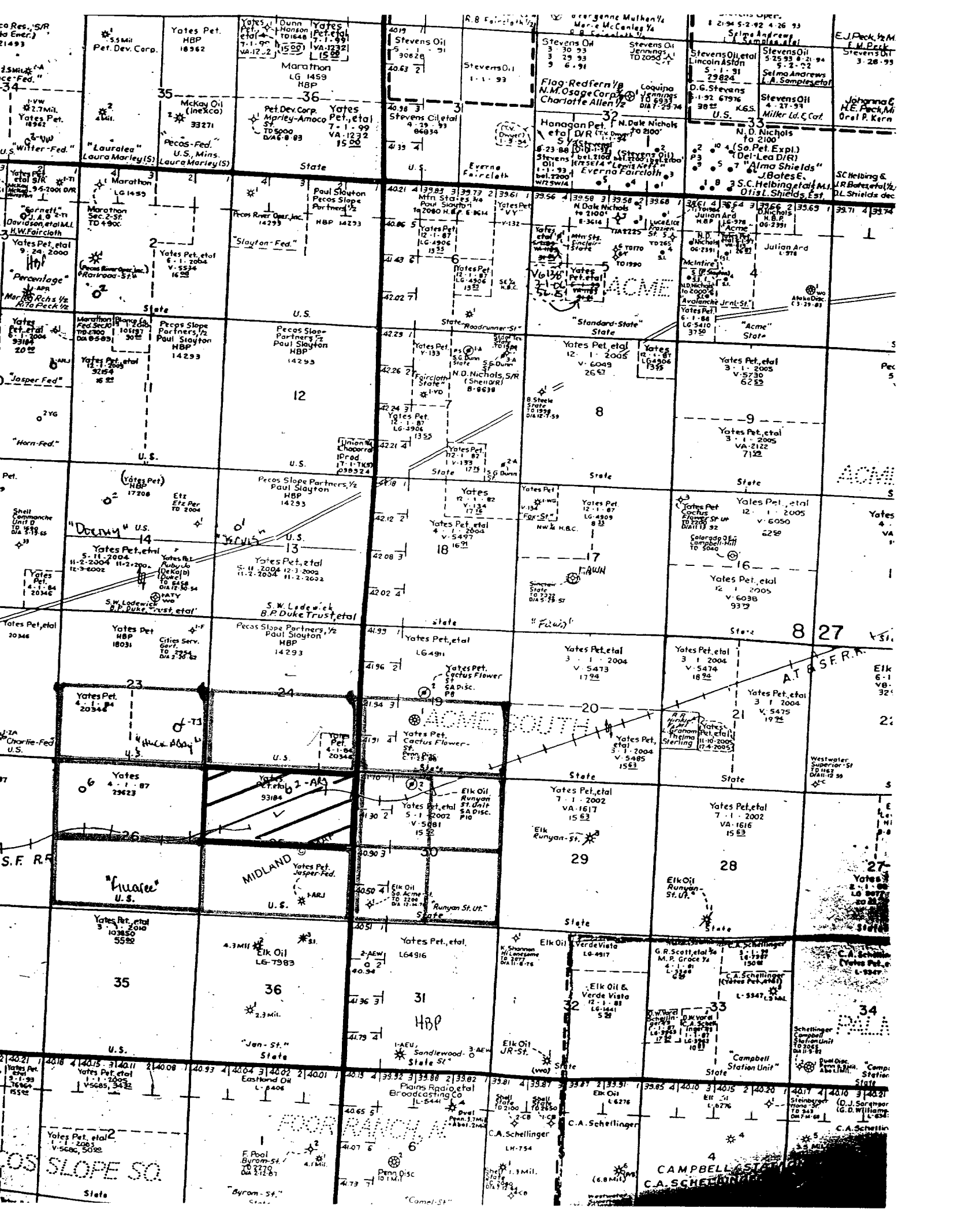
3-8-01
Date

SURVEYOR CERTIFICATION

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

4/21/97
Date Surveyed
Signature
Professional Surveyor

Herschell L. Jones
Certificate No. 3640
JASPER "ARJ" FEDERAL
GENERAL SURVEYING COMPANY



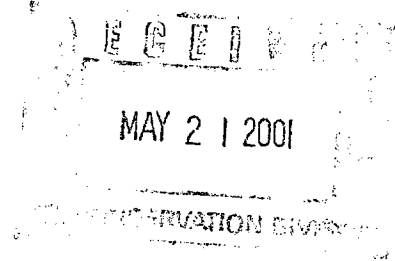
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May 17, 2001



Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508

Re: Application for Unorthodox Location
Jasper "ARJ" Federal #2
Foor Ranch; Precambrian
Sec. 25, T8S-R26E
Chaves County, New Mexico

Dear Mr. Stogner:

A letter requesting administrative approval for the captioned location was mailed to your office May 15, 2001. Attached for your records is a copy of the notification letter to the offset operator indicating there are no objections to this location.

Please advise if there are any further requirements. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Pat Perez
Regulatory Agent

/pp
Enclosure

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1912 - 1985
FRANK W. YATES
1936 - 1986

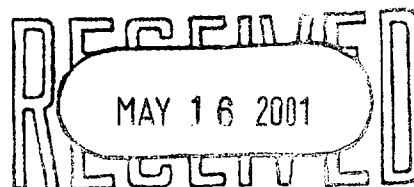


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May 7, 2001

Pecos Slope Partners, L.P.
550 West Texas, Suite 720
Midland, Texas 79701



RE: Offset Operator Notification
Unorthodox Location
Jasper "ARJ" Fed. #2
Township 8 South, Range 26 East
Section 25: 760' FNL & 2240' FEL
Chaves County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to drill the captioned well at the unorthodox location described above. This location does not comply with the well spacing requirements set for the in NMOCD Rule 104.C(2)(b)(Revised 8/12/99).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the NMOCD within twenty (20) days from the date of this notice.

Very truly yours,

YATES PETROLEUM CORPORATION

Pat Perez
Regulatory Agent

PP/dc

Pecos Slope Partners, L.P.

By:
Title: VP - Eng & Prod.
Date: 5-11-01