

OIL CONSERVATION DIVISION  
RECEIVED

*Letter: William J. LeMay*

92 JAN 23 PM 2 04

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE  
DEAN B. CROSS  
MARY LYNN BOGLE

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3505  
TELECOPY  
(505) 746-6316

January 20, 1992

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Applications of Yates Petroleum Corporation

Dear Mr. LeMay:

Enclosed for filing, please find three copies each of three Applications of Yates Petroleum Corporation for permits to drill, all three underlying Section 2, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

We ask that these cases be set for hearing before an examiner, after allowing twenty days for notice, and that we be furnished with a copy of the docket for said hearings.

Yours truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

*Ernest L. Carroll*  
Ernest L. Carroll

ELC:bjk  
Enclosures

cc w/encl: New Mexico Potash  
New Mexico State Land Office  
Bureau of Land Management

DIVISION  
102 04 14 10 2 04

**BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO**

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR A : CASE NO. 10467  
PERMIT TO DRILL, EDDY COUNTY, :  
NEW MEXICO :  
\_\_\_\_\_ :

**APPLICATION**

COMES NOW **YATES PETROLEUM CORPORATION**, by its attorneys Losee, Carson, Haas & Carroll, P.A. (Ernest L. Carroll), and in support hereof respectfully states:

1. Applicant is the operator of the Delaware and intermediate formations underlying Township 22 South, Range 31 East, N.M.P.M., Section 2: Unit G, and proposes to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2.

2. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8500 feet. Applicant has submitted its Application for Permit to Drill, Deepen or Plug Back, Form C-101, as required by Rule 102 of the Oil Conservation Division, to permit the drilling of the well at the above mentioned location. Applicant has further complied with Order No. R-111-P and has sent the required notice of such Application for Permit to Drill, Deepen or Plug Back to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plat submitted with

applicant's Application for Permit to Drill, Deepen or Plug Back. Attached hereto as Exhibit "1" is a copy of Form C-101 as previously submitted.

3. Applicant has received verbal notice from the potash operator to whom notice was given that it will object to the drilling of said well.

4. Said location is in compliance with Order No. R-111-P(G)(3)(d), and upon information and belief is not located within any Life of Mine Reserves (LMR) or buffer zone as presently designated with the State Land Office. The permitting of such well will not result in undue waste of potash deposits, or constitute a hazard to or interfere unduly with mining of potash deposits.

5. A standard 40-acre oil proration unit comprising Unit G of said Section 2 should be dedicated to such well.

6. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of oil, will prevent 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.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2, Unit G, Township 22 South, Range 31 East, N.M.P.M., which is reasonably presumed to be productive of oil from the Delaware or intermediate formations.

C. And for such other relief as may be just in the premises.

**YATES PETROLEUM CORPORATION**

By:   
Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210  
(505/746-3505)

Attorneys for Applicant

Submit to Appropriate District Office  
 State Lease - 6 copies  
 Fee Lease - 5 copies

**OIL CONSERVATION DIVISION**

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

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

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

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

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease  
 STATE  FEE

6. State Oil & Gas Lease No.  
 V-2705

**APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**

1a. Type of Work:  
 DRILL  RE-ENTER  DEEPEN  PLUG BACK   
 b. Type of Well:  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

7. Lease Name or Unit Agreement Name  
 Graham AKB State

2. Name of Operator  
 Yates Petroleum Corporation

8. Well No.  
 4

3. Address of Operator  
 105 South Fourth Street, Artesia, NM 88210

9. Pool name or Wildcat  
 Undesignated Lost Tank Delaware

4. Well Location  
 Unit Letter G : 1980 Feet From The North Line and 1050' Feet From The East Line  
 Section 2 Township 22 South Range 31 East NMPM Eddy County

10. Proposed Depth 8500'  
 11. Formation Delaware  
 12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.) 3552' GR  
 14. Kind & Status Plug. Boord Blanket  
 15. Drilling Contractor Undesignated  
 16. Approx. Date Work will start ASAP

**17. PROPOSED CASING AND CEMENT PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	54.5#	850'	850	Circulate
11"	8 5/8"	32.0#	4500'	2500	Circulate
7 7/8"	5 1/2"	17 & 10#	TD	As warranted	Tie Back

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

Letter has been sent to N.M. Potash Corporation.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Clifton R. May TITLE Permit Agent DATE 11-25-91  
 TYPE OR PRINT NAME Clifton R. May TELEPHONE NO. 748-1471

(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

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

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

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

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

**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**  
 All Distances must be from the outer boundaries of the section

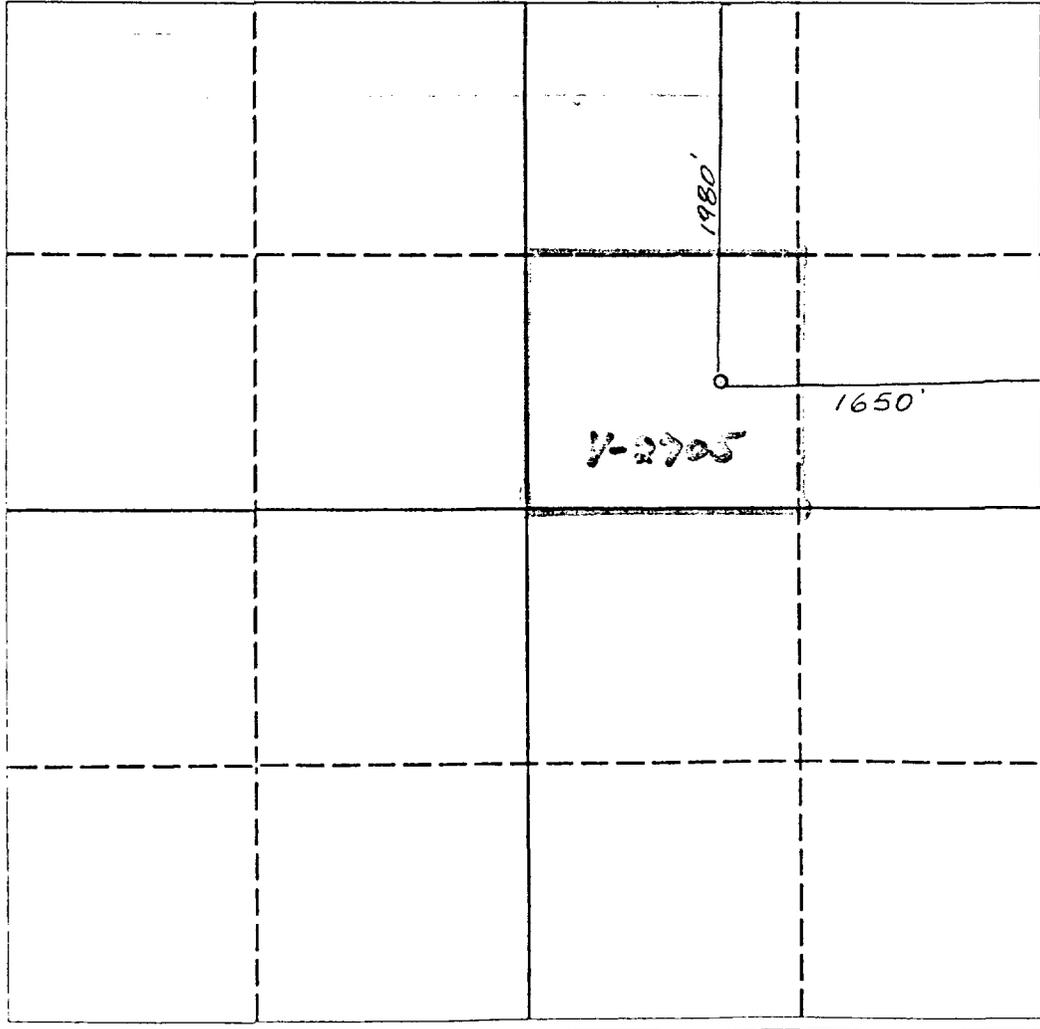
Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>GRAHAM AKB STATE</b>			Well No. <b>4</b>		
Unit Letter <b>G</b>	Section <b>2</b>	Township <b>22 SOUTH</b>	Range <b>31 EAST</b>	County <b>EDDY COUNTY, NM</b>		NMPM		
Actual Footage Location of Well: <b>1980</b> feet from the <b>NORTH</b> line and <b>1650</b> feet from the <b>EAST</b> line								
Ground level Elev. <b>3552.</b>		Producing Formation <b>DELAWARE</b>			Pool <b>UNDES. LOST TANK DELAWARE</b>		Dedicated Acreage: <b>40</b> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interest 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 interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

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

Signature: *Clifton R. May*

Printed Name: Clifton R. May

Position: Permit Agent

Company: YATES PETROLEUM CORPORATION

Date: November 25, 1991

**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 knowledge and belief.

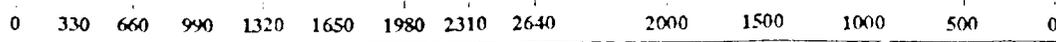
Date Surveyed: **NOVEMBER 25 1991**

Signature & Seal of Professional Engineer: *Clifton R. May*

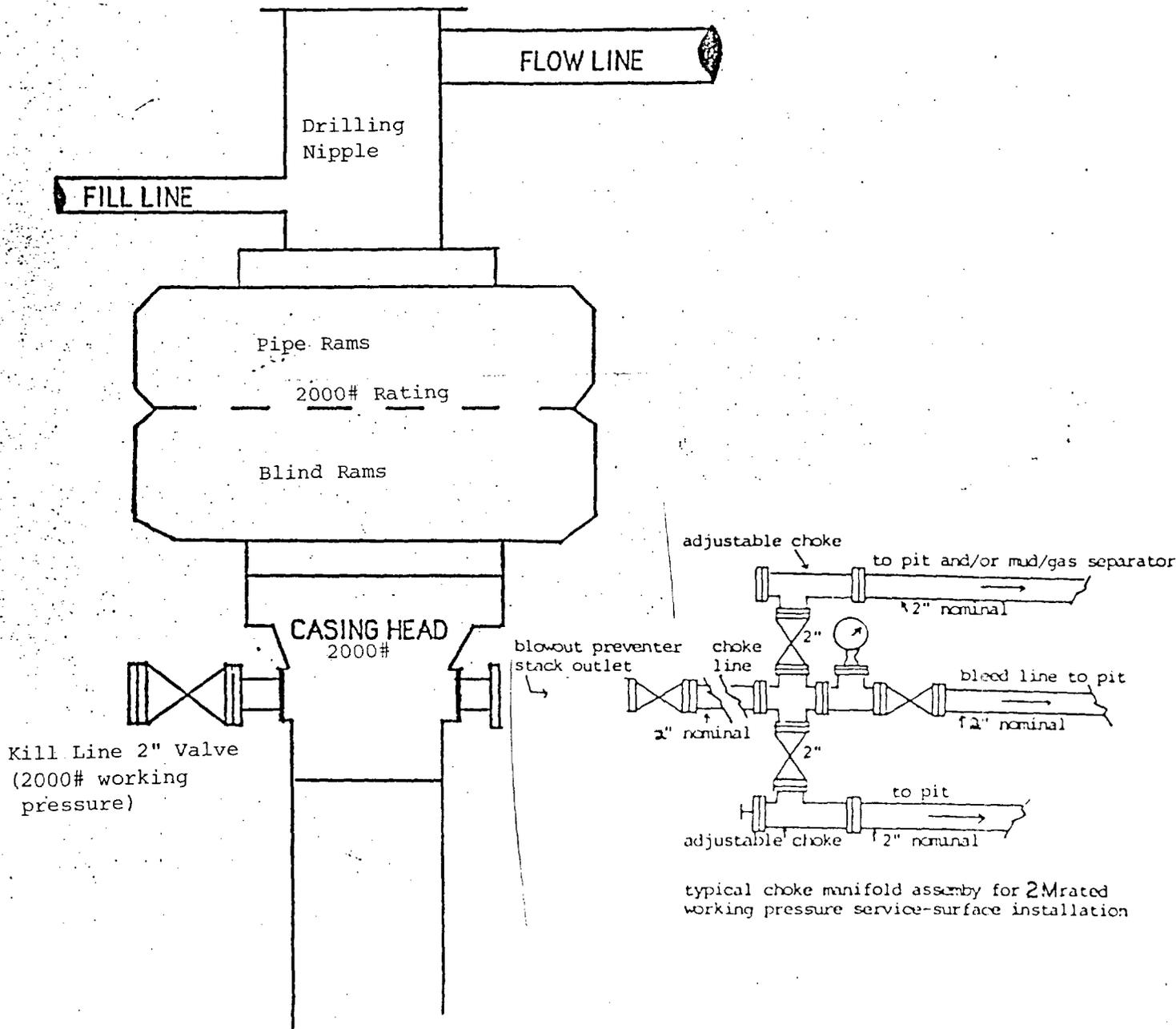
**NEW MEXICO**  
 REGISTERED PROFESSIONAL ENGINEER  
 5412

Certificate No. \_\_\_\_\_

NM PEAS 87504-12



# YATES PETROLEUM CORPORATION



**BLOWOUT PREVENTER  
2M SYSTEM**

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

November 21, 1991

Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge) - 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

4. Article Number  
P 384 291 931

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X *Walters*

7. Date of Delivery  
11/22/91

8. Addressee's Address (ONLY if requested and fee paid)  
Flora AKF #1  
Graham AKB #3 & 4  
Martha AIK Fed. #7,8,&9

PS Form 3811, Apr. 1989 \*U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #4  
1980' FNL and 1650' FEL  
Sec. 2-T22S-R31E  
Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

**YATES PETROLEUM CORPORATION**

*Clifton R. May*  
Clifton R. May  
Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Form 3800, June 1985 \*U.S.G.P.O. 1989-234-555

Postmark or Date  
11-21-91 Graham AKB #3,4  
Flora AKF #1  
Martha AIK Fed. #7,8,89

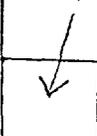
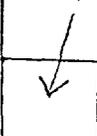
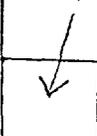
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$

Sent to: MR. Bob Lane  
Street apt. No. Box 610  
P.O. State and ZIP Code  
Hobbs, NM 88241

Postage \$  
Certified Fee  
Special Delivery Fee  
Restricted Delivery Fee

P 384 291 931  
RECEIPT FOR CERTIFIED MAIL  
FOR FINANCE COVERAGE PROVIDED  
NOT FOR RETURN TO MAIL  
(See Reverse)

# YATES PETROLEUM CORPORATION

<p>SECTION 34-215-31E</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top; padding: 5px;"> <p>NEW MEXICO POTASH</p> </td> <td style="width: 50%; vertical-align: top; padding: 5px;"> <p>UNRELEASED NEW MEXICO POTASH SW 1/4 SE 1/4</p> <div style="text-align: center;">  </div> </td> </tr> </table> <p style="text-align: center;">STATE</p>	<p>NEW MEXICO POTASH</p>	<p>UNRELEASED NEW MEXICO POTASH SW 1/4 SE 1/4</p> <div style="text-align: center;">  </div>	<p>SECTION 25-215-31E</p> <p style="text-align: center;">UNRELEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 36-215-31E</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">STATE</p>
<p>NEW MEXICO POTASH</p>	<p>UNRELEASED NEW MEXICO POTASH SW 1/4 SE 1/4</p> <div style="text-align: center;">  </div>			
<p>SECTION 3-225-31E</p> <p style="text-align: center;">UNRELEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 2-225-31E</p> <p style="text-align: center;">#1 GRAHAM AKE ST.</p> <p style="text-align: center;">#2</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">FLORA AKE ST. Sr. # 1</p> <p style="text-align: center;">STATE</p>	<p>SECTION 1-225-31E</p> <p style="text-align: center;">UNRELEASED</p> <p style="text-align: center;">USA</p>		
<p>SECTION 10-225-31E</p> <p style="text-align: center;">UNRELEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 11-225-31E</p> <p style="text-align: center;">UNRELEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 12-225-31E</p> <p style="text-align: center;">UNRELEASED</p> <p style="text-align: center;">USA</p>		

10-31-91 --- GEORGE SCHEPPOFF, DISTRICT MINING ENGINEER  
 11-1-91 --- CHARLENE NMSLD CENTRAL LEASING-

*Clifton R. May*

**BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO**

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR A : CASE NO. 10447  
PERMIT TO DRILL, EDDY COUNTY, :  
NEW MEXICO :  
\_\_\_\_\_ :

**APPLICATION**

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys Losee, Carson, Haas & Carroll, P.A. (Ernest L. Carroll), and in support hereof respectfully states:

1. Applicant is the operator of the Delaware and intermediate formations underlying Township 22 South, Range 31 East, N.M.P.M., Section 2: Unit G, and proposes to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2.

2. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8500 feet. Applicant has submitted its Application for Permit to Drill, Deepen or Plug Back, Form C-101, as required by Rule 102 of the Oil Conservation Division, to permit the drilling of the well at the above mentioned location. Applicant has further complied with Order No. R-111-P and has sent the required notice of such Application for Permit to Drill, Deepen or Plug Back to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plat submitted with

applicant's Application for Permit to Drill, Deepen or Plug Back. Attached hereto as Exhibit "1" is a copy of Form C-101 as previously submitted.

3. Applicant has received verbal notice from the potash operator to whom notice was given that it will object to the drilling of said well.

4. Said location is in compliance with Order No. R-111-P(G)(3)(d), and upon information and belief is not located within any Life of Mine Reserves (LMR) or buffer zone as presently designated with the State Land Office. The permitting of such well will not result in undue waste of potash deposits, or constitute a hazard to or interfere unduly with mining of potash deposits.

5. A standard 40-acre oil proration unit comprising Unit G of said Section 2 should be dedicated to such well.

6. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of oil, will prevent 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.

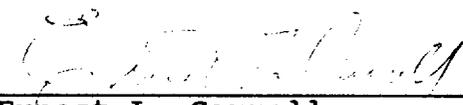
WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2, Unit G, Township 22 South, Range 31 East, N.M.P.M., which is reasonably presumed to be productive of oil from the Delaware or intermediate formations.

C. And for such other relief as may be just in the premises.

**YATES PETROLEUM CORPORATION**

By:   
Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210  
(505/746-3505)

Attorneys for Applicant

Submit to Appropriate District Office  
 State Lease - 6 copies  
 Fee Lease - 5 copies

State of New Mexico  
 Minerals and Natural Resources Department

Form C-101  
 Revised 1-1-89

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

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

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

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

API NO. (assigned by OCD on New Wells)
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-2705

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Graham AKB State				
b. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	8. Well No. 4				
2. Name of Operator Yates Petroleum Corporation	9. Pool name or Wildcat Undesignated Lost Tank Delaware				
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210					
4. Well Location Unit Letter <u>G</u> : <u>1980</u> Feet From The <u>North</u> Line and <u>1050'</u> Feet From The <u>East</u> Line Section <u>2</u> Township <u>22 South</u> Range <u>31 East</u> NMPM <u>Eddy</u> County					
10. Proposed Depth 8500'	11. Formation Delaware				
12. Rotary or C.T. Rotary					
13. Elevations (Show whether DF, RT, GR, etc.) 3552' GR	14. Kind & Status Plug. Bood Blanket				
15. Drilling Contractor Undesignated	16. Approx. Date Work will start ASAP				
17. PROPOSED CASING AND CEMENT PROGRAM					
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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Clifton R. May TITLE Permit Agent DATE 11-25-91  
 TYPE OR PRINT NAME Clifton R. May TELEPHONE NO. 748-1471

(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate District Office  
 State Lease - 4 copies  
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State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

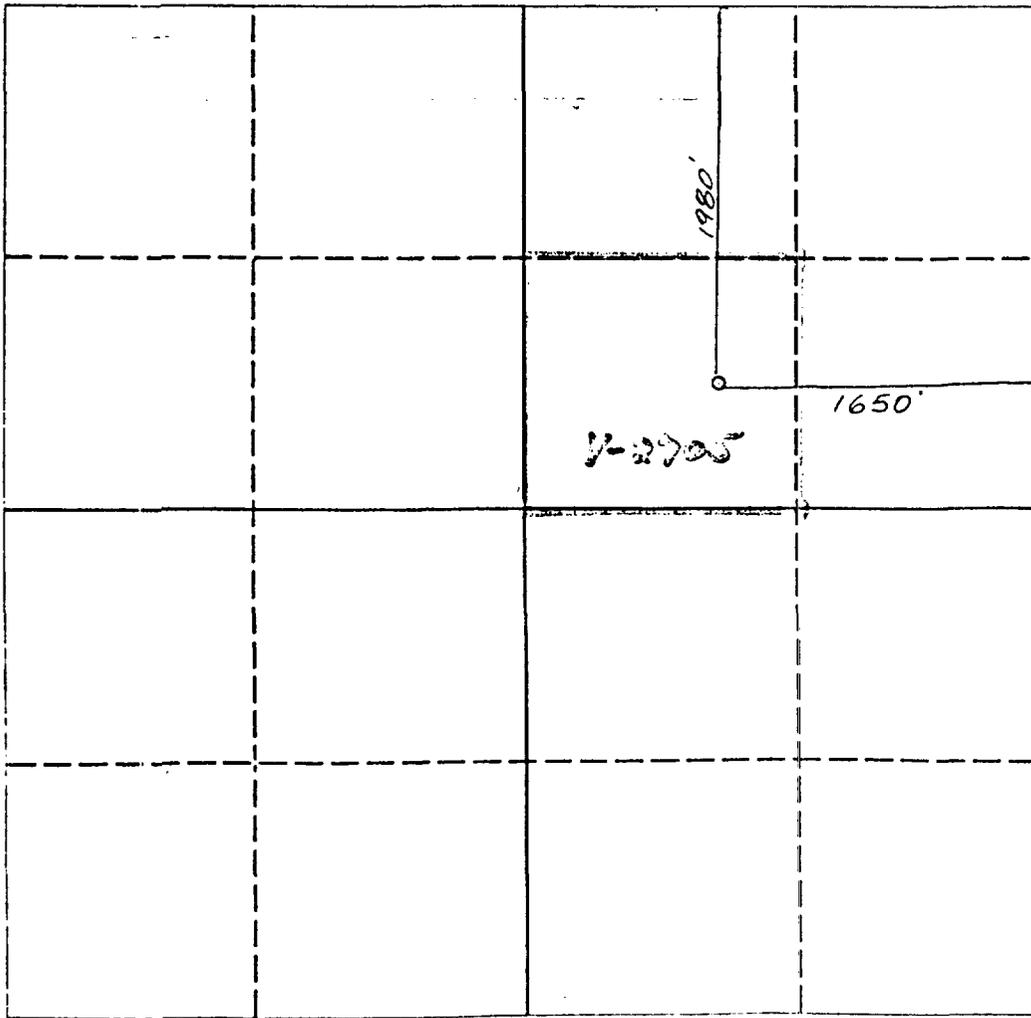
Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>GRAHAM AKB STATE</b>		Well No. <b>4</b>
Unit Letter <b>G</b>	Section <b>2</b>	Township <b>22 SOUTH</b>	Range <b>31 EAST</b>	County <b>EDDY COUNTY, NM</b>	<b>NMPM</b>
Actual Footage Location of Well: <b>1980</b> feet from the <b>NORTH</b> line and <b>1650</b> feet from the <b>EAST</b> line					
Ground level Elev. <b>3552.</b>	Producing Formation <b>DELAWARE</b>		Pool <b>UNDES. LOST TANK DELAWARE</b>	Dedicated Acreage: <b>40</b> Acres	

- 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 interest 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 interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

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

Signature *Clifton R. May*

Printed Name **Clifton R. May**

Position **Permit Agent**

Company **YATES PETROLEUM CORPORATION**

Date **November 25, 1991**

**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 knowledge and belief.

Date Surveyed **NOVEMBER 25 1991**

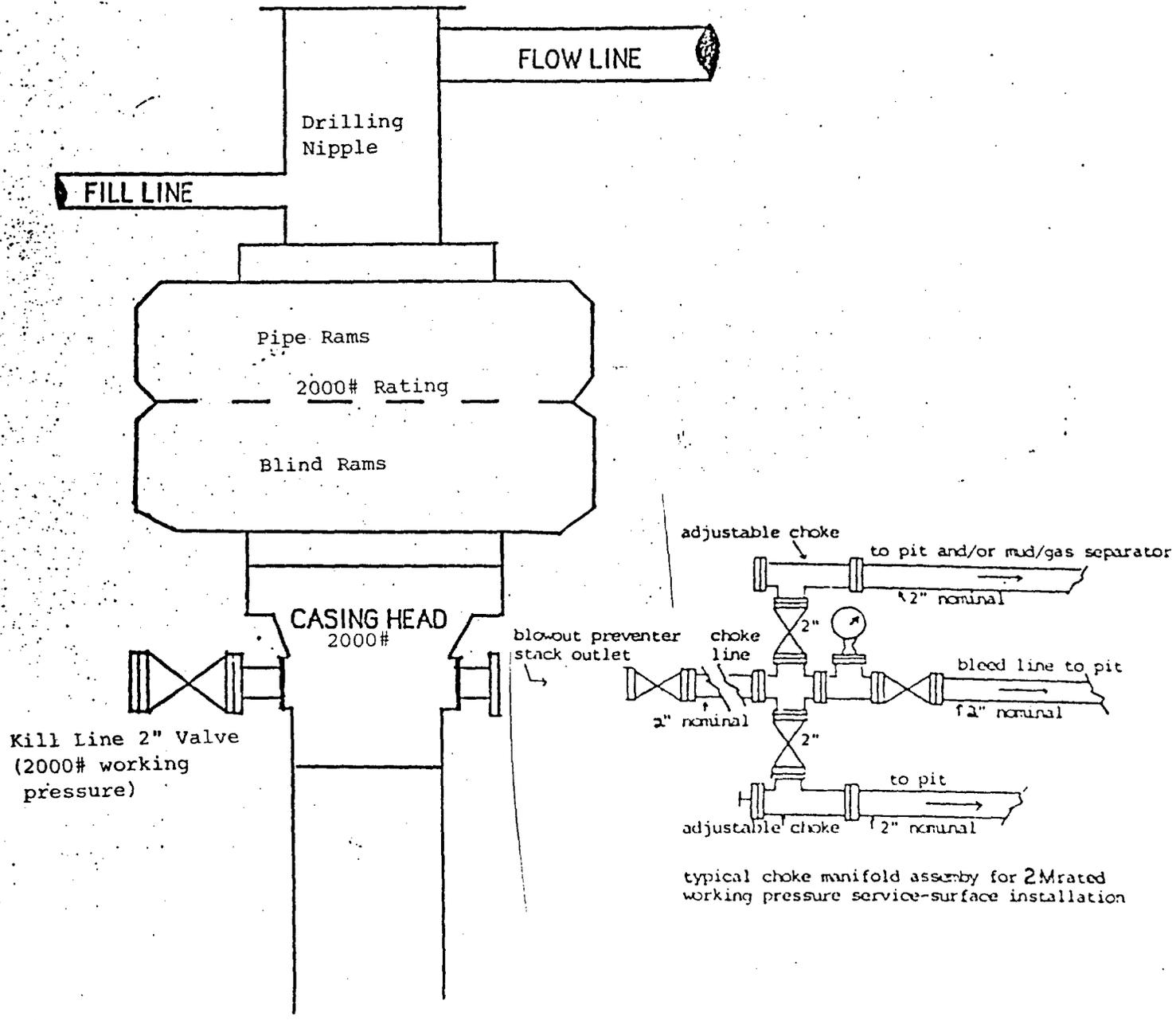
Signature & Seal of Professional **Clifton R. May**

**NEW MEXICO**  
 REGISTERED PROFESSIONAL ENGINEER  
 5412

**NM PE 5412**

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

# YATES PETROLEUM CORPORATION



**BLOWOUT PREVENTER  
2M SYSTEM**

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

November 21, 1991

Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

SENDER: Complete items 1 and 2 when additional services are desired and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

4. Article Number  
P 384 291 931

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X *W. Yates*

7. Date of Delivery  
11/22/91

8. Addressee's Address (ONLY if requested and fee paid)  
Flora AKF #1  
Graham AKB #3 & 4  
Martha AIK Fed. #7,8,&9

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #4  
1980' FNL and 1650' FEL  
Sec. 2-T22S-R31E  
Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

*Clifton R. May*  
Clifton R. May  
Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Form 3800, June 1985 U.S.G.P.O. 1989-234-555

Postmark or Date  
11-21-91 Graham AKB #3,4  
Flora AKF #1  
Martha AIK Fed. #7,8,&9

Sent to	MR. Bob Lane
Street and P.O. Box	P.O. Box 610
P.O. State and ZIP Code	Hobbs, NM 88241
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$

RECEIPT FOR CERTIFIED MAIL  
NO POSTAGE COLLECTED PERMIT NO. 101 FOR NEW MEXICO POTASH  
(See Reverse)

P 384 291 931

# YATES PETROLEUM CORPORATION

<p>SECTION 34-215-31E</p> <p>NEW MEXICO POTASH</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">SUN/ISE 1/4</p> <div style="text-align: center;"> </div> <p>STATE                      USA</p>	<p>SECTION 35-215-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 36-215-31E</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">STATE</p>
<p>SECTION 3-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 2-225-31E</p> <p style="text-align: center;">#1.</p> <p style="text-align: center;">GRAHAM AKE ST.</p> <p style="text-align: center;">#2.</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">FLORA AKE ST. #1</p> <p style="text-align: center;">STATE.</p>	<p>SECTION 1-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>
<p>SECTION 10-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 11-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 12-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>

10-31-91 --- GEORGE SCHEPCOFF, DISTRICT MINING ENGINEER

11-1-91 --- CHARLES NMSLD CENTRAL LEASING-

*Clifton R. May*

**BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO**

IN THE MATTER OF THE APPLICATION OF  
YATES PETROLEUM CORPORATION FOR A  
PERMIT TO DRILL, EDDY COUNTY,  
NEW MEXICO

---

CASE NO. 10447

**APPLICATION**

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys Losee, Carson, Haas & Carroll, P.A. (Ernest L. Carroll), and in support hereof respectfully states:

1. Applicant is the operator of the Delaware and intermediate formations underlying Township 22 South, Range 31 East, N.M.P.M., Section 2: Unit G, and proposes to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2.

2. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8500 feet. Applicant has submitted its Application for Permit to Drill, Deepen or Plug Back, Form C-101, as required by Rule 102 of the Oil Conservation Division, to permit the drilling of the well at the above mentioned location. Applicant has further complied with Order No. R-111-P and has sent the required notice of such Application for Permit to Drill, Deepen or Plug Back to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plat submitted with

applicant's Application for Permit to Drill, Deepen or Plug Back. Attached hereto as Exhibit "1" is a copy of Form C-101 as previously submitted.

3. Applicant has received verbal notice from the potash operator to whom notice was given that it will object to the drilling of said well.

4. Said location is in compliance with Order No. R-111-P(G)(3)(d), and upon information and belief is not located within any Life of Mine Reserves (LMR) or buffer zone as presently designated with the State Land Office. The permitting of such well will not result in undue waste of potash deposits, or constitute a hazard to or interfere unduly with mining of potash deposits.

5. A standard 40-acre oil proration unit comprising Unit G of said Section 2 should be dedicated to such well.

6. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of oil, will prevent 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.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its Graham "AKB" State No. 4 Well at a point located 1980 feet from the North line and 1050 feet from the East line of said Section 2, Unit G, Township 22 South, Range 31 East, N.M.P.M., which is reasonably presumed to be productive of oil from the Delaware or intermediate formations.

C. And for such other relief as may be just in the premises.

**YATES PETROLEUM CORPORATION**

By:   
\_\_\_\_\_  
Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210  
(505/746-3505)

Attorneys for Applicant

Submit to Appropriate District Office  
 State Lease - 6 copies  
 Fee Lease - 5 copies

State of New Mexico  
 Minerals and Natural Resources Department

Form C-101  
 Revised 1-1-89

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

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

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

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

API NO. (assigned by OCD on New Wells)
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-2705

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK	
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Graham AKB State
b. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	
2. Name of Operator Yates Petroleum Corporation	8. Well No. 4
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	9. Pool name or Wildcat Undesignated Lost Tank Delaware

4. Well Location  
 Unit Letter G : 1980 Feet From The North Line and 1050' Feet From The East Line  
 Section 2 Township 22 South Range 31 East NMPM Eddy County

10. Proposed Depth 8500'		11. Formation Delaware	12. Rotary or C.T. Rotary
13. Elevations (Show whether DF, RT, GR, etc.) 3552' GR	14. Kind & Status Plug. Boord Blanket	15. Drilling Contractor Undesignated	16. Approx. Date Work will start ASAP

17. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	54.5#	850'	850	Circulate
11"	8 5/8"	32.0#	4500'	2500	Circulate
7 7/8"	5 1/2"	17 & 10#	TD	As warranted	Tie Back

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

Letter has been sent to N.M. Potash Corporation.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Clifton R. May TITLE Permit Agent DATE 11-25-91  
 TYPE OR PRINT NAME Clifton R. May TELEPHONE NO. 748-1471

(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 CONDITIONS OF APPROVAL, IF ANY:

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

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

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

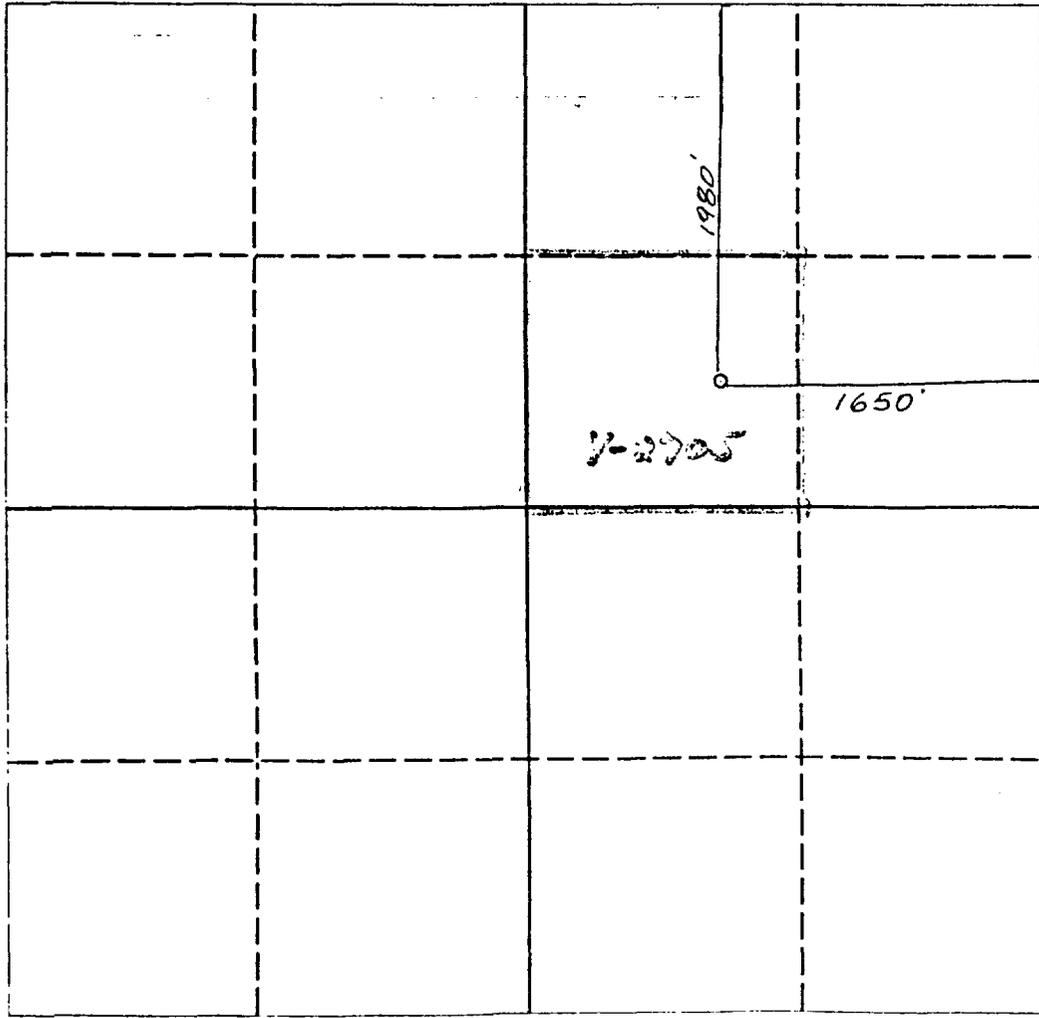
**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**  
 All Distances must be from the outer boundaries of the section

Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>GRAHAM AKB STATE</b>		Well No. <b>4</b>
Unit Letter <b>G</b>	Section <b>2</b>	Township <b>22 SOUTH</b>	Range <b>31 EAST</b>	County <b>EDDY COUNTY, NM</b>	
Actual Footage Location of Well: <b>1980</b> feet from the <b>NORTH</b> line and <b>1650</b> feet from the <b>EAST</b> line					
Ground level Elev. <b>3552.</b>	Producing Formation <b>DELAWARE</b>		Pool <b>UNDES. LOST TANK DELAWARE</b>	Dedicated Acreage: <b>40</b> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interest 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 interest, has been approved by the Division.

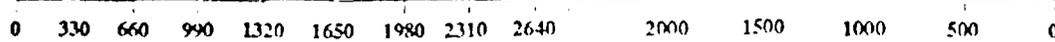


**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

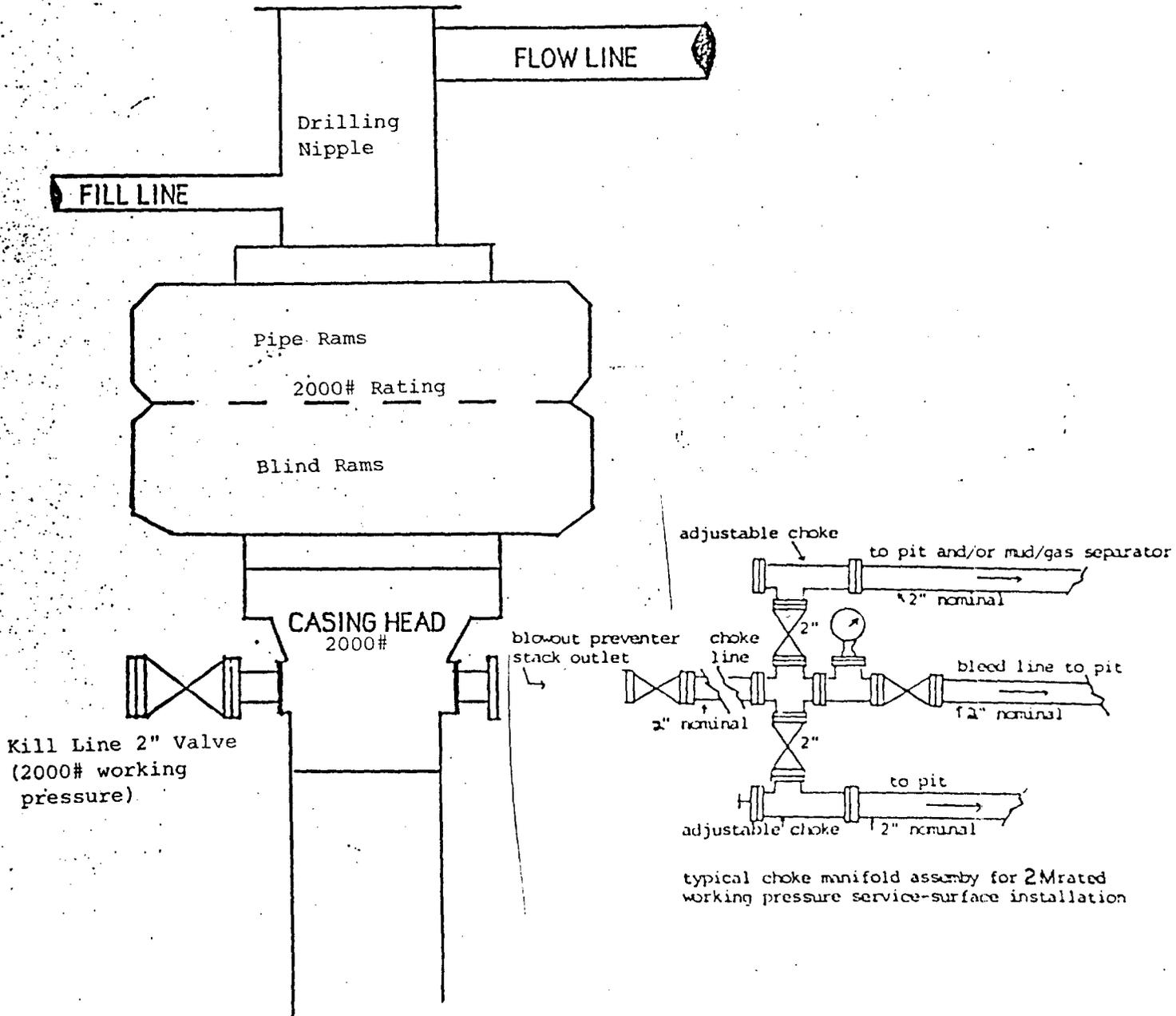
Signature: *Clifton R. May*  
 Printed Name: Clifton R. May  
 Position: Permit Agent  
 Company: YATES PETROLEUM CORPORATION  
 Date: November 25, 1991

**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 knowledge and belief.

Date Surveyed: **NOVEMBER 22 1991**  
 Signature: *[Signature]*  
 Professional Seal: **NEW MEXICO REGISTERED LAND SURVEYOR ENGINEER 5412**  
 Certificate No. **7-2705**  
 NM PLAT 25030312



# YATES PETROLEUM CORPORATION



**BLOWOUT PREVENTER  
2M SYSTEM**

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

November 21, 1991

Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
Mr. Bob Lane  
New Mexico Potash  
P.O. Box 610  
Hobbs, NM 88241

4. Article Number  
P 384 291 931

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X *W. Yates*

7. Date of Delivery  
11-22-91

8. Addressee's Address (ONLY if requested and fee paid)  
Flora AKF #1  
Graham AKB #3 & 4  
Martha AIK Fed. #7,8,&9

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2705. We have staked the following location:

Graham AKB State #4  
1980' FNL and 1650' FEL  
Sec. 2-T22S-R31E  
Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

*Clifton R. May*  
Clifton R. May  
Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Form 3800, June 1985 U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL  
NO POSTAGE GUARANTEED PERMIT NO. 101 FOR ADDRESS ONLY MAIL (See Instructions)

P 384 291 931

Sent to MR. Bob Lane  
Street and P.O. Box 610  
P.O. State and ZIP Code Hobbs, NM 88241

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to whom and Date Delivered

Return Receipt showing to whom Date and Address of Delivery

TOTAL Postage and Fees \$

Postmark or Date 11-21-91 Graham AKB #3,4  
Flora AKF #1  
Martha AIK Fed. #7,8,&9

# YATES PETROLEUM CORPORATION

<p>SECTION 34-215-31E</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>NEW MEXICO POTASH</p> </div> <div style="width: 45%; text-align: center;"> <p>UNLEASED NEW MEXICO POTASH SW 1/4 SE 1/4</p> <div style="text-align: center;"> </div> </div> </div> <p style="text-align: center;">STATE</p>	<p>SECTION 35-215-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 36-215-31E</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">STATE</p>
<p>SECTION 3-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 2-225-31E</p> <p style="text-align: center;">#1 GRAHAM AKE ST.</p> <p style="text-align: center;">#2</p> <p style="text-align: center;">NEW MEXICO POTASH</p> <p style="text-align: center;">FLORA AKE ST. ST. #1</p> <p style="text-align: center;">STATE</p>	<p>SECTION 1-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>
<p>SECTION 10-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 11-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>	<p>SECTION 12-225-31E</p> <p style="text-align: center;">UNLEASED</p> <p style="text-align: center;">USA</p>

10-31-91 --- GEORGE SOTHEPCOFF, DISTRICT MINING ENGINEER  
 11-1-91 --- CHARLENE NMSLO OFFICIAL LEASING

*Cliff R. May*