

LAW OFFICES

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

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

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

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

January 27, 1992

*100119*

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

Re: Application of Yates Petroleum Corporation

Dear Mr. LeMay:

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

We ask that this case 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 hearing.

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  
Mr. Randy Patterson  
Mr. Cliff 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. 10449

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 K, and proposes to drill its Flora "AKF" State No. 2 Well at a point located 1980 feet from the South line and 2,310 feet from the West 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 K 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 Flora "AKF" State No. 2 Well at a point located 1980 feet from the South line and 2,310 feet from the West line of said Section 2, Unit K, 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

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



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

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PEYTON YATES  
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RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

January 16, 1992

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

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-2597. We have staked the following location:

Flora "AKF" State #2  
1980' FSL and 2310' FWL'  
Sec. 2-T22S-R31E  
Eddy County, NM

A Application to Drill has been filed with 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 porposed 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  
Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

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

OBJECTIONS OFFERED

NEW MEXICO POTASH

By:   
Title: Permit Agent  
Date: 1/21/92

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

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

OIL CONSERVATION DIVISION  
 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

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-2597

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 Flora AKF State		
b. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			8. Well No. 2		
2. Name of Operator Yates Petroleum Corporation			9. Pool name or Wildcat Undes. Lost Tank Delaware		
3. Address of Operator 105 South Fourth Street, Artesia, New Mexico					
4. Well Location Unit Letter <u>K</u> : <u>1980</u> Feet From The <u>South</u> Line and <u>2310</u> Feet From The <u>West</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.) 3528'		14. Kind & Status Plug. Bond 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 & 20#	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 1-21-92  
 TYPE OR PRINT NAME \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_

(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

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**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

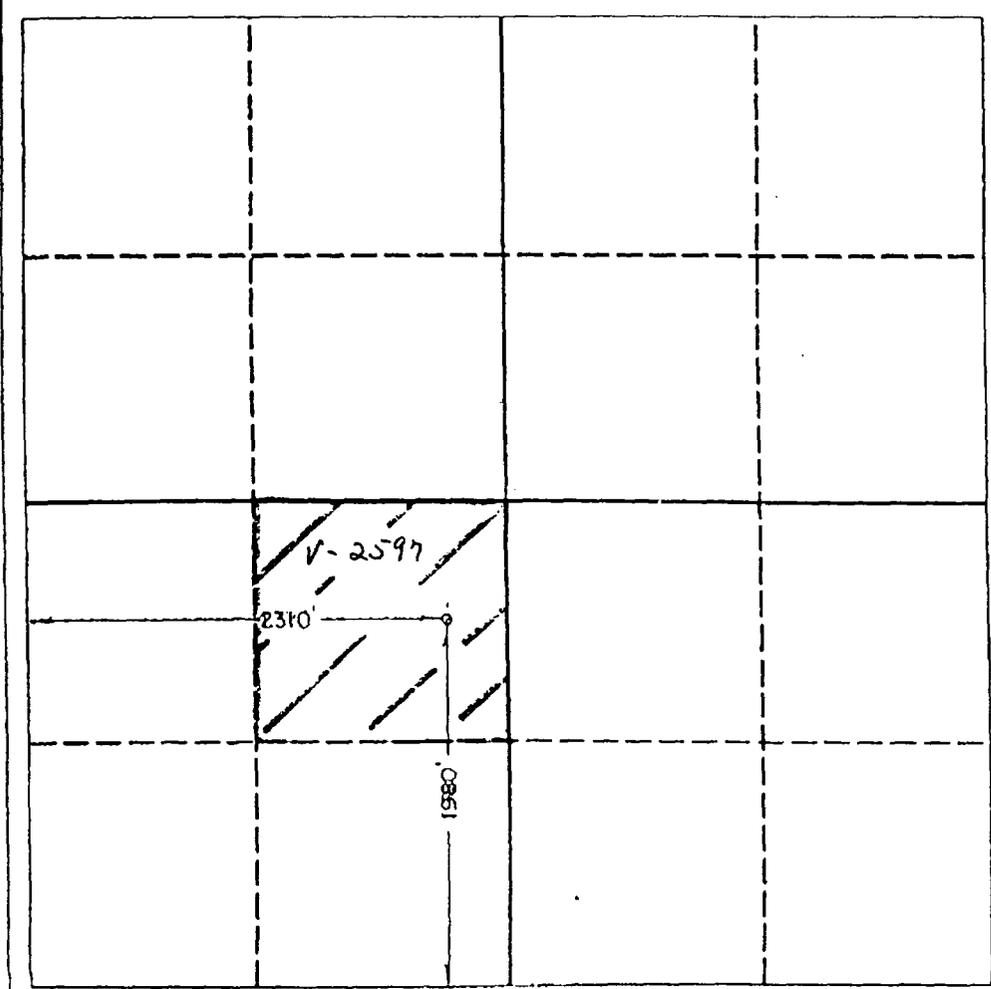
Operator <b>YATES PETROLEUM CORPORATION</b>		Lease <b>FLORA "AKF" STATE</b>		Well No. <b>2</b>
Unit Letter <b>K</b>	Section <b>2</b>	Township <b>22 SOUTH</b>	Range <b>31 EAST</b>	County <b>NMPM EDDY</b>
Actual Footage Location of Well: <b>1980</b> feet from the <b>SOUTH</b> line and <b>2310</b> feet from the <b>WEST</b> line				
Ground level Elev. <b>3528</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  
 January 21, 1992

**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.

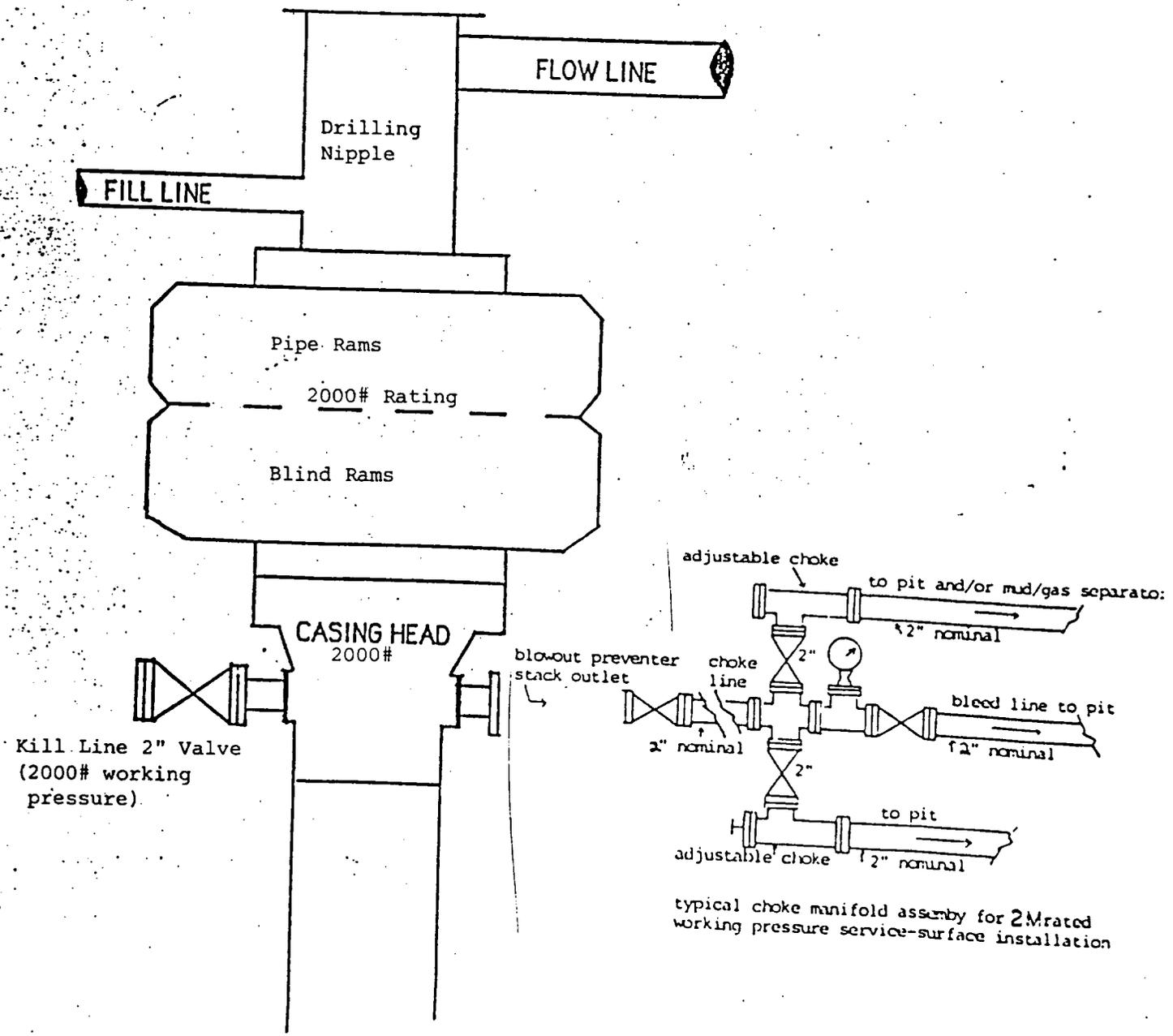
Date Surveyed  
 1/17/1992

Signature & Seal of Professional Surveyor  

 Herschel Jones  
 Certificate No. 3640  
 Registered Land Surveyor

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

# YATES PETROLEUM CORPORATION



typical choke manifold assembly for 2M rated working pressure service-surface installation

**BLOWOUT PREVENTER  
2M SYSTEM**

# YATES PETROLEUM CORPORATION

changed 1-23-92 from Unleased to New Mexico

<p>SECTION 34-215-31E  <small>M-4010</small>                  UNLEASED                  NEW MEXICO POTASH                  SW/4 SE 4                  ↓                  STATE USA</p>	<p>SECTION 25-215-31E                  NEW MEXICO POTASH                  M-4570                  SW/4 SE 4                  UNLEASED                  WITH EXCHANGE                  STATE USA</p>	<p>SECTION 26-215-31E                  NEW MEXICO POTASH                  STATE</p>
<p>SECTION 3-225-31E                  UNLEASED                  USA</p>	<p>SECTION 2-225-31E  <small>.33 #1</small>                  GRAHAM ABE ST  <small>.34 #2</small>                  NEW MEXICO POTASH                  #2                  FLORA ABE ST #1                  STATE                  USA</p>	<p>SECTION 1-225-31E                  UNLEASED                  USA</p>
<p>SECTION 10-225-31E                  UNLEASED                  USA</p>	<p>SECTION 11-225-31E                  UNLEASED                  USA</p>	<p>SECTION 12-225-31E                  UNLEASED                  USA</p>

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

11-1-91 --- CHARLENE NMSLD CENTRAL LEASING

**ILLEGIBLE**

*Clifton R. May*

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



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

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NEW MEXICO POTASH

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