

Mull, Donna, EMNRD

From: Ezeanyim, Richard, EMNRD **Sent:** Wed 6/6/2007 10:34 AM
To: Mull, Donna, EMNRD
Cc: Williams, Chris, EMNRD; Kautz, Paul, EMNRD
Subject: RE: Harvey E Yates Co, Bola 7 Federale #3-H, 7-18s-32e, API # 30-025-35535
Attachments:

Donna:

Thank you very much. I did speak with Vernon Dyer of HEYCO about this matter and suggested that they could form **a 200 acre project area** consisting of units A, B, C, G, and H of T-18-S, R-32-E. The project area definition under rule 111 states in part: "an area designated on form C-102 that is enclosed by the outer boundaries of a spacing unit, a combination of complete spacing units....." Therefore, HEYCO can form a 200-acre Project area as designated under rule 111. The terminus of the Horizontal well is 117 feet from unit C, but it is not unorthodox because unit C is part of the project area. As long as this 200-acre project area is not being compulsorily pooled under the statutes, you may go ahead and approve their applications.

If you have any questions, please let me know. Thank you again.

Richard

From: Mull, Donna, EMNRD
Sent: Wednesday, June 06, 2007 10:13 AM
To: Ezeanyim, Richard, EMNRD
Cc: Williams, Chris, EMNRD; Kautz, Paul, EMNRD
Subject: Harvey E Yates Co, Bola 7 Federale #3-H, 7-18s-32e, API # 30-025-35535

Richard, I need something in writing, that gives Harvey E Yates Co permission to produce this horizontal well from the Young Bone Spring North, pool code 65360. With 200 acre proration unit.

OCD Hobbs stated to them that they needed to get a Non-Standard Location approval for the Bottomhole location of B-7-18s-32e, 863/N & 2523/E.

We are now on the understanding that you had a phone conversation with them and agreed that they could produce this well as is.

I need something in writing to this effect.

Thanks Donna

**HARVEY E. YATES COMPANY**

A MEMBER COMPANY OF HEYCO ENERGY GROUP

June 5, 2007

VIA FAX - 505-476-3462

Richard Ezeanyisn
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

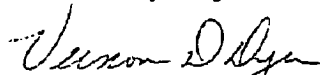
Re: Bola 7 Fed. Com #3

Ladies & Gentlemen:

This is to confirm our telephone conversation of today concerning the Bola 7 Fed. Com. #3 well. Harvey E. Yates Company will submit a C-102 to the Hobbs OCD office requesting a 200-acre proration unit for this well consisting of Units A, B, C, G & H of Section 7, T-18S, R-32E, Lea County, New Mexico. This request will be under OCD Rule 111.

I wish to thank you for your cooperation on this matter and look forward to working with you in the future.

Yours very truly,


Vernon D. Dyer CPL #3174
Senior Landman

VDD/dlm

✓
Paul Kaust
Hobbs OCD Office
FAX #505-393-0720