

HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

2006 MAY 10 PM 12 49

May 4, 2006

United States Department of the Interior
Bureau of Land Management
2909 West Second
Roswell, New Mexico 88201

Attention: Mr. Larry Bray, Unit Authorizing Officer

Re: Bennett Ranch Unit Area
Otero County, New Mexico
No. NMNM94469X
Application for Approval of
Revised Initial Participating Area
For the Canyon Formation

Ladies & Gentlemen:

Harvey E. Yates Company (HEYCO), as Unit Operator for the Bennett Ranch Unit Agreement, pursuant to the provisions of Section 11 thereof, submitted and had approval for the following described lands to constitute the initial participating area for the Canyon producing formation (based on statewide 160-acre gas spacing rules):

Township 26 South, Range 12 East, N.M.P.M.

Section 13: SW/4 containing 160.0 net acres, more or less
Section 14: S/2 containing 320.0 net acres, more or less
Section 23: E/2 and NW/4 containing 480.0 acres, more or less
Section 24: All containing 640.0 acres, more or less
Section 25: All containing 640.0 acres more or less
Section 26: E/2 containing 320.0 acres more or less
Section 35: NE/4 containing 99.89 net acres, more or less
Section 36: N/2 containing 199.84 net acres more or less

Township 26 South, Range 13 East, N.M.P.M.

Section 19: SW/4 containing 160.0 acres, more or less
Section 30: NW/4 containing 160.0 acres, more or less

As of this date, HEYCO respectfully submits for your approval the selection of the following described lands to be added to the initial participating area for the Canyon Producing Formation based on 640-acre gas proration units. Canyon reservoir properties and HEYCO's reservoir modeling drainage calculations support development on larger spacing units.

Township 26 South, Range 12 East, N.M.P.M.

Section 13: N/2 and SE/4 containing 480 net acres, more or less
Section 14: N/2 containing 320 net acres, more or less
Section 23: SW/4 containing 160 acres, more or less
Section 26: W/2 containing 320 acres, more or less
Section 35: NW/4 containing 99.89 acres more or less

Township 26 South, Range 13 East, N.M.P.M.

Section 19: N/2 and SE/4 containing 322.36 acres, more or less
Section 30: E/2 containing 324.52 acres, more or less

Reservoir Geology: This proposed revised participating area is predicated upon the information obtained from the completion of the following well:

Bennett Ranch Unit No. 25-1, situated 1980' FNL & 1980' FEL of Section 25, Township 26 South, Range 12 East, NMPM, Otero County, NM with an initial flow test and completion of 3000 MCFGPD at a depth of 2255-2268'.

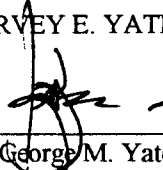
The producing reservoir is a 15-60 ft. net interval of porous sandstone in the Canyon Formation about 150 ft. above the top of the Strawn Lime in the Bennett Ranch Unit area. Productive capability was documented from this interval in the Bennett Ranch Unit 25-1 with a geological (Commercial Determination) report dated in 2002. In support of this application for PA expansion, the following numbered items are attached hereto and made a part hereof:

1. Maps showing the boundaries of the current unit area, the proposed expanded unit area, the current Canyon Formation participating area, and the proposed revised Canyon participating area. (Exhibits "A1" and "A2")
2. Schedule showing the lands entitled to participation in the unitized substances produced from the Canyon Formation, with the percentage of participation of each lease or tract indicated thereon. (Exhibit "B")
3. DOI/BLM Well Completion Report and supporting data for the Bennett Ranch Unit 25-1 well. (Exhibit "C" from initial PA and commercial determination)
4. Map of unit outline showing the structure and isopach of Canyon producing interval. (Exhibit "D", unchanged from initial PA and commercial determination)
5. HEYCO drainage modeling analysis using Merlin reservoir simulator (Exhibit "E").

The effective date of this revised Participation Area shall be April 1, 2006, pursuant to Section 11 of the Bennett Ranch Unit Agreement.

Accordingly, applicant respectfully requests your approval of the hereinabove selection of lands to constitute the revised Canyon Formation participating area, to be effective April 1, 2006.

HARVEY E. YATES COMPANY

By: 
George M. Yates – President & CEO

GKY/dlm
Enclosures

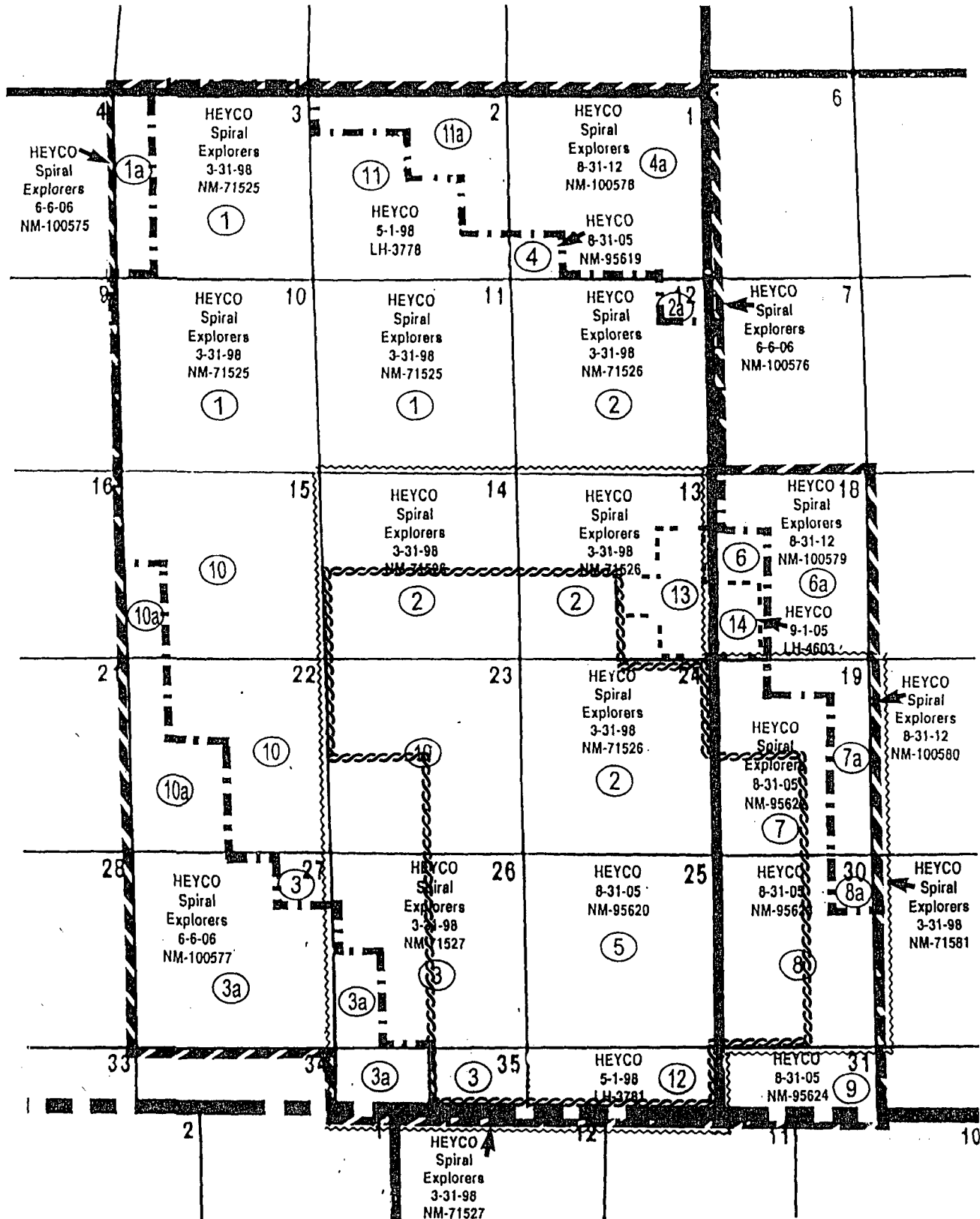
BRCanyonRevisedPAApril2006.doc/Land:BennettRanch#3

xc: ☒ Oil Conservation Division (w/encl.)
1220 So. Saint Francis Drive
Santa Fe, New Mexico 87505
Attn: Petroleum Geologist

Commissioner of Public Lands (w/encl.)
P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Patrick Lyons

R - 12 - E

R - 13 - E

T
26
S

BENNETT RANCH UNIT OTERO COUNTY, NEW MEXICO

FEDERAL LANDS: 10,556.39 ACRES 90.713314%
STATE LANDS: 1,080.70 ACRES 9.286686%
TOTALS: 11,637.09 ACRES 100.000000%

TRACT #:
UNIT OUTLINE:

CANYON PARTICIPATING AREA:

EXPANSION OF CANYON PARTICIPATING AREA:

EXHIBIT A1

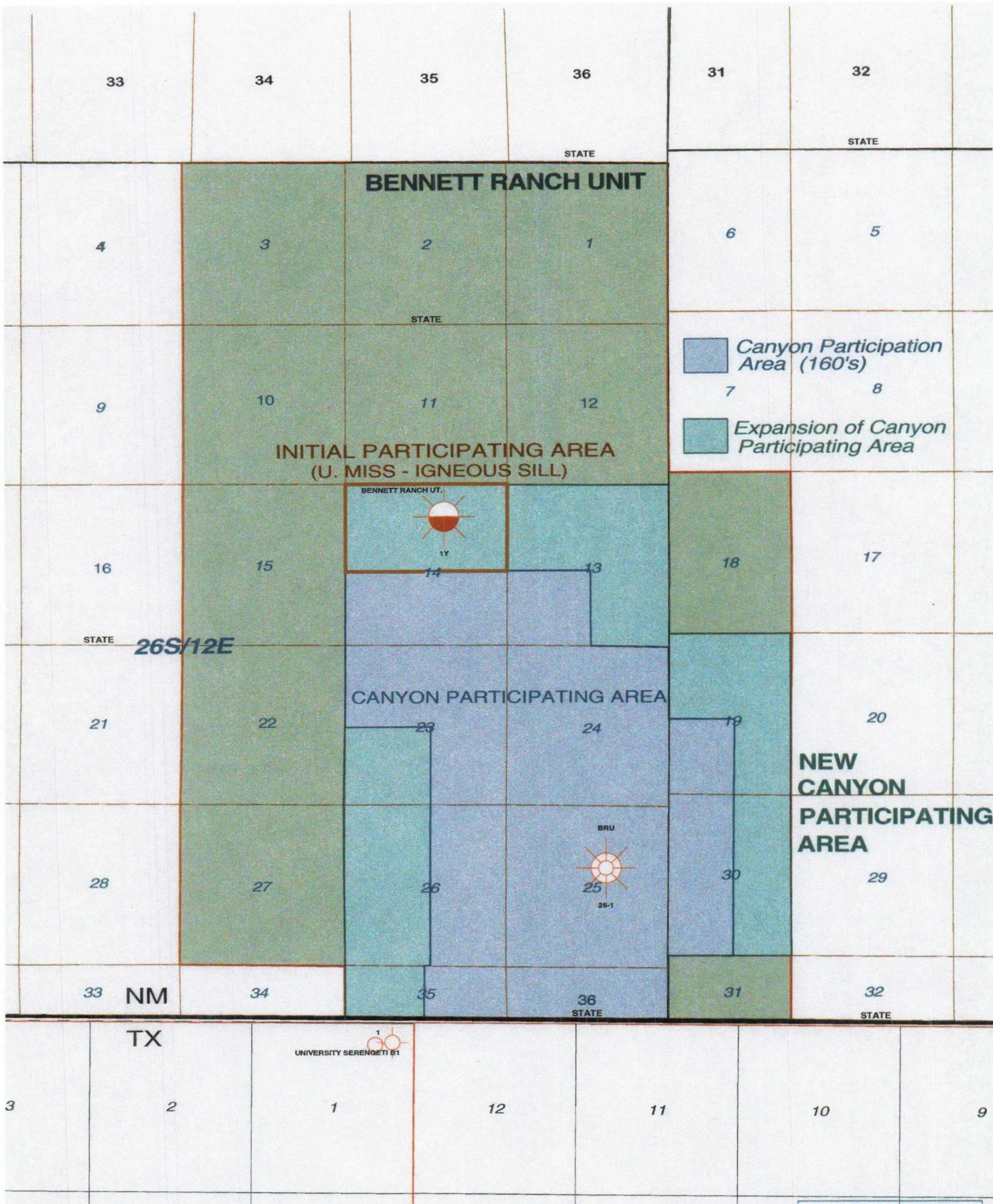


EXHIBIT A2

HARVEY E. YATES COMPANY		
Bennett Ranch Unit Expanded Canyon Participating Area EXHIBIT		
Canyon Values	1/1/2008	DJL/gf
Scale: 1"=400'		

EXHIBIT B
BENNETT RANCH UNIT AGREEMENT-OTERO COUNTY, NEW MEXICO
CANYON PARTICIPATING AREA
APRIL 1, 2006

TRACT LAND NO. DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD (%)	WORKING INTEREST OWNERSHIP (Decimal)
<u>FEDERAL LANDS:</u>					
2 T-26S, R-12E Sec. 13: W/2, N/2NE/4, SW/4 NE/4, SW/4 SE/4 Sec. 14: All Sec. 24: All	1760.00	NM-71526 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
3. T-26S, R-12E Sec. 26: N/2, SE/4, E/2 SW/4 Sec. 35: Lots 3, 4, N/2NE/4	659.89	NM-71527 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
3a. Sec. 26: W/2 SW/4 Sec. 35: Lots 1, 2, N.2NW/4	80.00 99.89	NM-100577 06/06/06	12.50%		

5. T-26S, R-12E Sec. 25: All	640.00	NM-95620 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 .03191266 .01802302 .01839420 .50000000 .18750000
7. T-26S, R-13E Sec. 19: Lots 1-4, SW/4 NE/4, W/2 SE/4	282.36	NM-95622 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 .03191266 .01802302 .01839420 .50000000 .18750000
7a. Sec. 19: N/2 NE/4, SE/4 NE/4, E/2 SE/4	200.00	NM-100580 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 .03191266 .01802302 .01839420 .50000000 .18750000
8. T-26S, R-13E Sec. 30: Lots 1-4, NW/4 NE/4, S/2 NE/4, SE/4	444.52	NM-95623 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 .03191266 .01802302 .01839420 .50000000 .18750000
8a. Sec. 30: NE/4 NE/4	40.00	NM-100581 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 .03191266 .01802302 .01839420 .50000000 .18750000

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD (%)	WORKING INTEREST	
						OWNERSHIP (Decimal)	

10.	T-26S, R-12E Sec. 23: All	640.00	Federal (New Lease not issued)	12.50%			
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6 Federal Tracts = 4,886.66 acres, 93.088639% of the Participating Area.

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD (%)	WORKING INTEREST OWNERSHIP (Decimal)
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STATE LANDS:

12.	T-26S, R-12E Sec. 36: Lots 1-4, N/2 N/2	199.84	LH-3781 05/01/98	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
13.	T-26S, R-12E Sec. 13: SE/4 NE/4, N/2 SE/4, SE/4 SE/4	160.00	LH-4602 09/01/05	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000

2 State Tracts = 359.84 acres, 6.911361% of the Canyon Participation Area

RECAPITULATION

FEDERAL LANDS	4,846.66 acres	93.088639%
STATE LANDS	359.84 acres	6.911361%
TOTALS	5,206.50 acres	100.000000%

CONFIDENTIAL
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other instructions
on reverse side)

OPERATOR'S COPY

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL OIL ☐ GAS ☒ DRY ☐ Other ☐ WELL ☐ WELL ☐		1b. TYPE OF COMPLETION: NEW ☒ DEEPEN ☐ PLUG ☐ DIFF- ☐ Other ☐ WELL ☐ BACK ☐ GENVR ☐		2. NAME OF OPERATOR Harvey E. Yates Company		3. ADDRESS AND TELEPHONE NO. P.O. Box 1933, Roswell, NM 88202 505-623-6604		4. LOCATION OF WELL At surface 1,980' FNL & 1,980' FEL At top prod. interval reported below At total depth		5. LEASE DESIGNATION AND SERIAL NO. NM 95620		6. IF INDIAN, ALLOTES OR TRIBE NAME		7. UNIT AGREEMENT NAME Bennett Ranch Unit		8. FARM OR LEASE NAME, WELL NO. Bennett Ranch Unit 25-1		9. API WELL NO. 30-035-20031		10. FIELD AND POOL, OR WILDCAT Wildcat		11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA Sec 25, T26S, R12E		12. COUNTY OR PARISH Otero		13. STATE New Mexico		14. PERMIT NO. ARMANDO A. LOPEZ ENGINEER		15. DATE SPUDDED 10/27/01		16. DATE T.D. REACHED 11/18/01		17. DATE COMPLETED 12/18/01		18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5028'		19. ELEV. CASINGHEAD	
20. TOTAL DEPTH, MD & TVD 2,875'		21. PLUG, BACK T.D., MD & TVD 2,750'		22. IF MULTIPLE COMPL., HOW MANY*		23. INTERVALS DRILLED BY →		ROTARY TOOLS		CABLE TOOLS		24. PRODUCING INTERVAL (S), OF THIS COMPLETION - TOP, BOTTOM NAME (MD AND TVD)* 2,255-2,268'		25. WAS DIRECTIONAL SURVE MADE? No		26. TYPE ELECTRIC AND OTHER LOGS RUN Density Neutron; Azimuthal Laterolog		27. WAS WELL CORED? No																					
28. CASING RECORD (Report all strings set in well)																																							
CASING SIZE/GRADE		WEIGHT, LB./FT.		DEPTH SET		HOLE SIZE		TOP OF CEMENT, CEMENTING RECORD										AMOUNT PULLED																					
13 3/8"/H-40		48#		492'		17 1/2"		Surface - Circ 490 sxs cmt																															
9 5/8"/J-55		36#		3,087'		12 1/4"		Surface - Circ 300 sxs cmt																															
29. LINER RECORD																																							
SIZE		TOP (MD)		BOTTOM (MD)		SACKS CEMENT*		SCREEN (MD)		SIZE		DEPTH SET (MD)		PACKER SET (MD)																									
												2,147'																											
30. TUBING RECORD																																							
31. PERFORATION RECORD (Interval, size and number)																																							
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.																																							
33. PRODUCTION																																							
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping-size and type of pump)										WELL STATUS (Producing or shut-in)																											
Flow test		Flowing										Shut In																											
DATE OF TEST		HOURS TESTED		CHOKE SIZE		PROD'N. FOR TEST PERIOD		OIL-BBL.		GAS-MCF.		WATER-BBL.		GAS-OIL RATIO																									
12/11/01		96		45/64		→		0		3000/day		0		N/A																									
FLOW, TUBING PRESS		CASING PRESSURE		24-HOUR RATE CALCULATED		OIL-BBL.		GAS-MCF.		WATER-BBL.		OIL GRAVITY-API (CORE)																											
250		0		→		0		3000		0		N/A																											
34. DISPOSITION OF (Sold, used for fuel, vented, etc.)																																							
35. LIST OF ATTACHMENTS																																							
36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.																																							

SIGNED Dianna Rodgers TITLE Production Analyst DATE 1/11/02

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes 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

EXHIBIT C

CONFIDENTIAL

37. SUMMARY OF POROUS ZONES: (Show all important porous zones, including depth interval tested, core recovery, and shut-in pressures, and all other data of interest.)			38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.		
Canyon Ø	2250	2266	SIDEWALL CORES	NAME	TOP
Ig Sill Ø	3315	3615			MEASURED DEPTH
Fusselman Ø	4424	4442			TRUE V.D.
Ig Sill Ø	5590	—		Hueco	210
	1724			Pow wow	1720
	1948			Panther seep	1735
	2255			Canyon	1900
	2261			Strawn	2405
	2265			Atoka	2840
	2412			Morrow	3180
	2569			Helms	3735
	2728			Miss Ls	3860
	2872			Percha	4100
	2909			Fusselman	4260
				Montoya	4760
				El Paso	5190

OPERATOR: HARVEY E. YATES CO.
WELL/LEASE: BENNETT RANCH 25-1
COUNTY: OTERO

500-0112

STATE OF NEW MEXICO
DEVIATION REPORT

238	1
628	2 3/4
824	3 3/4
845	3
990	3
1,162	3
1,288	3 3/4
1,487	3 1/4
1,582	3
1,678	3
1,773	2 1/2
1,869	1 1/2
1,963	1 1/2
2,059	1
2,550	1
2,559	2
3,027	2 1/2
3,287	2
3,761	2
4,261	2
4,395	1 3/4
4,896	1 1/2
5,347	1 1/2
5,671	1 1/2

By: Steve Moore

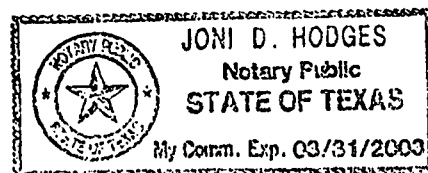
STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me on this 30th day of November, 2001, by Steve Moore on behalf of Patterson-UTI Drilling Company LP, LLLP.

Joni D. Hodges
Notary Public for Midland County, Texas

My Commission Expires: 3/31/2003



Bennett Ranch Unit 25 #1
Wildcat (PROP #089500-001)
 API #30-035-20031 Otero Cnty
 1980' FNL & 1980' FEL
 Unit G, Sec 25, T26S, R12E
 Fed Lse #NMNM 95620
 5028' GL (17' kb)
 Harvey E. Yates Company

Wellbore Status as of : 02/08/02

Status: SI 12/18/01, Wtg on Pipeline

Spud: 10/27/2001
 TD Date: 11/18/2001
 TD: 5671'
 PBTD: 4597' 11/25/2001 (original)
 PBTD: 2750' 12/5/2001 (current)
 Completed: 12/18/2001

prepared by J. Atkinson

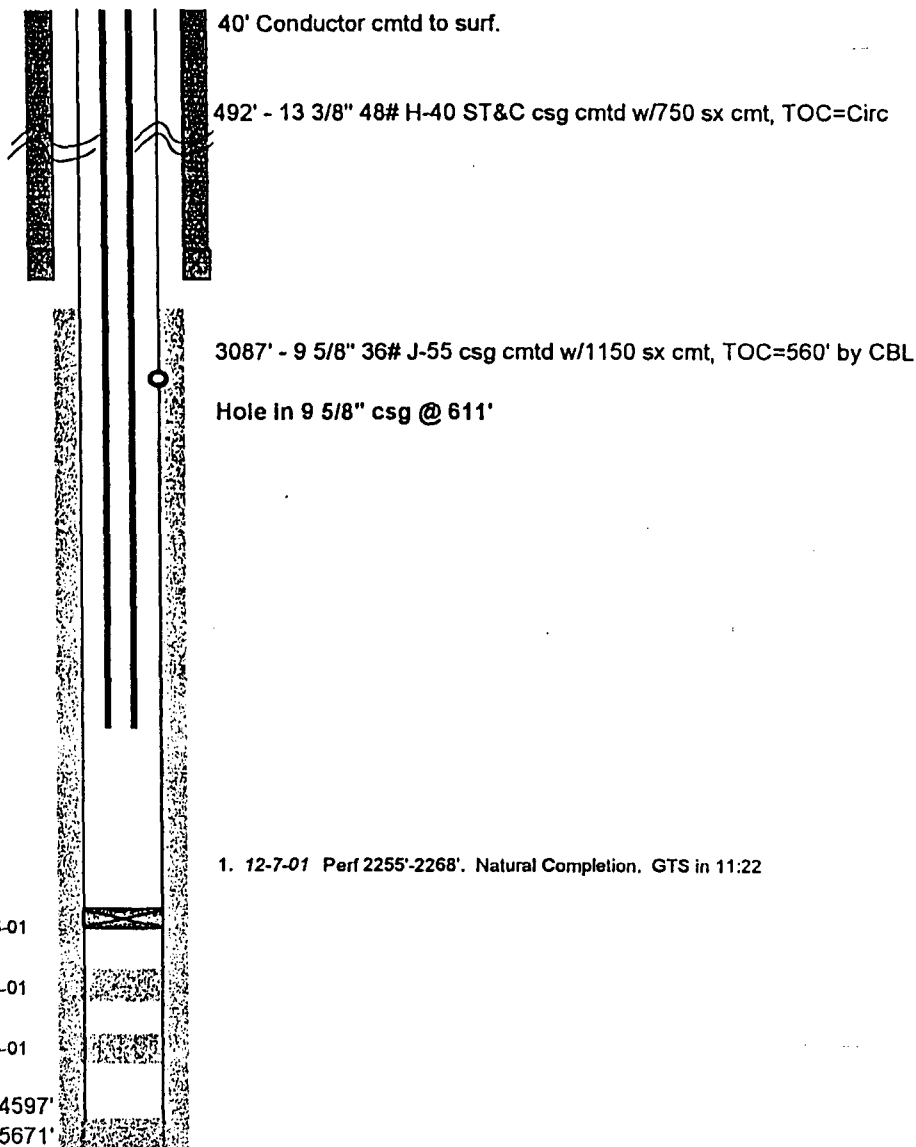
DRAWING NOT TO SCALE.

Tubing: 2 7/8" 6.5# J-55 EUE

PKR @ 2147'
 SN @ 2145'

CIBP @ 2750' on 12-5-01
 Cmt plug @ 2855'-3427' 11-26-01
 Cmt plug @ 4227'-4597' 11-25-01

by CBL, PBTD: 4597'
 TD: 5671'



NOTE *** there is a hole in the 9 5/8" casing @ 611' that needs to be repaired at a later date.

Initial Production Info: 24 hrs flowing, 3,000 mcf, 45/64" chk, 250# tp as of 12/10/2001

Well is currently shut in, waiting on a pipeline connection.

Extreme metal loss 540-570'. Metal loss 2100-2150'.

District I
1625 N. French Dr., Hobbs, NM 88240

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-10
Revised March 25, 199

Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Harvey E. Yates Company P.O. Box 1933 Roswell, NM 88202 505-623-6601		⁴ OGRID Number 010179
		⁵ Reason for Filing Code NIV
⁶ API Number 30-035-20031	⁷ Pool Name Wildcat	⁸ Pool Code
⁹ Property Code	¹⁰ Property Name Bennett Ranch Unit	¹¹ Well Number 25-1

II. ¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
G	25	26S	12E		1,980	North	1,980'	East	Otero

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Loc Code	¹³ Producing Method Code	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSIR Location and Description

IV. Produced Water

²³ POD	²⁴ POD ULSIR Location and Description

V. Well Completion Data

²⁵ Spud Date 10/27/01	²⁶ Ready Date 12/18/2001	²⁷ TD 2,875'	²⁸ PBTD 2,750'	²⁹ Perforations 2,255-2,268'	³⁰ DHC, MC
³¹ Hole Size 17 1/4"	³² Casing & Tubing Size 13 3/8"	³³ Depth Set 492'	³⁴ Sacks Cement 400 sxs cmt		
12 1/4"	9 5/8"	3,087'	1,150 sxs cmt		

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date	³⁷ Test Date 12/11/01	³⁸ Test Length 96 hrs	³⁹ Tbg. Pressure 250	⁴⁰ Csg. Pressure 0
⁴¹ Choke Size 45/64	⁴² Oil 0	⁴³ Water 0	⁴⁴ Gas 3000	⁴⁵ AOF	⁴⁶ Test Method Flow test

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:

Printed name: Dianna Rodgers

Title: Production Analyst

Date:

Phone: 505-623-6601

Approved by:

Title:

Approval Date:

OIL CONSERVATION DIVISION

⁴⁷ If this is a change of operator fill in the OGRID number and name of the previous operator

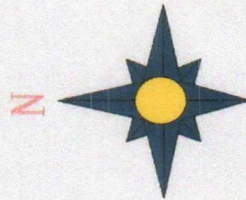
Previous Operator Signature	Printed Name	Title	Date

Spoke w/ Marc Morgan - Artesia OCO - she stated that a copy was not to be submitted until connected & ready to produce. Per Gordon Gentry - nothing to be sent to state at this time.

CONFIDENTIAL

CANYON STRUCTURE

- +1800
- +2000
- +2200
- +2400
- +2600
- +2800

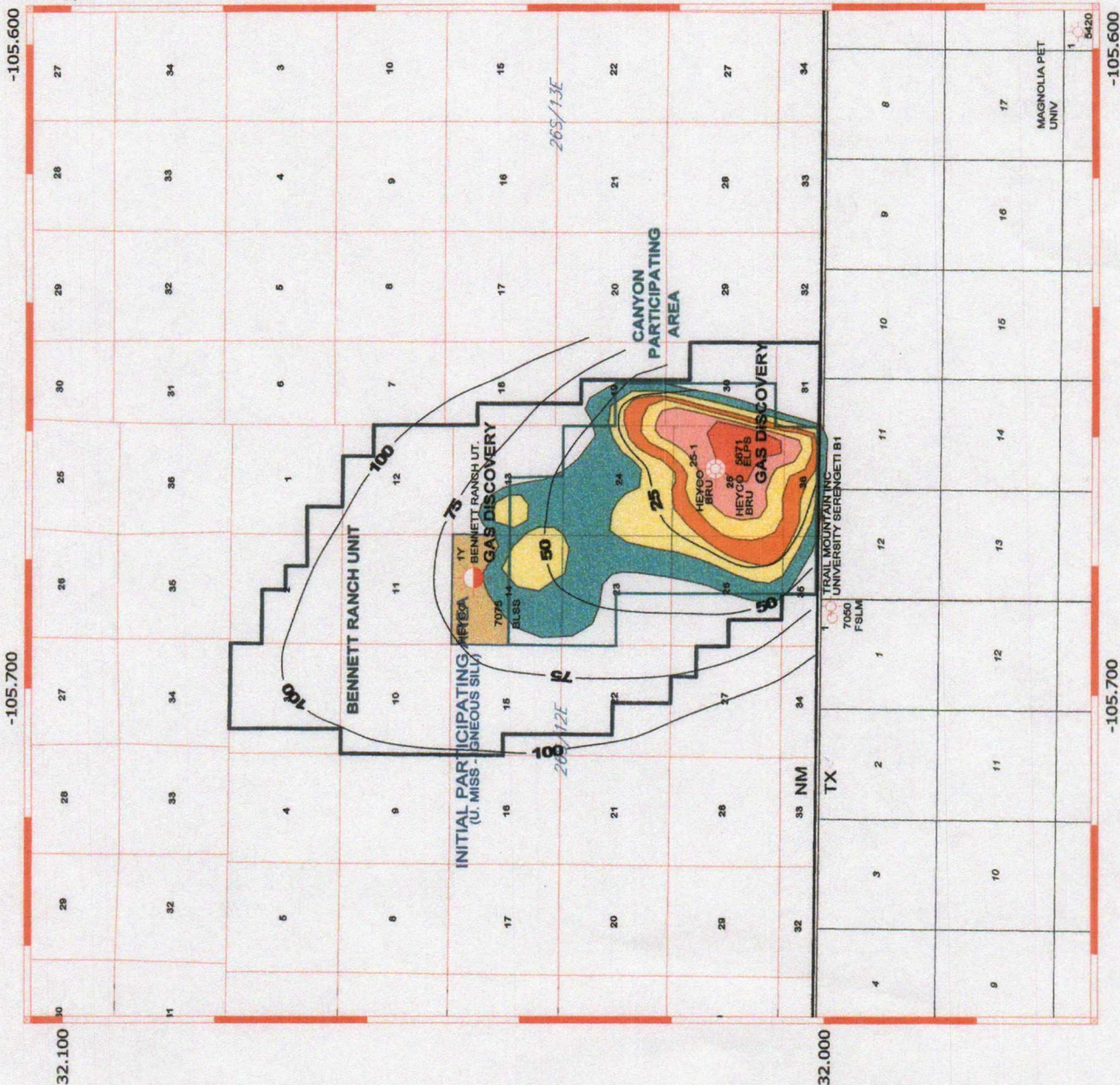


Scale 1:96000.



Harvey E. Yates Company	
BENNETT RANCH UNIT	
CANYON FM. PARTICIPATING AREA	
STRUCTURE FORMLINE AND PAY ISOPACH	
Geologic Name	Scale 1:96000
6/20/2004	BMJ/MCL/PP

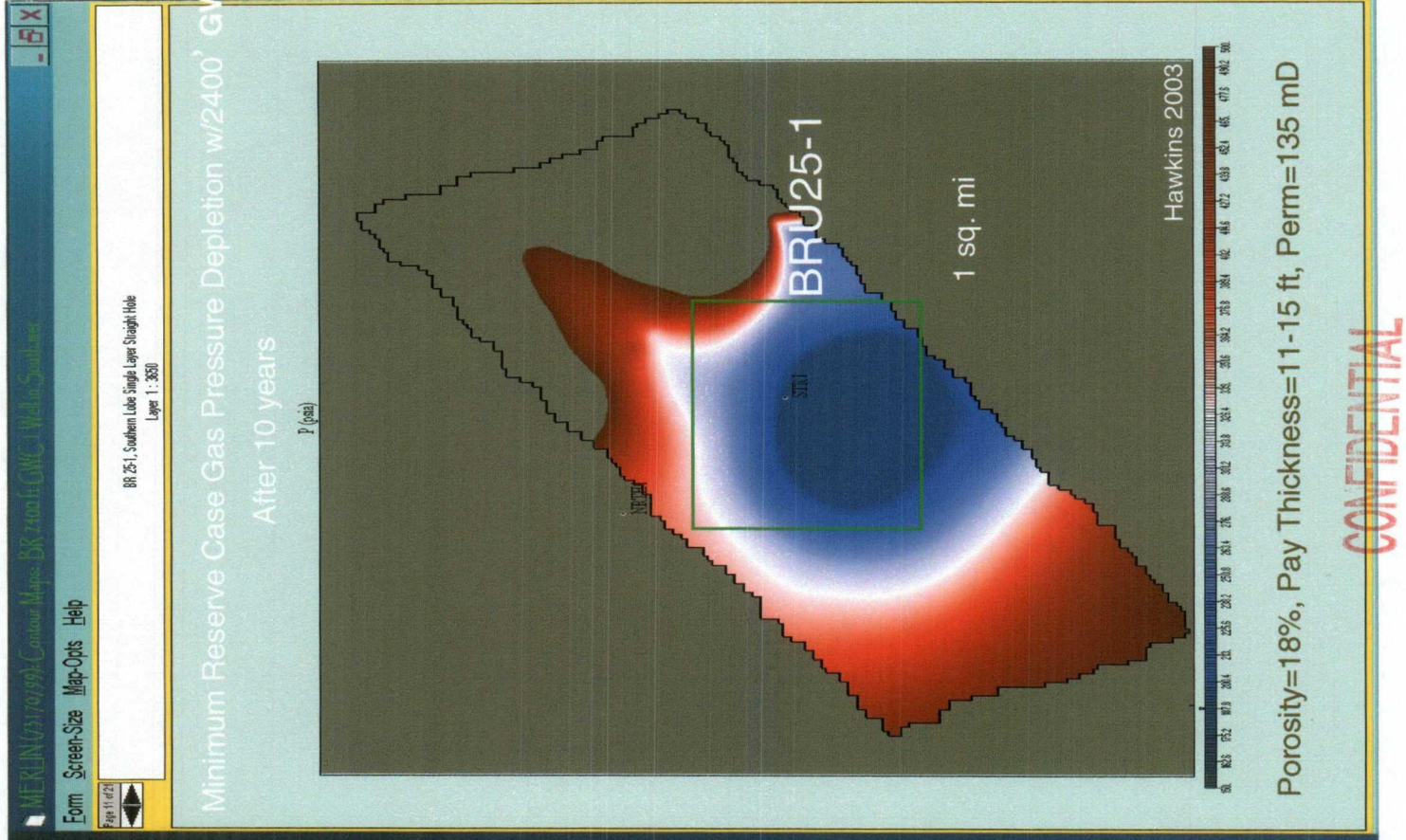
EXHIBIT D



- The adjacent map illustrates the final pressure depletion in the southern Bennett Ranch area assuming the BRU25-1 well is put on line with an initial bottom-hole reservoir pressure of 482 psi.
- A gas-water contact is assumed to be at 2400' below kb because this depth yields a reservoir volume that would have drawn down 6psi over 4 days (minimum reserve case suggested by initial test data).
- Abandonment reservoir pressure is assumed to be ~200 psi.
- Pressure depletion (deep blue color) occurs in less than 10 years within a drainage radius of 3450 ft. (~860 Acres, inside white area).

HEYCO ENERGY GROUP

Exhibit E

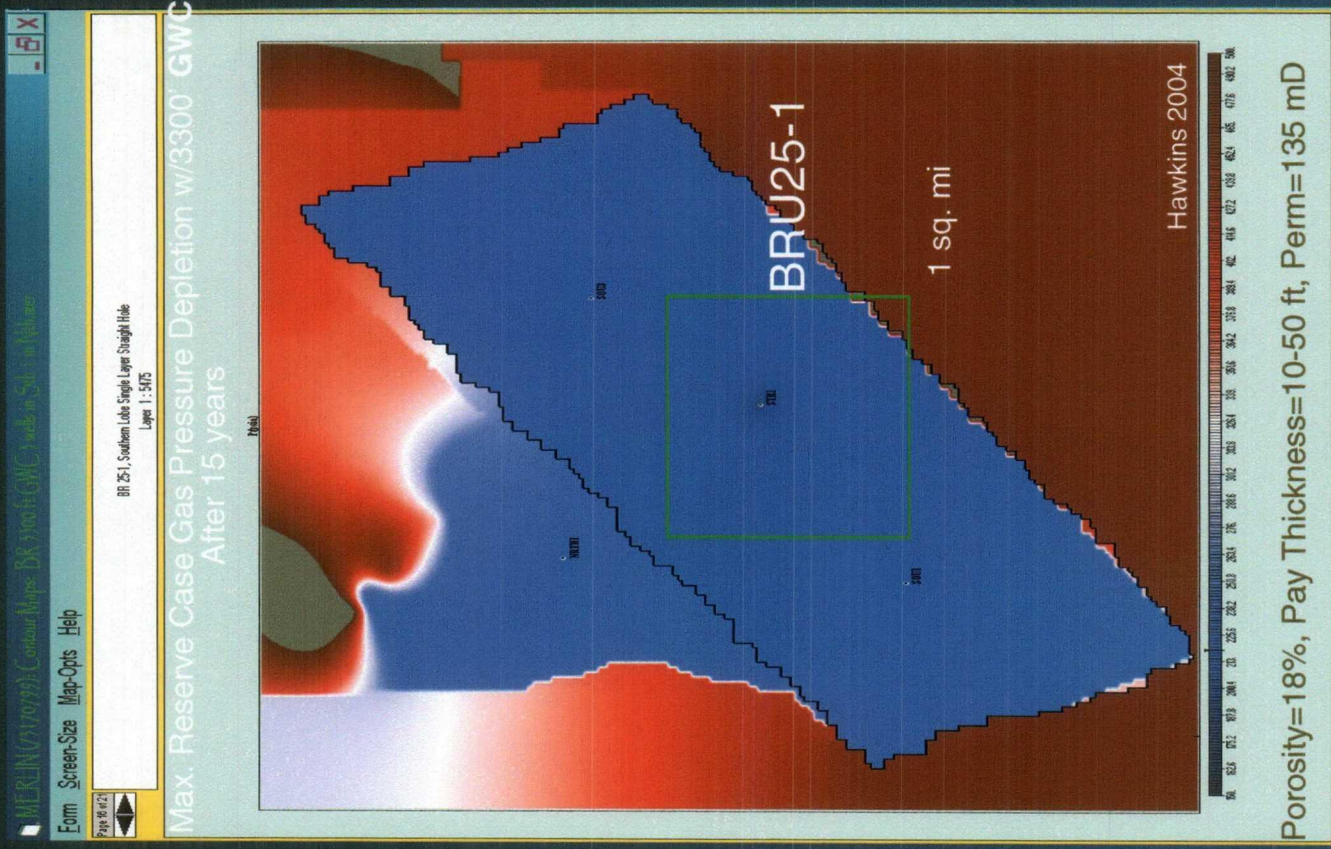


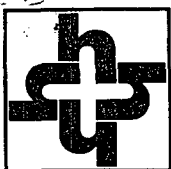
- This second map illustrates the final pressure depletion in the southern BRU area assuming the BRU25-1 well is put on line with an initial bottom-hole reservoir pressure of 482 psi.
- The gas-water contact is assumed to be at 3300' below kb because this is the deepest productive contour within the sealed fault block suggested by BRU #1-Y well data (max reserve case).
- Abandonment reservoir pressure is assumed to be ~200 psi.
- The reservoir net pay thickness is assumed to thicken off the flanks to a maximum net thickness of 50' (as seen in the BRU1-Y and Serengeti wells). Net pay thickness contours are assumed to parallel the top of structure isopach, with 10' at the crest, 13' at the 25-1 well location and 50' maximum on the flanks of the structure.
- Complete pressure depletion from the BRU25-1 and three offset wells (drainage of ~3000 Acres) appears to occur around year 15.

HEYCO ENERGY GROUP

Exhibit E

Page 2





HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

2006 MAY 10 PM 12 49

May 4, 2006

United States Department of the Interior
Bureau of Land Management
2909 West Second
Roswell, New Mexico 88201

Attention: Mr. Larry Bray, Unit Authorizing Officer

Re: Bennett Ranch Unit Area
Otero County, New Mexico
No. NMNM94469X
Application for Approval of
Revised Unit Boundary

Ladies & Gentlemen:

Harvey E. Yates Company (HEYCO), as Unit Operator for the Bennett Ranch Unit Agreement, respectfully submits for your approval a revision of the Bennett Ranch Unit Boundary. The Bennett Ranch Unit boundary was proposed in 1995 based on the geology and structure of the Fusselman Formation. This primary deep objective was expected to be oil productive (based on shows, and source rock geochemistry) and to be developed on standard 40-acre oil spacing with the corresponding depth allowable if tests proved successful. Subsequent drilling of two wildcat wells has established the structure to be productive (but not from the Fusselman) and to date has proven the commerciality of two shallower gas reservoirs. These pay zones are quite permeable and capable of being drained with spacing units as coarse as 640 acres. Therefore, expansion of the unit is requested to accommodate development of the probable gas resource which has yet to be fully delineated.

In support of our request for approval the following numbered items are attached hereto and made a part hereof:

- 1: Description of the current Bennett Ranch Unit Boundary. (Exhibit 1)
- 2: Maps showing the boundaries of the current unit area and the proposed expanded unit area. (Exhibits "A1" and "A2" respectively)
- 3: Revised Bennett Ranch Unit Agreement Exhibit "B" showing the lands entitled to participation in the unit and working interest ownership. (Exhibit "B")

The effective date of this Unitization Area shall be April 1, 2006. The described lands will be subject to the remaining term of the Bennett Ranch Unit and the continuous development terms agreed upon with the authorized officer.

Accordingly, applicant respectfully requests your approval of the hereinabove selection of lands to constitute the Bennett Ranch Unit to be effective April 1, 2006.

HARVEY E. YATES COMPANY

By: 

George M. Yates – President & CEO

GKY/dlm
Enclosures

BennettRanchBLMReqUnitExpansionApril2006.doc/Land:BennettRanch#3

xc: ☒ Oil Conservation Division (w/encl.)
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505
Attn: Sr. Petroleum Geologist

Commissioner of Public Lands (w/encl.)
P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Patrick Lyons

Harvey E. Yates Company
Bennett Ranch Unit
Otero County, New Mexico

BENNETT RANCH UNIT BOUNDARY:

Township 26 South, Range 12 East, N.M.P.M.

Section	1:	SW/4 SW/4
Section	2:	S/2 NW/4, SW/4, NW/4 SE/4, S/2 SE/4
Section	3:	E/2 W/2, E/2
Sections	10-11:	All
Section	12:	W/2, W/2 E/2, SE/4 NE/4, E/2 SE/4
Sections	13-14:	All
Section	15:	N/2, E/2 SW/4, SE/4
Section	22:	E/2 NW/4, E/2
Sections	23-25:	All
Section	26:	N/2, E/2 SW/4, SE/4
Section	27:	NE/4 NE/4
Section	35:	Lots 3 (10.02), 4 (9.87), N/2 NE/4
Section	36:	Lots 1 (9.84), 2 (9.92), 3 (10.00), 4 (10.08), N/2 N/2

Township 26 South, Range 13 East, N.M.P.M.

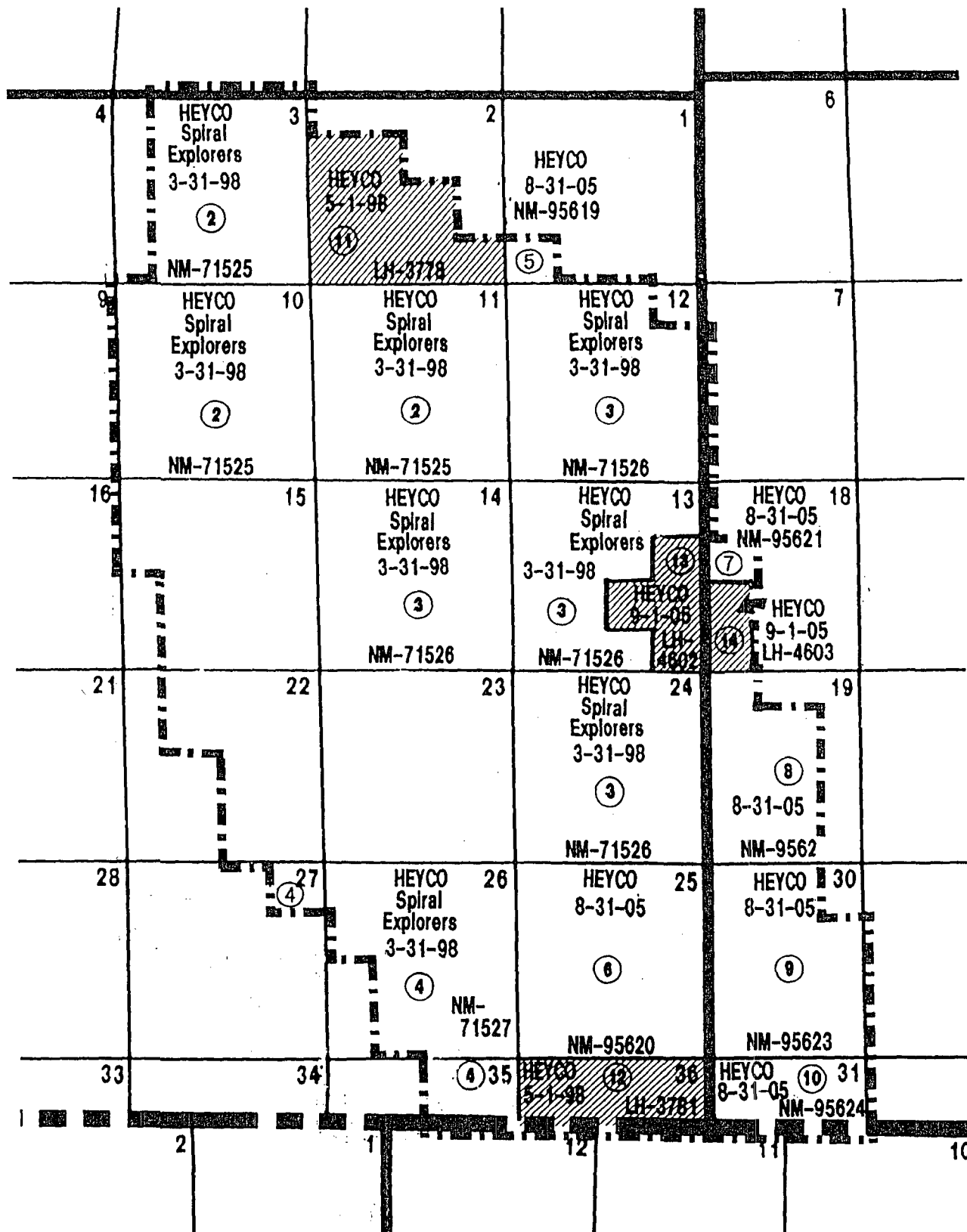
Section	18:	Lots 2 (40.36), 3 (40.40), 4 (40.46),
Section	19:	Lots 1 (40.51), 2 (40.56), 3 (40.62), 4 (40.67), SW/4 NE/4, W/2 SE/4
Section	30:	Lots 1 (40.81), 2 (41.02), 3 (41.24), 4 (41.45), NW/4 NE/4, S/2 NE/4, SE/4
Section	31:	Lots 1 (41.53), 2 (22.95), 3 (22.24), 4 (22.35), N/2 NE/4

containing 8,856.90 net acres, more or less

bnntdesc.unt/EL

R - 12 - E

R - 13 - E

T
26
S

BENNETT RANCH UNIT **OTERO COUNTY, NEW MEXICO**

FEDERAL LANDS: 8,056.20 acres
STATE LANDS: 800.70 acres
TOTALS: 8,856.90 acres

90.959591%
 9.040409%
 100.000000%

TRACT #: ⑦
UNIT OUTLINE: - - - - -

EXHIBIT A1

R - 13 - E



EXHIBIT A2

EXHIBIT B
BENNETT RANCH UNIT AGREEMENT-OTERO COUNTY, NEW MEXICO
APRIL 1, 2006

TRACT LAND NO. DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
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FEDERAL LANDS:

1. T-26S, R-12E Sec. 3: E/2, E/2 W/2 Sec. 10: All Sec. 11: All	1760.00	NM-71525 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
1a. Sec. 3: W/2 W/2	160.00	NM-100575 06/06/06	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
2. T-26S, R-12E Sec. 12: W/2, SE/4, S/2 NE/4, NW/4 NE/4 Sec. 13: W/2, N/2 NE/4, SW/4 NE/4, SW/4 SE/4 Sec. 14: All Sec. 24: All	2360.00	NM-71526 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
2a. Sec. 12: NE/4 NE/4	40.00	NM-100576 06/06/06	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
3.	T-26S, R-12E Sec. 26: N/2, SE/4, E/2 SW/4 Sec. 27: NE/4 NE/4 Sec. 35: Lots 3, 4, N/2 NE/4	699.89	NM-71527 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. Explorers Pet. Corp. 5.789198% HEYCO Emp. Ltd. Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
3a.	Sec. 26: W/2 SW/4 Sec. 27: W/2 NE/4, SE/4 NE/4, W/2, SE/4 Sec. 35: Lots 1, 2, N/2 NW/4	80.00 600.00 99.89	NM-100577 06/06/06	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. Explorers Pet. Corp. 5.789198% HEYCO Emp. Ltd. Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
4.	T-26S, R-12E Sec. 1: SW/4 SW/4	40.00	NM-95619 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. Explorers Pet. Corp. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191226 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
4a.	Sec. 1: E/2, NW/4, N/2 SW/4, SE/4 SW/4	600.00	NM-100578 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. Explorers Pet. Corp. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191226 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
5.	T-26S, R-12E Sec. 25: All	640.00	NM-95620 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. Explorers Pet. Corp. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191226 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
6.	T-26S, R-13E Sec. 18: Lot 2	40.36	NM-95621 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc.	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
6a.	Sec. 18: Lot 1, E/2	360.30	NM-100579 8/31/05	12.50%	3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	
7.	T-26S, R-13E Sec. 19: Lots 1-4, SW/4 NE/4, W/2 SE/4	282.36	NM-95622 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc.	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
7a.	Sec. 19: N/2 NE/4, SE/4 NE/4, E/2 SE/4	200.00	NM-100580 08/31/05	12.50%	3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	
8.	T-26S, R-13E Sec. 30: Lots 1-4, NW/4 NE/4, S/2 NE/4, SE/4	444.52	NM-95623 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc.	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
8a.	Sec. 30: NE/4 NE/4	40.00	NM-100581 08/31/05	12.50%	3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
9.	T-26S, R-13E Sec. 31: Lots 1-4, N/2 NE/4	189.07	NM-95624 08/31/05	12.50%	Harvey E. Yates Co. 24.417012% Spiral, Inc. 3.191226% Explorers Petroleum 1.802302% HEYCO Emp. Ltd. 1.839420% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
10.	T-26S, R-12E Sec. 15: N/2, SE/4, E/2 SW/4 Sec. 22: E/2, E/2 NW/4 Sec. 23: All	1600.00	Federal (New Lease not issued)	12.50%		
10a.	Sec. 15: W/2 SW/4 Sec. 22: W/2 NW/4, SW/4	80.00 240.00	(Unleased Acreage)			

10 Federal Tracts = 10,556.39 acres, 90.0713314% of the unit area (Committed Acres- 10236.39, being 91.912609% of unit area)

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
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STATE LANDS:

11.	T-26S, R-12E Sec. 2: S/2 NW/4, SW/4, NW/4 SE/4, S/2 SE/4	360.00	LH-3778 05/01/98	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
11a.	Sec. 2: NE/4, NE/4SE/4, N/2NW/4	280.00	Unleased Acres			
12.	T-26S, R-12E Sec. 36: Lots 1-4, N/2 N/2	199.84	LH-3781 05/01/98	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
13.	T-26S, R-12E Sec. 13: SE/4 NE/4, N/2 SE/4, SE/4 SE/4	160.00	LH-4602 09/01/05	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000
14.	T-26S, R-13E Sec. 18: Lots 3, 4	80.86	LH-4603 09/01/05	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .24417012 Spiral, Inc. .03191266 Explorers Pet. Corp. .01802302 HEYCO Emp. Ltd. .01839420 ConocoPhillips .50000000 Rudman Partnership .18750000

4 State Tracts = 1080.70 acres, 9.2866686% of the unit area (Committed Acres -800.70, being 7.0751% of unit area)

RECAPITULATION

FEDERAL LANDS	10,556.39 acres	90.450725%
STATE LANDS	1,080.70 acres	9.286686%
TOTALS	11,637.09 acres	100.000000%



HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

May 4, 2006

United States Department of the Interior
Bureau of Land Management
2909 West Second
Roswell, New Mexico 88201

Attention: Mr. Larry Bray, Unit Authorizing Officer

Re: Bennett Ranch Unit Area
Otero County, New Mexico
No. NMNM94469X
Application for Approval of
Revised Initial Participating Area
For the Mississippian Formation

Ladies & Gentlemen:

Harvey E. Yates Company (HEYCO), as Unit Operator for the Bennett Ranch Unit Agreement, pursuant to the provisions of Section 11 thereof, submitted and received approval for the following described lands to constitute the initial participating area for the Mississippian producing formation:

Township 26 South, Range 12 East, N.M.P.M.

Section 14: N/2 containing 320.0 net acres, more or less

As of this date, HEYCO respectfully submits for your approval the selection of the following described lands to be added to the initial participating for the Mississippian Producing formation based on drainage calculations.

Township 26 South, Range 12 East, N.M.P.M.

Section 10: All containing 640 acres, more or less
Section 11: All containing 640 acres more or less
Section 12: All containing 640 acres more or less
Section 13: All containing 640 acres more or less
Section 14: S/2 containing 320 acres more or less
Section 15: All containing 640 acres more or less
Section 23: All containing 640 acres more or less
Section 24: All containing 640 acres more or less

Reservoir Geology: This revised initial participating area is predicated upon the information obtained from seismic survey data and the proprietary interpretation of such, plus the log, cores and completion test data of the following well:

Bennett Ranch Unit #1-Y, situated 660' FNL & 2055' FEL of Section 14,
Township 26 South, Range 12 East, NMPM, Otero County, NM with an initial
flow test and completion of 3615 MCFGPD CAOF at a depth of 4506-4518'.

A 320-acre participating area was originally applied for and approved based on SENM rules (320-acre spacing units) for similar Pennsylvanian and Mississippian Age gas zones. Pressure transient testing of the #1-Y

Mississippian reservoir indicates that the perforated interval has an overall permeability of 87md with no barriers indicated and an unlimited drainage area (radius of investigation for the test was >20,000 ft.). Lowest mapped closure for the Mississippian reservoir is at approx. -100 ft. subsea elevation (0.725 Sec. in time, see the attached map and seismic profile, Exhibits D & E). The revised Participating area is based on that structural level and the largest approvable spacing units, 640 acres. Said field rules will be applied for from the OCD.

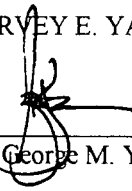
In support of this application, the following numbered items are attached hereto and made a part hereof:

1. Maps showing the boundaries of the current unit area, the proposed expanded unit area, the current Mississippian Formation participating area with the proposed revised Mississippian Participating area. (Exhibits "A1", and "A2")
2. Schedule showing the lands entitled to participation in the unitized substances produced from the Mississippian Formation, with the percentage of participation of each lease or tract indicated thereon. (Exhibit "B")
3. DOI/BLM Bennett Ranch Unit #1-Y Well Completion Report and commercial determination supporting data. (Exhibit "C")
4. Map of unit outline showing the geological structure of Mississippian producing interval. (Exhibit "D")
5. Subsurface seismic profile through Bennett Ranch #1Y. (Exhibit "E").
6. Analysis of Pressure Transient Test done on Bennett Ranch Unit #1-Y Mississippian producing interval. (Exhibit "F").

The effective date of this Participating Area shall be April 1, 2006, pursuant to Section 11 of the Bennett Ranch Unit Agreement.

Accordingly, applicant respectfully requests your approval of the hereinabove selection of lands to constitute the revised Mississippian Formation Participating Area, to be effective April 1, 2006.

HARVEY E. YATES COMPANY

By: 

George M. Yates - President & CEO

GKY/dlm
Enclosures

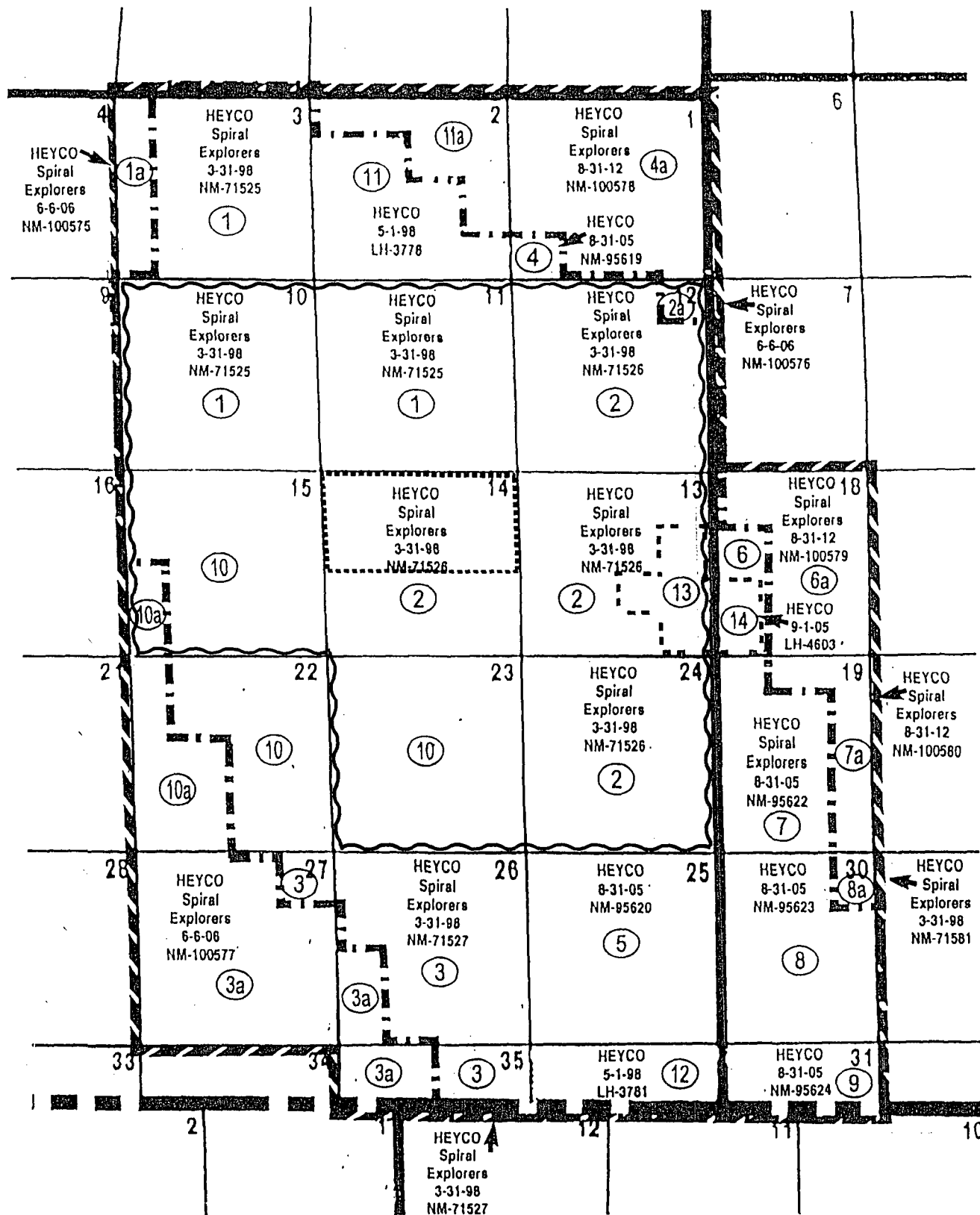
BRMississippianRevisedPAApril2006.doc/Land:BennettRanch#3

cc: ☒ Oil Conservation Division (w/encl.)
1220 So. Saint Francis Drive
Santa Fe, New Mexico 87505
Attn: Sr. Petroleum Geologist

Commissoner of Public Lands (w/encl.)
P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Patrick Lyons

R - 12 - E

R - 13 - E

T
26
S**BENNETT RANCH UNIT**

OTERO COUNTY, NEW MEXICO

FEDERAL LANDS: 10,556.39 ACRES 90.713314%

STATE LANDS: 1,080.70 ACRES 9.286686%

TOTALS: 11,637.09 ACRES 100.000000%

TRACT #: ○

UNIT OUTLINE:

INITIAL PARTICIPATION AREA:

EXPANSION OF INITIAL PARTICIPATION AREA:

EXHIBIT A1

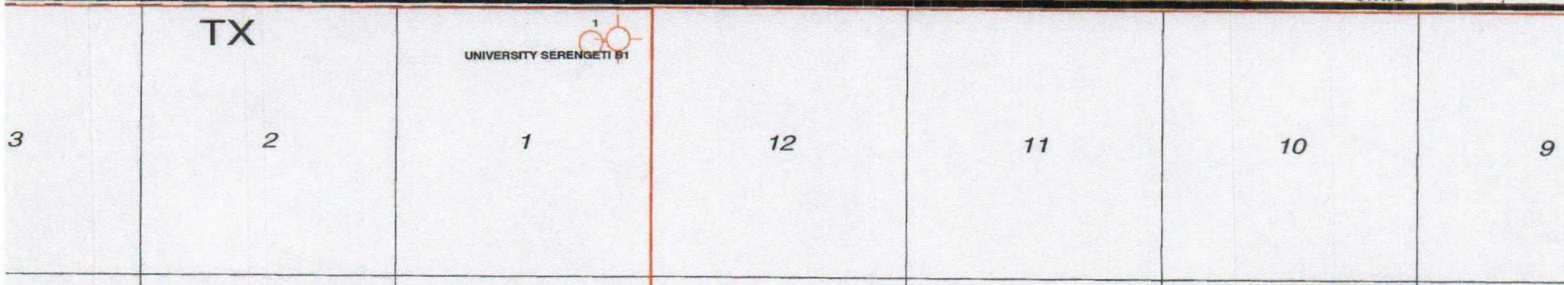
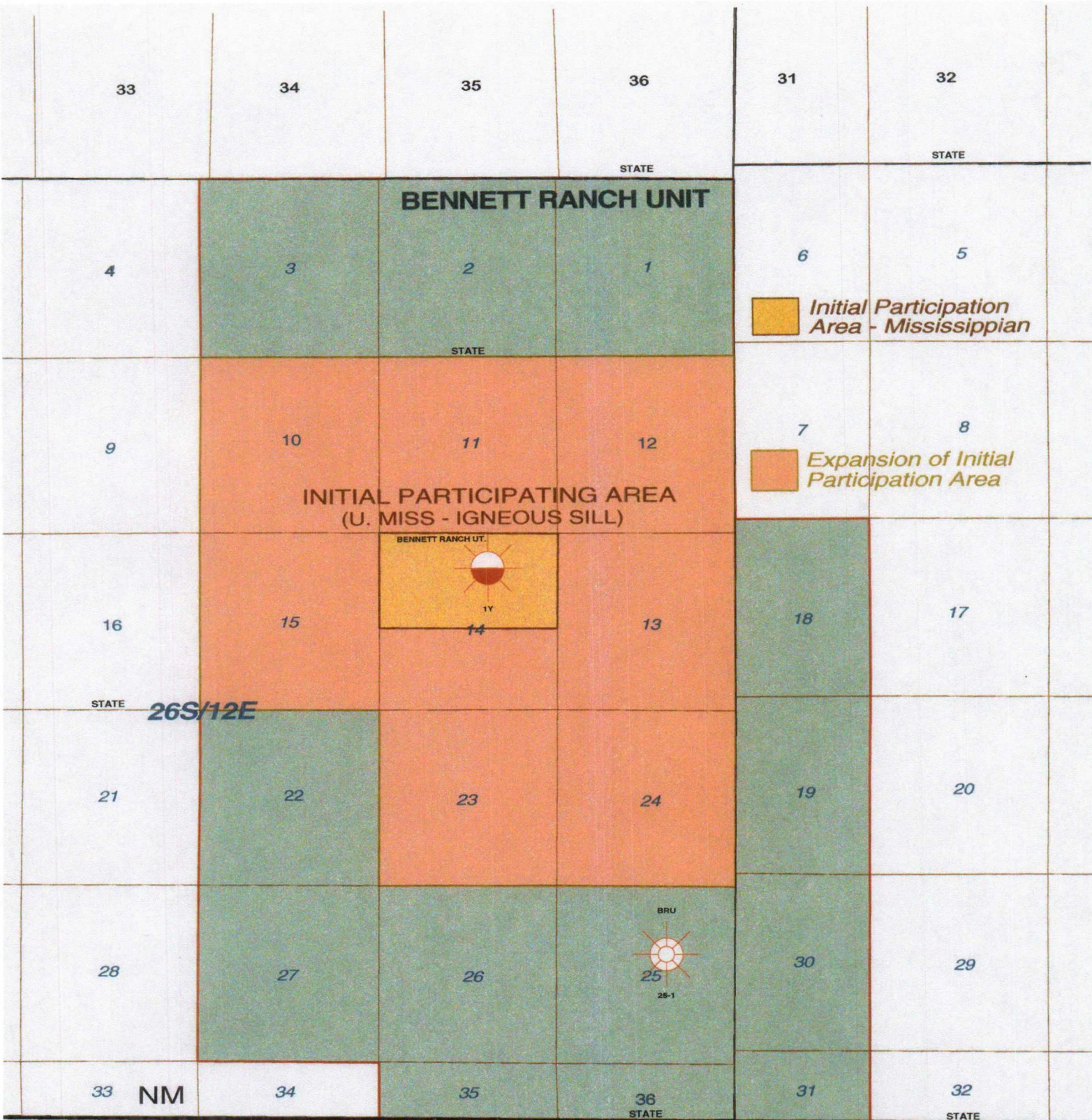


EXHIBIT A2

HARVEY E. YATES COMPANY		
Bennett Ranch Unit Expanded Miss. Participating Area		
Geologic Tables	Scale: 1"=1000'	1/17/2004 ELK/gpf

EXHIBIT B
BENNETT RANCH UNIT AGREEMENT-OTERO COUNTY, NEW MEXICO
MISSISSIPPIAN FORMATION PARTICIPATING AREA
APRIL 1, 2006

TRACT LAND NO. DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
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FEDERAL LANDS:

1. T-26S, R-12E Sec. 10: All Sec. 11: All	1280.00	NM-71525 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership 18.750000%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
2. T-26S, R-12E Sec. 12: All, except NE/4NE/4 Sec. 13: W/2, N/2 NE/4, SW/4 NE/4, SW/4 SE/4 Sec. 14: All Sec. 24: All	2360.00	NM-71526 03/31/98	12.50%	Harvey E. Yates Co. 21.179121% Spiral, Inc. 5.789198% Explorers Petroleum 3.172995% HEYCO Emp. Ltd. 1.108686% ConocoPhillips 50.000000% Rudman Partnership	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
2a. Sec. 12: NE/4 NE/4	40.00	NM-100576 06/06/06	12.50%		

TRACT I NO.	TRACT LAND NO. DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	18.750000% LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
10.	T-26S, R-12E Sec. 15: N/2, SE/4, E/2 SW/4 Sec. 23: All	1200.00	Federal (New Lease not issued)	12.50%		
10a.	Sec. 15: W/2 SW/4	80.00	(Unleased Acreage)			
1 State Tr	3 Federal Tracts = 4,960.00 acres, 96.875000% of the participating area					

RECAP

FEDERA

STATE I

TOTALS

TRACT LAND NO.	DESCRIPTION	# OF ACRES	SERIAL # & LEASE EXP.	BASIC ROYALTY	LESSEE OF RECORD(%)	WORKING INTEREST OWNERSHIP (Decimal)
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STATE LANDS:

13.	T-26S, R-12E Sect. 13: SE/4NE/4, N/2SE/4, SE/4SE/4	160.00	LH-4602	12.50%	Harvey E. Yates Co. 100.00%	Harvey E. Yates Co. .21179121 Spiral, Inc. .05789198 Explorers Pet. Corp. .03172995 HEYCO Emp. Ltd. .01108686 ConocoPhillips .50000000 Rudman Partnership .18750000
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1 State Tracts = 160.00 acres, 0.03125000% of the Participating Area

RECAPITULATION

FEDERAL LANDS	4,960.00 acres	96.875000%
STATE LANDS	160.00 acres	3.125000%
TOTALS	5,120.00 acres	100.000000%

CONFIDENTIAL

HARVEY E. YATES COMPANY (HEYCO)

PETROLEUM PRODUCERS

ONE SUNWEST CENTRE
P.O. BOX 1933
ROSWELL, NEW MEXICO 88202

PHONE: (505) 623-6601
FAX: (505) 624-3321

February 1, 1998

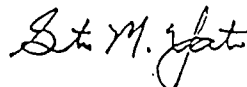
Mr. Armondo Lopez
Bureau of Land Management
2909 West Second
Roswell NM, 88201

Re: Commercial Determination
Bennett Ranch Unit #1Y

Dear Armondo,

Please accept the enclosed documents as proof that our Bennett Ranch Unit #1Y well has discovered sufficient reserves of hydrocarbons to qualify it as a commercial well. Included are our 4-pt test conducted 11/12/97, a volumetric gas recovery calculation prepared 11/21/97 by Ray Nokes, a completed well cost prepared 1/8/98 by Bob Williams and a present value reserve analysis prepared 2/13/98 by Ray Nokes. As you can see, this well is capable of producing 3.615 MMCF/d AOF, has recoverable reserves of 1.4 BCF, will cost \$907,574 to drill and complete, and has an net present value of \$1.2MM discounted at 10%. We trust that this information is sufficient for you to conclude as we have that this well is commercial. Please call if you have any questions.

Best regards,



Steven M. Yates
Vice President

EXHIBIT "C"
BENNETT RANCH UNIT - OTERO COUNTY, NEW MEXICO
INITIAL MISSISSIPPIAN FORMATION PARTICIPATING AREA

OIL CONSERVATION DIVISION

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

CONFIDENTIAL

MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Operator Harvey E. Yates Company				Lease or Unit Name Bennett Ranch Unit			
Type Test ☒ Initial ☐ Annual ☐ Special				Test Date 11/12/97		Well No. 1Y	
Completion Date 11/10/97		Total Depth 7075		Plug Back TD 4970		Elevation 5100' GL	
Unit Ltr. - Sec. - TWP - Rgs. B 14 - 26s - 12e							
Csg. Size 5 1/2	Wt. 17#	d 4.892	Set At 7075	Perforations: From: 4506 To: 4518			County Otero
Teg. Size 2 3/8	Wt. 4.7#	d 1.995	Set At 4422	Perforations: From: Open To: Ended			Pool Wildcat
Type Well - Single - Bradenhead - G.G. or G.O. Multiple Single				Packer Set At 4422		Formation Mississippian	
Producing Thru Tbz		Reservoir Temp. °F 148 @ 4000		Mean Annual Temp. °F 60		Baro. Press - P _a 13.2	
Connection None							
L 4000	H 4000	G _g 0.570	% CO ₂ 0.18	% N ₂ 2.81	% H ₂ S	Prover	Meter Run 4.026
						Taps Flg	

FLOW DATA						TUBING DATA		CASING DATA		Duration of Flow	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.		Temp. °F
SI							1187		PACKER		11 Hours
1.	4.026	x	2.000	90	3"	63	1134				1 Hour
2.	4.026	x	2.000	100	8"	86	1067				1 Hour
3.	4.026	x	2.000	120	14"	85	1000				1 Hour
4.	4.026	x	2.000	120	21"	84	930				1 Hour
5.											

RATE OF FLOW CALCULATIONS							
NO.	COEFFICIENT (24 HOUR)	$h_w P_m$	Pressure P _m	Flow Temp. Factor FL	Gravity Factor F _g	Super Compress. Factor, F _{sp}	Rate of Flow Q, Mcfd
1.	19.81	17.60	103.2	.9971	1.325	1.006	463
2.	19.81	30.09	113.2	.9759	1.325	1.009	778
3.	19.81	43.18	133.2	.9768	1.325	1.009	1117
4.	19.81	52.89	133.2	.9777	1.325	1.009	1370
5.							

NO.	P _r	Temp. °R	T _r	Z	Gas Liquid Hydrocarbon Ratio	Dry Gas	Mc/bbl.
1.	.15	523	1.53	.988	A.P. I. Gravity of Liquid Hydrocarbons	Dry	D-g.
2.	.16	546	1.60	.983	Specific Gravity Separator Gas	0.570	XXXXXXXXXX
3.	.19	545	1.60	.983	Specific Gravity Flowing Fluid	XXXXXX	
4.	.19	544	1.60	.983	Critical Pressure * 669	P.S.I.A.	P.S.I.A.
5.					Critical Temperature* 340	R	R

P _c 1208.0		P _c ² 1459.3	
NO.	P _i ²	P _w	P _w ²
1.		1161.8	1349.8
2.		1097.5	1204.5
3.		1039.5	1080.6
4.		987.5	975.2
5.			

1) $\frac{P_c^2}{P_c^2 - P_w^2} = 3.014$

2) $\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 2.639$

AOF = Q

$\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 3.615$

$$1) \frac{P_c^2}{P_c^2 - P_w^2} = 3.014 \quad (2) \left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 2.639$$

$$AOF = Q \left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 3,615$$

Absolute Open Flow	3,615	Mcfd @ 15.025	Angle of Slope θ	48.67	Slope, n	0.8794
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Remarks: No fluid produced during test

* = Corrected to 2.81% N₂ ** = BHP Instruments set at this depth

Approved By Division	Conducted By: Jarrel Services, Inc.	Calculated By: Bob Murray	Checked By: Bob Murray
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CONFIDENTIAL

RECOVERABLE GAS CALCULATIONS

DATE: 11/21/97

WELL NAME OR PROSPECT: BENNETT RANCH FED. UT. 1-Y

LOCATION: OTERO COUNTY, NEW MEXICO

ACRES: 320

DEPTH INTERVAL: 4,506 FEET

NET FEET OF PAY: 12 FEET

PERFORATED
INTERVAL

POROSITY (%): 17%

SW (%): 30% EST.

RESERVOIR TEMP., (T= DEGR. F) 86

RESERVOIR PRESS., (P= PSIA) 1,322

CU. FT. GAS @ RES. COND. 5,184 SCF
ACRE FEET

GAS GRAVITY @ RESERVOIR CONDITIONS: 0.571

PSEUDO CRITICAL TEMP: 337 DEGR. RANKINE

PSEUDO CRITICAL PRESSURE: 676 PSIA

PSEUDO REDUED TEMP: 460

PSEUDO REDUCED PRESS: 1.96

Z= 1.00

CU FT. GAS @ STD COND. 447,069 PER ACRE
ACRE FT.

CU FT. GAS @ STD COND. IN PLACE AREA= 1,716,743,572 SCF GAS IN PLACE

EST. RECOVERABLE GAS @ 80%= 357,655 SCF GAS PER ACRE FOOT

EST. RECOVERABLE GAS @ 80%= 4,291,859 SCF GAS PER ACRE FOR NET PAY

EST. RECOVERABLE GAS @ 80%= 1,373,394,858 SCF GAS (GROSS PAY FOR PROSPECT)

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13-Feb-98 3:32 PM
00000-000
PROPERTY NO. 00000-000

HARVEY E. YATES COMPANY
BIT ECONOMIC EVALUATION AND PAYOUT
By RAY F. NOKES

NAME OF WELL: BENNETT GAS WELL(1) 1998

EVAL PERIOD MO/YR: 1 1998

CURRENT PRICING: \$15.50 /BO \$2.00 /MCF

MAX OIL & GAS PRICE: \$35.00 /BO \$3.50 /MCF

AVERAGE I.L.B. LOE: \$3.800 PER MONTH

CALC. E.L.C: \$4.757 PER MONTH

WT: 100.00% 100.00% REVERSIONARY WT% 87.50% REVERSIONARY NRI% 87.50%

NRI: 87.50% 87.50% IN 2ND & 3RD YR

1ST ESCALATION RATE 8.00% IN 2ND & 3RD YR

2ND ESCALATION RATE 4.00% THEREAFTER

INITIAL RATE: 30.00% MCF/MO.

CUMS TO DATE: 0 MCF

REMAINING RESERVES: 1,001,131 MCF

ULTIMATE RECOVERY: 1,001,131 MCF

RESERVE CLASS: FIELD

1ST DISCOUNT RATE= 6%

L.O.E. ESCALATION RATE= 3%

DRL & COMPL. COST= \$1,094,700

OIL SEVERANCE TAX= 0.087

GAS SEVERANCE TAX= 0.087

GROSS REV. TO DATE= 33.3%

1ST DECLINE: 33.3%

2ND DECLINE: 33.3%

4TH DECLINE: 33.3%

FINAL DECLINE: 33.3%

0.1 BBL/SAI/CF 3RD DECLINE

0.0 BO

100 BO

100 BO

PAYOUT OCCURS IN YRS=	3.47
LIFE OF WELL IN YEARS=	8
TOTAL NET REVENUE=	\$1,815,002.88
TOTAL WT LOE & D&C COSTS =	\$1,500,190.52
NET REVENUE (LOE & D&C) =	\$314,812.36
TOTAL DISC NET REVENUE=	\$1,209,937.21
RATIO NET TO EXPENSES=	1.21 TO 1
AVERAGE \$ / BO=	\$19.02
AVERAGE \$ / MCF=	\$2.45

NO. YRS	YEAR	GAS PROD. (MCF)	AVG RATE (MCF/MO)	ENDING RATE (MCF/MO)	CUM MCF	OIL PROD. (BO)	CUM OIL (BBL)	YEARLY L.O.E.	YRS AVG \$/BO	YRS AVG \$/MCF	NET REVENUE MINUS L.O.E.	DISC NET REV.	6.00% NET	PAYOUT NRI-D&C COST	PAYOUT IN MONTHS
1	1998	304,784	25,399	21,503	304,784	30	54,600	\$15.50	\$2.16	\$2.16	\$330,293	\$793,959	\$322,661	\$652,954	0.00
2	1999	218,460	18,205	15,413	523,244	22	52	\$16.98	\$16.74	\$2.16	\$23,166	\$793,959	\$322,661	\$652,954	0.00
3	2000	156,586	13,049	11,047	679,830	16	68	\$18.37	\$18.08	\$2.33	\$23,665	\$793,959	\$322,661	\$652,954	0.00
4	2001	112,236	9,353	7,918	792,066	11	79	\$19.87	\$19.80	\$2.43	\$16,872	\$793,959	\$322,661	\$652,954	0.00
5	2002	80,447	6,704	5,676	871,514	8	87	\$21.33	\$19.55	\$2.52	\$110,959	\$793,959	\$322,661	\$652,954	0.00
6	2003	57,662	4,805	4,068	930,176	6	93	\$22.83	\$20.34	\$2.61	\$68,109	\$793,959	\$322,661	\$652,954	0.00
7	2004	41,331	3,444	2,916	971,507	4	97	\$24.49	\$21.15	\$2.73	\$35,719	\$793,959	\$322,661	\$652,954	0.00
8	2005	29,625	2,469	2,090	1,001,131	3	100	\$27.65	\$22.88	\$2.84	\$11,140	\$793,959	\$322,661	\$652,954	0.00
9	2006	21,234	1,770	1,498	1,022,365	2	102	\$29.98	\$23.79	\$3.07	\$2,144	\$793,959	\$322,661	\$652,954	0.00
10	2007	15,220	1,268	1,074	1,037,585	2	104	\$31.79	\$24.74	\$3.19	\$33,437	\$793,959	\$322,661	\$652,954	0.00
11	2008	10,909	909	770	1,048,494	1	105	\$31.79	\$25.73	\$3.32	\$42,264	\$793,959	\$322,661	\$652,954	0.00
12	2009	7,819	652	552	1,056,314	1	106	\$31.79	\$26.76	\$3.45	\$49,542	\$793,959	\$322,661	\$652,954	0.00
13	2010	5,605	467	395	1,061,918	1	106	\$31.79	\$27.83	\$3.50	\$55,724	\$793,959	\$322,661	\$652,954	0.00
14	2011	4,017	335	283	1,065,936	0	107	\$31.79	\$28.95	\$3.50	\$60,916	\$793,959	\$322,661	\$652,954	0.00
15	2012	2,879	240	203	1,068,815	0	107	\$31.79	\$30.10	\$3.50	\$65,268	\$793,959	\$322,661	\$652,954	0.00
16	2013	2,064	172	146	1,070,879	0	107	\$31.79	\$31.31	\$3.50	\$69,035	\$793,959	\$322,661	\$652,954	0.00
17	2014	1,479	123	104	1,072,358	0	107	\$31.79	\$32.56	\$3.50	\$72,402	\$793,959	\$322,661	\$652,954	0.00
18	2015	1,060	88	75	1,073,419	0	107	\$31.79	\$33.86	\$3.50	\$75,504	\$793,959	\$322,661	\$652,954	0.00
19	2016	760	63	54	1,074,179	0	107	\$31.79	\$35.00	\$3.50	\$78,435	\$793,959	\$322,661	\$652,954	0.00
20	2017	545	45	38	1,074,724	0	107	\$31.79	\$36.00	\$3.50	\$81,266	\$793,959	\$322,661	\$652,954	0.00
21	2018	390	33	28	1,075,114	0	108	\$31.79	\$37.00	\$3.50	\$84,046	\$793,959	\$322,661	\$652,954	0.00
22	2019	280	23	20	1,075,394	0	108	\$31.79	\$38.00	\$3.50	\$86,813	\$793,959	\$322,661	\$652,954	0.00
23	2020	201	17	14	1,075,595	0	108	\$31.79	\$39.00	\$3.50	\$89,593	\$793,959	\$322,661	\$652,954	0.00
24	2021	144	12	10	1,075,738	0	108	\$31.79	\$40.00	\$3.50	\$92,407	\$793,959	\$322,661	\$652,954	0.00
25	2022	103	9	7	1,075,841	0	108	\$31.79	\$41.00	\$3.50	\$95,261	\$793,959	\$322,661	\$652,954	0.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DAY ☐ Other _____

b. TYPE OF COMPLETION:

NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. BEHVR. ☐ Other _____

2. NAME OF OPERATOR

Harvey E. Yates Company

3. ADDRESS AND TELEPHONE NO.

P.O. Box 1933, Roswell, N.M. 88202 505/623-6601

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

At surface 990' FNL & 2005' FEL

At top prod. interval reported below

At total depth

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14. PERMIT NO.

DATE ISSUED

5. LEASE DESIGNATION AND SERIAL NO.

NM-71526

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

Bennett Ranch Unit

8. FARM OR LEASE NAME, WELL NO.

Bennett Ranch Unit #1Y

9. API WELL NO.

30-035-20028

10. FIELD AND POOL, OR WILDCAT

Wildcat, Mississippian

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 14, T26S, R12E

12. COUNTY OR PARISH

Otero

13. STATE

N.M.

15. DATE SPUDDED

8/3/97

16. DATE T.D. REACHED

8/25/97

17. DATE COMPL. (Ready to prod.)

11/10/97

18. ELEVATION (OF, RKB, RT, OR, ETC.)*

5100'

19. ELEV. CASING HEAD

same

20. TOTAL DEPTH, MD & TVD

7075'

21. PLUG BACK T.D., MD & TVD

4970'

22. IF MULTIPLE COMPL., HOW MANY*

23. INTERVALS DRILLED BY

ROTARY TOOLS

CABLE TOOLS

All

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

4506-4518' Mississippian

25. WAS DIRECTIONAL SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

CNL/FDC/GR, DLL/GR, CBL/CCL/GR

27. WAS WELL CORRED

No

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13 3/8"	54.5#, J-55	707'	17 1/2"	625, Circ 220 sks	
8 5/8"	36#, J-55	2865'	12 1/4"	1200, Circ 334 sks	
5 1/2"	17#, J-55	7075'	7 7/8"	1000, TOC @ 3704' by CBL	9/22/97

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8"	4422.36'	@ 4422.36'

31. PERFORATION RECORD (Interval, size and number)

TCP 4506-4518' (2 jspif = 25 holes)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4506-4518'	natural

SEE ATTACHED SCHEMATIC FOR TEST
RECORD OF INTERVALS

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
11/10/97		flowing				SI	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
12/12/97	24 hrs	20/64"	→	TSTM	2200	TSTM	0
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)	
910#	0	→	TSTM	2200	TSTM	N/A	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

SI (vented during test), WOPL

TEST WITNESSED BY

Ray Nokes

35. LIST OF ATTACHMENTS

E-logs, C-102, deviation survey

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Ray F. Nokes

TITLE

Prod. Mgr/Eng

DATE 2/16/98

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes 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.

SEP 09 1997

STATE OF NEW MEXICO
DEVIATION REPORT

400	1-1/2
680	2-1/4
861	2-1/4
1,200	3
1,344	3-1/4
1,439	3-1/4
1,532	3
1,819	2
2,007	2-1/2
2,124	2-1/4
2,290	2-3/4
2,825	3-3/4
3,158	2-1/4
3,488	2
3,780	1
4,267	1
4,737	1
5,233	2
5,514	2-1/2
5,732	2
5,982	4
6,044	2
6,510	1-1/4
7,005	1-1/2

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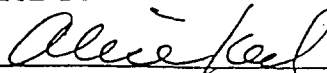


By: Ray Peterson

STATE OF TEXAS

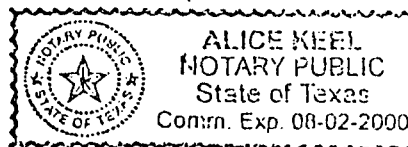
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me
this 4th day of September, 1997, by RAY PETERSON
on behalf of PETERSON DRILLING COMPANY.



Notary Public for Midland
County, Texas

My Commission Expires: 8/2/2000



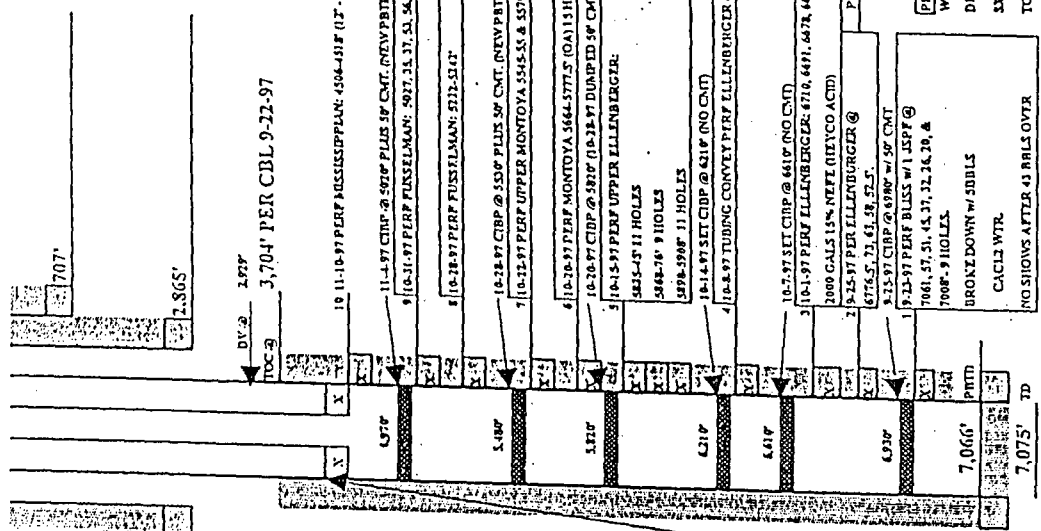
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HARVEY E. YATES COMPANY
WELLBORE SCHEMATIC & PROCEDURE SHEET
BY RAY F. NOKES

OPERATOR: HARVEY E. YATES COMPANY
WELL NAME: BENNETT RANCH UNIT NO. 1-V
LEASE #: 904-71524 APN 34-035-20014
LOCATION: 9047 ENL. & 2005 FEL
B. SEC 14, T. 24S, R. 12E, OIL PRO CL. NM
FIELD: WILDCAT MISSISSIPPIAN
ELEVATION: 5100' GL. (11.5' VB)

STUD DATE: 8/3/97
COMP DATE: 11/10/97
TD: 5075'
POTD: 4870'

SURFACE	13.35" 54.25 J. 55
WT & CRD	707'
DEPTH	435-100 TUL.
SXS CNT	CIR 212 SXS
TOC	1 1/2"
BIT SIZE	
INTERMEDIATE	
WT & CRD	9.58" 344 J. 55
DEPTH	2385'
SXS CNT	1000-100 TUL.
TOC	CRC 134 SXS
BIT SIZE	12 1/4"



HARVEY E. YATES COMPANY

CONFIDENTIAL

LEASE NAME & NO.: BENNETT RANCH UNIT #2
 LEGAL LOCATION: 1980' FSL & 1980' FEL SEC 11, T26S, R12E
 COUNTY: OTERO STATE: NM DEPTH: 4,650
 AFE TYPE: 1=DRG. 2=W/O 3=RE-COMP 4=OTHER 5=P&A TYPE= 1
 ACCT NO: 0
 FILE NO: B.RANCH #2
 AFE NO: DO1
 FORMATION: UPPER MISS.

DRILLING & COMPLETION COSTS:

DRY HOLE COSTS
 PRODUCING WELL COSTS

920-000	INTANGIBLE DRILLING COSTS:						
921-000	STAKING DAMAGES & LEGAL FEES					\$1,500	\$1,500
921-001	LOCATION, RIGHT OF WAY					\$35,000	\$35,000
921-002	FOOTAGE: FEET @ \$/FOOT	4,650	\$0.00			\$0	\$0
921-003	DAYWORK: DAYS & \$/DAY	17	\$7,443	INC. RIG MOVE		\$173,156	\$173,156
921-004	SURFACE CASING CEMENTING & SERVICE					\$13,600	\$13,600
921-005	DRILLING MUD, ADDITIVES & WATER					\$60,000	\$60,000
921-006	MUD LOGGING UNIT, SURVEYS ETC.					\$7,650	\$7,650
921-007	INTERMEDIATE CASING CEMENTING & SERVICES					\$30,000	\$30,000
921-008	GENERAL MISC. (BOP TEST, RATHOLE...ETC)					\$44,000	\$44,000
922-000	RENTAL TOOLS & EQUIPMENT					\$119,000	\$119,000
922-001	COMPANY SUPERVISION & OVERHEAD					\$9,450	\$9,450
922-004	MISC. BITS, TOOLS & SUPPLIES					\$25,000	\$25,000
	MISC. CONTINGENCIES					\$25,918	\$25,918
	TOTAL INTANGIBLE DRILLING COSTS					\$544,274	\$544,274
923-000	INTANGIBLE FORMATION EVALUATION:						
923-001	CORING, TOOLS & SERVICE					\$8,600	\$8,600
923-002	DST: # DST TO RUN/ \$ CHARGE	2	\$7,500			\$15,000	\$15,000
923-003	ELECTRIC LOGS, ...ETC					\$30,000	\$30,000
923-004	MISC. FORMATION EVAL.					\$2,000	\$2,000
	MISC. CONTINGENCIES					\$2,780	\$2,780
	TOTAL INTANGIBLE FORMATION EVALUATION					\$58,380	\$58,380
924-000	INTANGIBLE COMPLETION COSTS:						
924-001	COMPLETION UNIT: DAYS & \$/DAY	10	\$2,000			\$0	\$20,000
924-003	MUD, WATER & ADDITIVES					\$0	\$5,000
924-004	CEMENT, TOOLS & SERVICES (PROD.STRING...ETC)					\$0	\$27,500
924-005	ELECTRIC LOGS(CBL...ETC.), TESTING					\$0	\$12,000
924-006	TOOL & EQUIPMENT RENTAL & TRUCKING					\$0	\$10,000
924-007	STIMULATION & TREATING					\$0	\$15,000
924-008	COMPANY SUPERVISION & OVERHEAD					\$0	\$4,500
925-001	BITS, TOOLS & SUPPLIES					\$0	\$5,000
925-002	PLUG BACK					\$0	\$6,000
950-000	PLUGGING EXPENSE					\$10,000	\$0
	MISC. CONTINGENCIES					\$500	\$5,250
	TOTAL INTANGIBLE COMPLETION COSTS					\$10,500	\$110,250
930-000	TANGIBLE DRILLING & COMPLETION COSTS:						
930-001	SURFACE CASING COSTS (SIZE/FT)	13 3/8	900			\$21,600	\$21,600
930-002	INTERMEDIATE CASING (SIZE/FT)	9 5/8	3100			\$45,000	\$45,000
930-003	PRODUCTION CASING (SIZE/FT)	5 1/2	4650			\$0	\$36,800
930-004	PRODUCTION TUBING (SIZE/FT)	2 3/8	4650			\$0	\$16,000
930-005	CASING HEAD					\$0	\$4,900
930-006	CASING SPOOL					\$0	\$0
930-007	TUBING HEAD					\$0	\$4,600
930-008	CHRISTMAS TREE					\$0	\$6,500
931-000	SUBSURFACE EQUIPMENT					\$0	\$0
931-001	MISC PIPE CONNECTIONS					\$0	\$1,500
931-002	PACKER & SPECIAL EQUIPMENT					\$0	\$5,500
931-003	MISC. CONTINGENCIES					\$3,330	\$7,120
	TOTAL TANGIBLE DRILLING & COMPLETION COSTS					\$69,930	\$149,520
940-000	GENERAL LEASE & BATTERY EQUIPMENT:						
940-001	PUMPING UNIT (PRIME MOVER)					\$0	\$0
940-002	SEPARATORS, GAS PROD.UNITS,...ETC.					\$0	\$9,000
940-005	TANKS: NO. & SIZE	1	300 BBL			\$0	\$4,500
941-000	INSTALLATION COSTS					\$0	\$20,000
941-001	FLOW LINES, VALVES...ETC					\$0	\$4,500
941-005	MISCELLANEOUS LEASE EQUIPMENT					\$0	\$5,000
	MISC. CONTINGENCIES					\$0	\$2,150
	TOTAL GENERAL LEASE & BATTERY EQUIPMENT COSTS					\$0	\$45,150

TOTAL INTANGIBLE COSTS: \$613,154 \$712,904
 TOTAL TANGIBLE COSTS: \$69,930 \$149,520
 TOTAL LEASE & BATTERY EQUIPMENT: \$0 \$45,150

\$683,084 \$907,574

TOTAL COSTS PREPARED BY: BOB WILLIAMS DATE: 1/8/98

APPROVED BY: _____

COMPANY: _____

DATE: _____

"IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY, AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED, WHETHER MORE OR LESS THAN HEREIN SET OUT"

Seismic Line Exhibit E



Contour Interval 0.050 Sec. or ~350 ft.

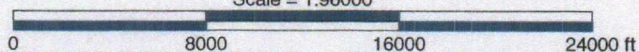
1440000



HARVEY E. YATES COMPANY

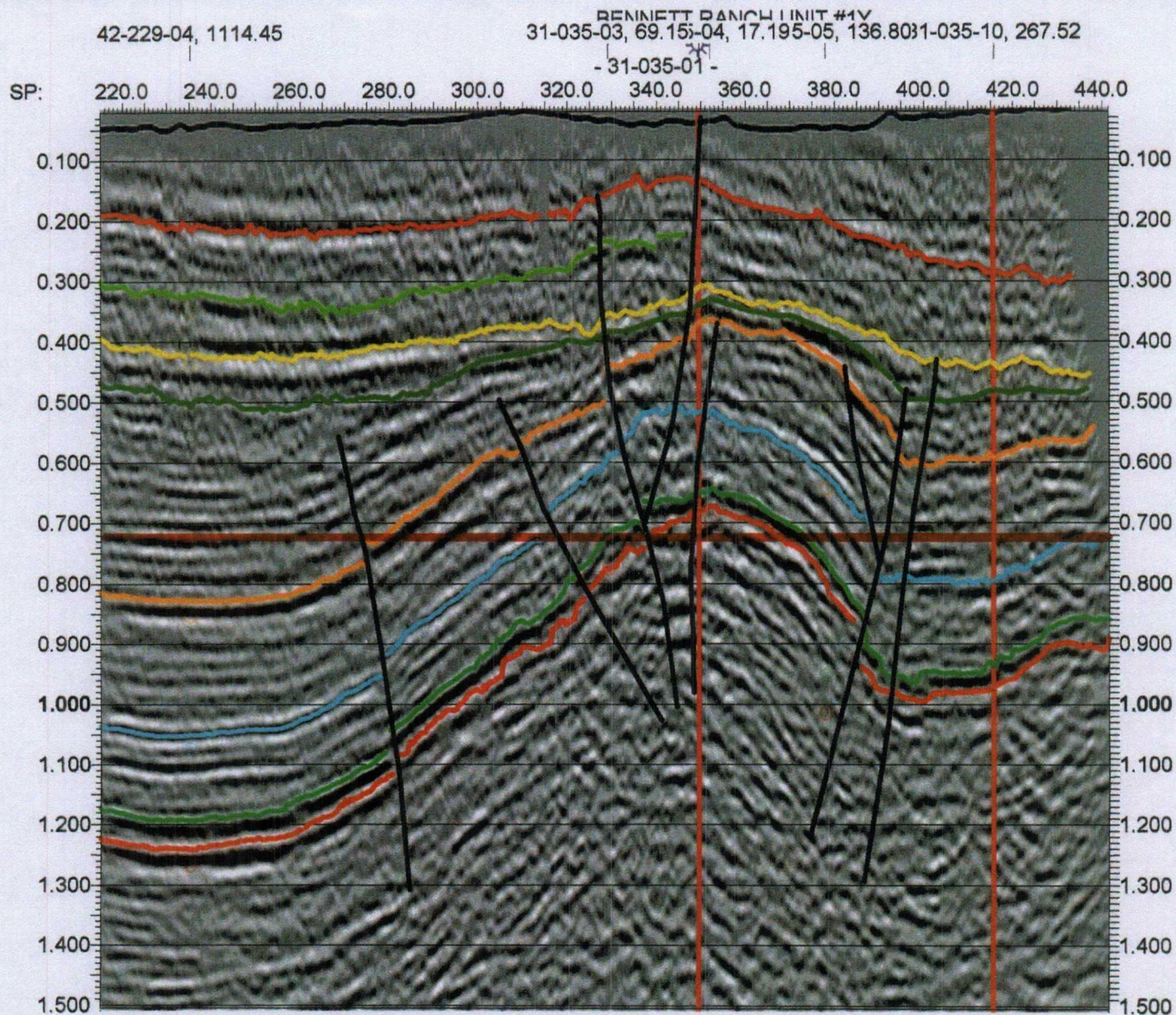
EXHIBIT D
Mississippian Structure
BENNETT RANCH UNIT

Scale = 1:96000



Horizon: UMISS (yahney) (MediumAquamarine), Data Type: Time (Active Contour: UMISS (yahney) (Black), Data Type: Time), Version: 7.5

CONFIDENTIAL



Mississippian Horizon in Green

0.725 Sec. Lowest Mapped Closure

Seismic Micro-Technology, Inc.

Project: OROGRAND

Project Location:

Line 31-035-01, Amplitudes

Exhibit E

CONFIDENTIAL

ahney@GKYAHNEY

03/22/06 14:38:47

RHETT GIST
PETROLEUM CONSULTANT
401 WEST TEXAS STREET, STE 1003
MIDLAND, TEXAS 79701

CONFIDENTIAL

MIDLAND AMERICAN BANK BLDG
10TH FLOOR

TELEPHONE: 915-683-6852
FAX: 915-683-8720

December 5, 1997

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202

Attn: Mr. Ray Nokes

The following presents the analysis results of the pressure buildup test conducted on November 13, 1997 on the HEYCO - Bennett Ranch No. 1Y, Otero County, New Mexico.

SUMMARY

The Bennett Ranch No. 1Y well is completed in the Mississippian formation with perforations from 4,506 feet to 4,518 feet. The estimated net pay is 56 feet. The zone was completed natural. The well flowed for 40 hours with rates stabilizing at 850 mcfpd. This was followed by a 4-point test after an 11 hour shutin. The buildup was taken at the end of the 4-point test. The last flow rate on the 4-point test was 1370 MCFPD.

The flowing bottomhole pressure at shutin was 1064 psia. The maximum recorded pressure from the 109 hour buildup was 1306.8 psia at 4,000 feet. Pressures increased from 1064 psia to 1305 psia in less than 10 minutes. Pressures continued to increase very gradually for the remainder of the test.

The flowing gradient showed a gas filled wellbore.

CONCLUSIONS

There is a short period of wellbore storage effect. The derivative data then fall sharply and trend along a horizontal line identifying radial flow. The very slight pressure changes cause the derivative data to cycle up and down, but the overall trend is flat.

EXHIBIT F

This appears to be a very high permeability formation ($k = 87$ md). The calculated skin is very high (skin = +183). This is a composite skin value that is made up of formation damage, non-darcy flow and partial penetration effects. Some of the skin could probably be removed with a small acid job.

Bennett Ranch 1-Y

Permeability, md	87
Skin	+ 183
Extrapolated Pressure @ 4,000 ft	~ 1307

PRESSURE ANALYSIS

Figure 1 is a log-log plot showing the pressures and pressure derivatives. Comments are made on the plot about the various flow behaviors. Non-linear gas compressibilities are accounted for using pseudo pressures. Superposition calculations are used to account for the variable rate history.

Figure 2 is a Horner plot. The data follow the same trend, but tend to shift as noted by the parallel lines. The results are reported above.

Figure 3 is a homogeneous type curve match. The results are similar to those from the Horner analysis. If this is a dual porosity system (naturally fractured), the transition from fracture flow to matrix flow occurs so quickly that the buildup sees only a homogeneous behavior.

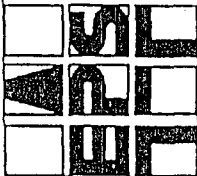
Figures 4 shows the results of a model verification using the reported values. Shown are the flowing bottomhole pressures from the 4-point test as well as buildup data. The quality of the match is good.

If you have any question concerning this report, please do not hesitate to call me at 915-683-6852.

Very truly yours,

Rhett Gist

Rhett Gist



HEYCO - Bennett Ranch - 1Y

Report File:

HEYCO1.PAN

Mississippian

Buildup 11/13/97

Log-Log Plot

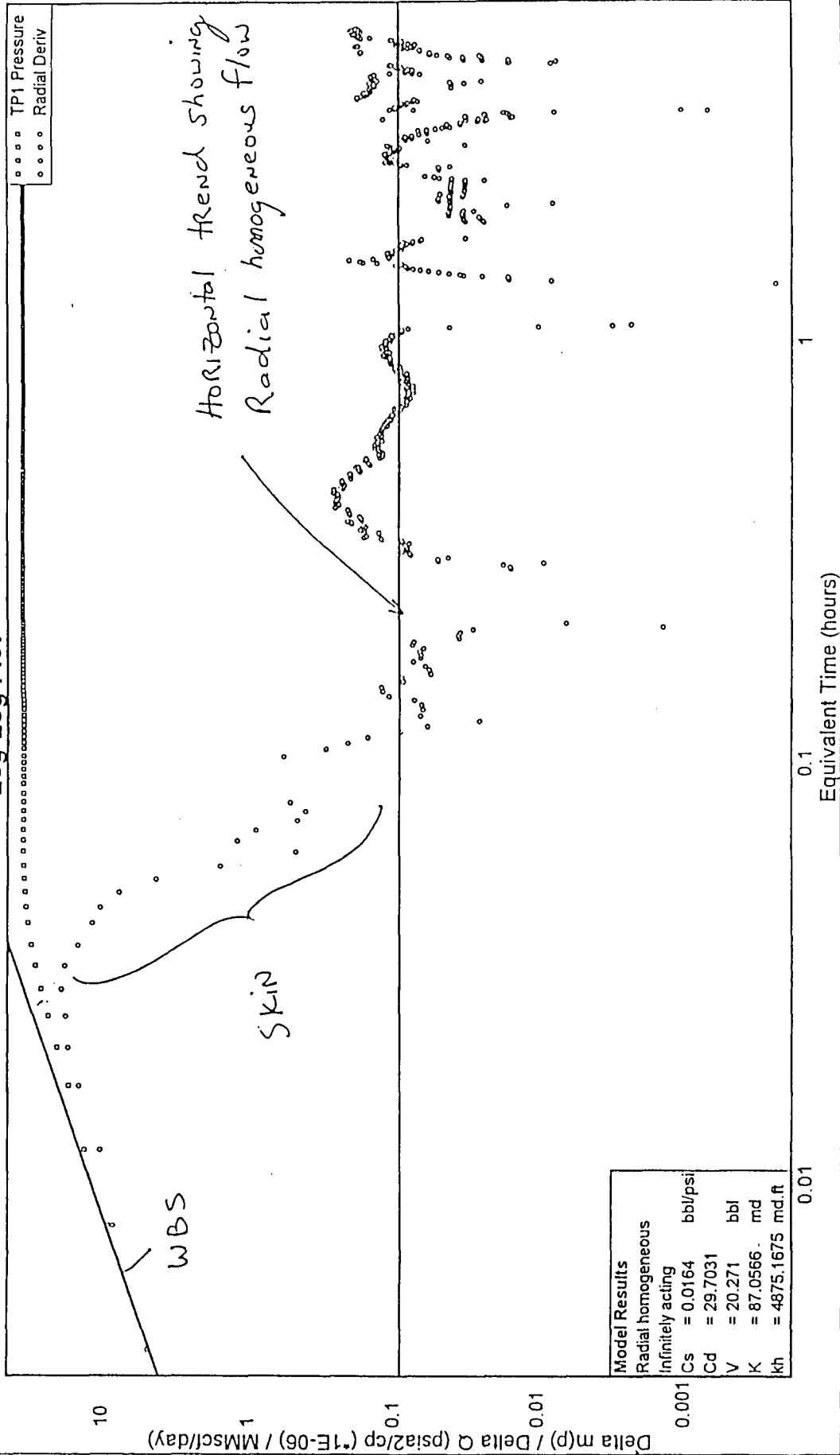
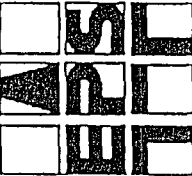


Figure 1



HEYCO - Bennett Ranch - 1Y

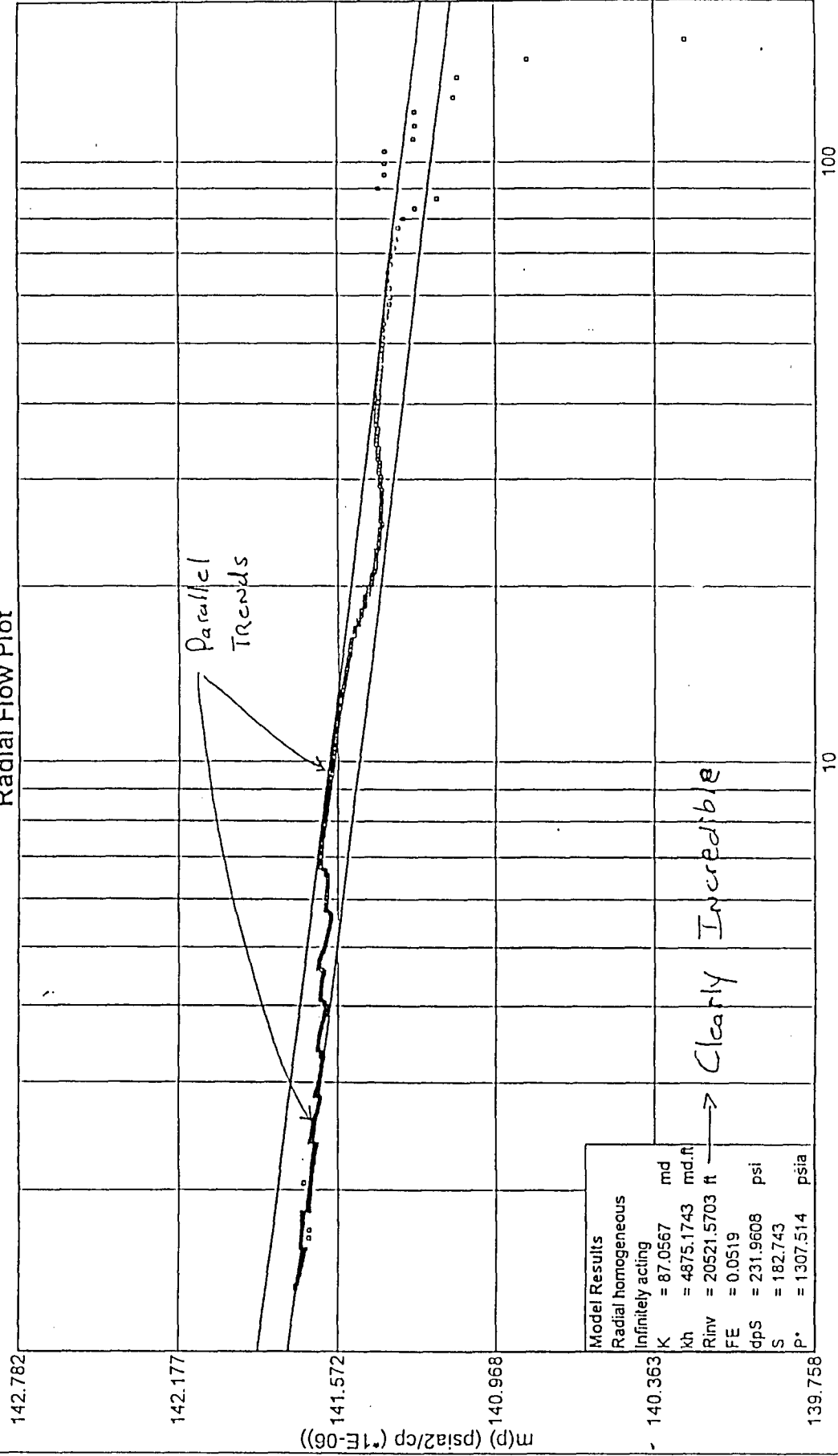
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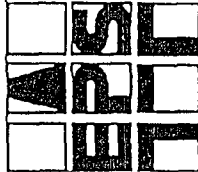
HEYCO1.PAN

Mississippian

Buildup 11/13/97

Radial Flow Plot





HEYCO - Bennett Ranch - 1Y

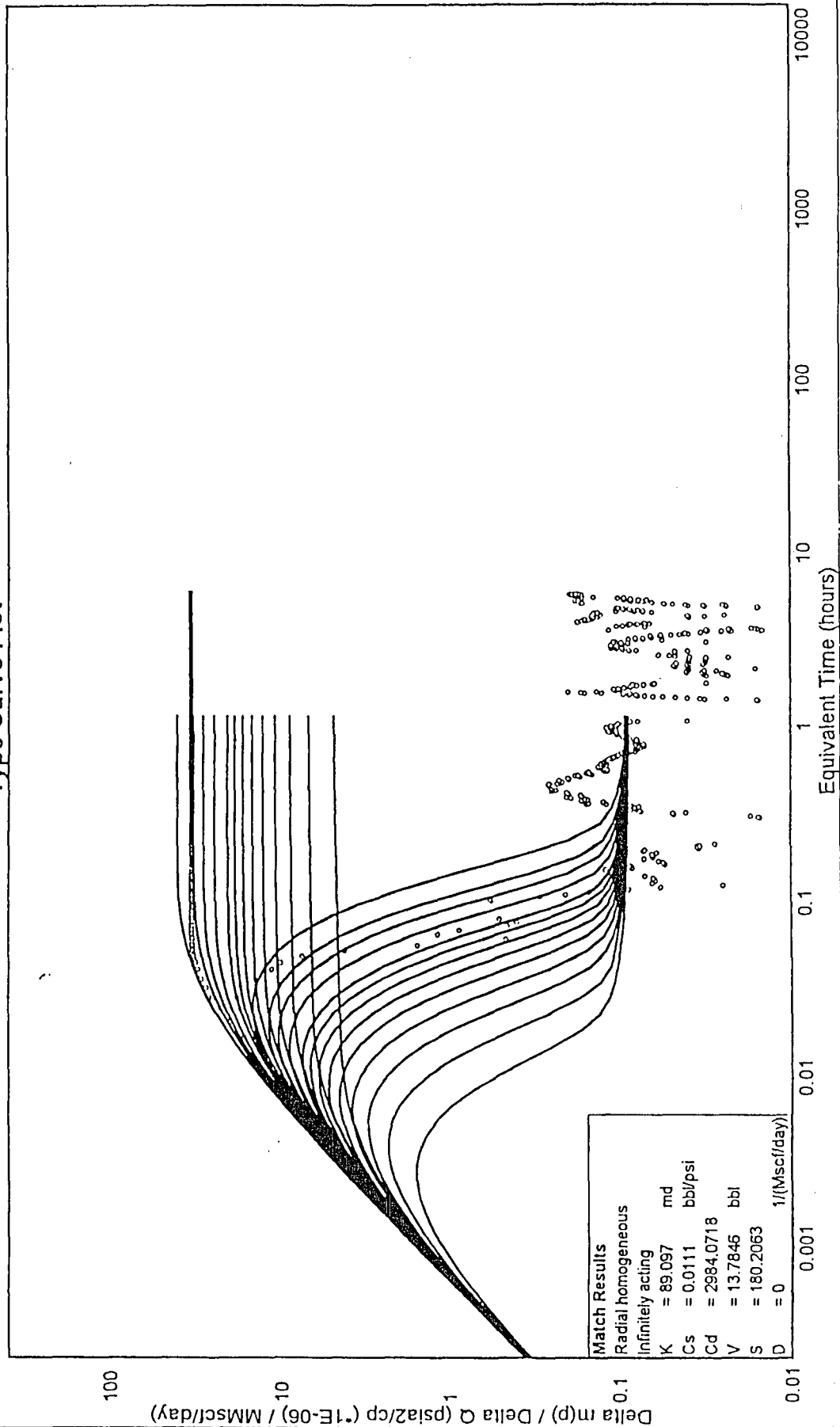
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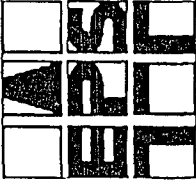
HEYCO1.PAN

Mississippian

Buildup 11/13/97

Type Curve Plot





HEYCO - Bennett Ranch - 1Y

HEYCO1.PAN

Report File:

Mississippian

Buildup 11/13/97

Test Overview

