

JAMES BRUCE
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jamesbruc@aol.com

2006 NOV 6 PM 1 48

November 6, 2006

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13832

Dear Florene:

Enclosed for filing, on behalf of BEPCO, L.P., are an original and one copy of an application to rescind Administrative Order SWD-1044, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the December 13th Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for BEPCO, L.P.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF BEPCO, L.P. TO RESCIND
ADMINISTRATIVE ORDER SWD-1044, EDDY
COUNTY, NEW MEXICO.**

2006 NOV 6 PM 1 48

Case No. 13832

APPLICATION

BEPCO, L.P. applies for an order rescinding Administrative Order SWD-1044, and in support thereof, states:

1. Yates Petroleum Corporation is the operator of the proposed Jester Well No. 4, to be located 990 feet from the north line and 1650 feet from the west line of Section 12, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. The Jester Well No. 4 is planned as a salt water disposal well, and the operator obtained Administrative Order SWD-1044 from the Division approving the well for disposal of salt water in the Delaware formation. Applicant did not receive notice of the administrative application.
3. Applicant is the lessee and operator of, among other acreage, the SW $\frac{1}{4}$ of Section 1 and the E $\frac{1}{2}$ of Section 12, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, immediately offsetting the proposed Jester Well No. 4
4. Applicant plans on drilling its Poker Lake Unit Well Nos. 273, 280, and 283 in Section 12 to a depth sufficient to test the Delaware formation. Well No. 280 is scheduled to spud in approximately one month. All of applicant's proposed wells are located roughly one-half mile from the Jester Well No. 4. In addition, applicant has future development plans in Sections 1 and 12.

5. Disposal of the salt water into the Delaware formation in the Jester Well No. 4 will impair applicant's correlative rights. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order rescinding Administrative Order SWD-1044.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for BEPCO, L.P.

PROPOSED ADVERTISEMENT

Case No. 13832 : Application of BEPCO, L.P. to rescind Administrative Order SWD-1044, Eddy County, New Mexico. Applicant seeks an order rescinding Administrative Order SWD-1044, which approved salt water disposal into the Delaware formation for Yates Petroleum Corporation's Jester Well No. 4, to be located 990 feet from the north line and 1650 feet from the west line of Section 12, Township 24 South, Range 29 East, NMPM. The well is located approximately 5 miles east-southeast of Harroun, New Mexico.

2006 NOV 6 PM 1 48



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-1044

Application Reference Number pTDS0625430335

APPLICATION OF YATES PETROLEUM CORPORATION FOR PRODUCED WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division for permission to utilize for produced water disposal its proposed Jester SWD Well No. 4 (API No. 30-015-_____) located 990 feet from the North line and 1650 feet from the West line of Section 12, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant is hereby authorized to utilize its proposed Jester SWD Well No. 4 (API No. 30-015-_____) located 990 feet from the North line and 1650 feet from the West line of Section 12, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes into the Bell Canyon and Upper Cherry Canyon members of the Delaware formation through perforations from approximately 3280 feet to approximately 4250 feet and through plastic-lined tubing set in a packer located within 100 feet of the top of the injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

After installing injection tubing, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

The wellhead injection pressure on the well shall be limited to **no more than 656 psi**. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall provide written notice of the date of commencement of injection and the initial reservoir pressure to the Artesia district office of the Division.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of

this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on September 26, 2006.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad

DATE IN 9/8/06	SUSPENSE 9/21/06	ENGINEER W. Jones	LOGGED IN 9/11/06	TYPE SWD	APP. NO. PTDS0625430335
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

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



105 SOUTH FOURTH STREET
ALBUQUERQUE, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1171

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 1, 2006

Will Jones
State of New Mexico
OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Jester SWD #4

Dear Mr. Jones,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4, 12-24S-29E, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosures

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jester SWD #4
Unit C, 990 FNL & 1650 FWL, Sec.12, T24S, R29E
Eddy County, New Mexico**

- I. The purpose of completing this well is to make a disposal well for produced Delaware Sand water into the Delaware Sand formation.**

Yates Petroleum Corporation plans to drill this well as a water disposal well into the Delaware Sand.

- II. Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Margrethe Hotter (505) 748-4165**
- III. Well Data: See Attachment A**
- IV. This is not an expansion of an existing project.**
- V. See attached map, Attachment B.**
- VI. 1 plugged well within the area of review penetrate the proposed injection zone. (See Attachment C)**
- VII. 1. Proposed average daily injection volume approximately 2000 BWPD. Maximum daily injection volume approximately 3500 BWPD.**
- 2. This will be a closed system.**
- 3. Proposed average injection pressure –500 psi.
Proposed maximum injection pressure –656 psi.**
- 4. Sources of injected water would be produced water from the Delaware Sand. (Attachment D)**
- VIII. 1. The proposed injection interval is the portion of the Delaware Sand formation consisting of porous Sandstone from estimated interval depths of 3280'-4250'.**

**Application for Authorization to Inject
Jester SWD # 4**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 400' or less. There are no fresh water zones underlying the formation.**
- IX. The proposed disposal interval may be acidized with 7-1/2% HCL acid, or proppant fractured.**
- X. Logs will be filed at your office when the well is drilled.** ✓
- XI. There are one windmill within a one-mile radius of the subject location. Water sample attached (Attachment D).** ✓
- XII. Yates Petroleum Corporation has examined geologic and engineering data and has found that there is no evidence of faulting in the proposed interval. (Attachment G)** ✓
- XIII. Proof of notice.**
 - A. Certified letters sent to the surface owner and offset operators attached (Attachment E)**
 - B. Copy of legal advertisement attached. (Attachment F)**
- XIV. Certification is signed.**

**Yates Petroleum Corporation
Jester SWD # 4
C-12-T24S-R29E
Eddy County, New Mexico**

Attachment A

III. Well Data

- A.**
- 1. Lease Name/Location**
Jester SWD # 4
C-12-T24S-R29E
990' FNL & 1650' FWL
 - 2. Casing Strings:**
 - a. Proposed well condition**
13 3/8", 48# H-40 @ 500' w/425 sx (circ)
9 5/8", 36# J-55 @ 3,200' w/1000 sx (circ).
7" 23# J-55 @ 4,300' w/625 sx (circ)
4 1/2" J55 plastic coated injection tubing @ +/- 3,180'
Propose to use Guiberson or Baker plastic coated or nickel plated packer set at 3,180'.
 - b. Present Status:**
Well will be drilled as soon as an APD is approved.
- B.**
- 1. Injection Formation:** Non productive Bell Canyon and U. Cherry Canyon Delaware Sands.
 - 2. Injection Interval** will be through perforations from approximately 3,280'-4,250' gross interval.
 - 3. This well** will be drilled as a disposal well.
 - 4. Perforations:** High porosity sands between 3,280'-4,250'.
 - 3. Next higher (shallower) oil or gas zone** within 2 miles-None.
Next lower (deeper) oil or gas zone within 2 miles-Brushy Canyon.

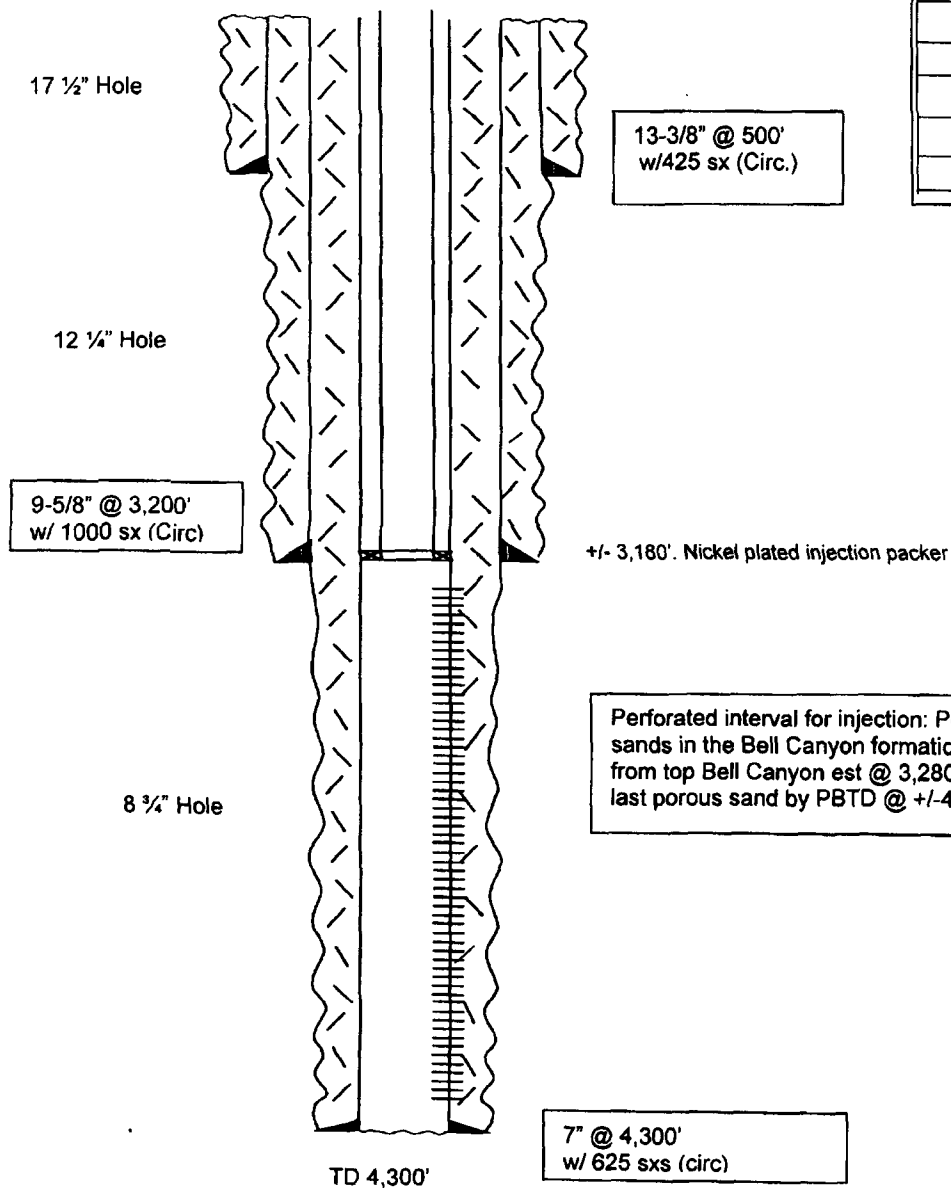
WELL NAME: Jester SWD #3 FIELD: _____
 LOCATION: Unit C, 990' FNL & 1650' FWL of Section 12-24S-29E Eddy County
 GL: 3090 ZERO: _____ KB: 3109
 SPUD DATE: _____ COMPLETION DATE: _____
 COMMENTS: _____

CASING PROGRAM

13-3/8" 48# H40 ST&C	500'
9-5/8" 36# J55 ST&C	3,200'
7" 23# J55 LT &C	4,300'

Formation tops:

Rustler 350'
 Top of Salt 520'
 Base of Salt 3,085'
 Bell Canyon 3,280'



Not to Scale

08/18
 MMFH

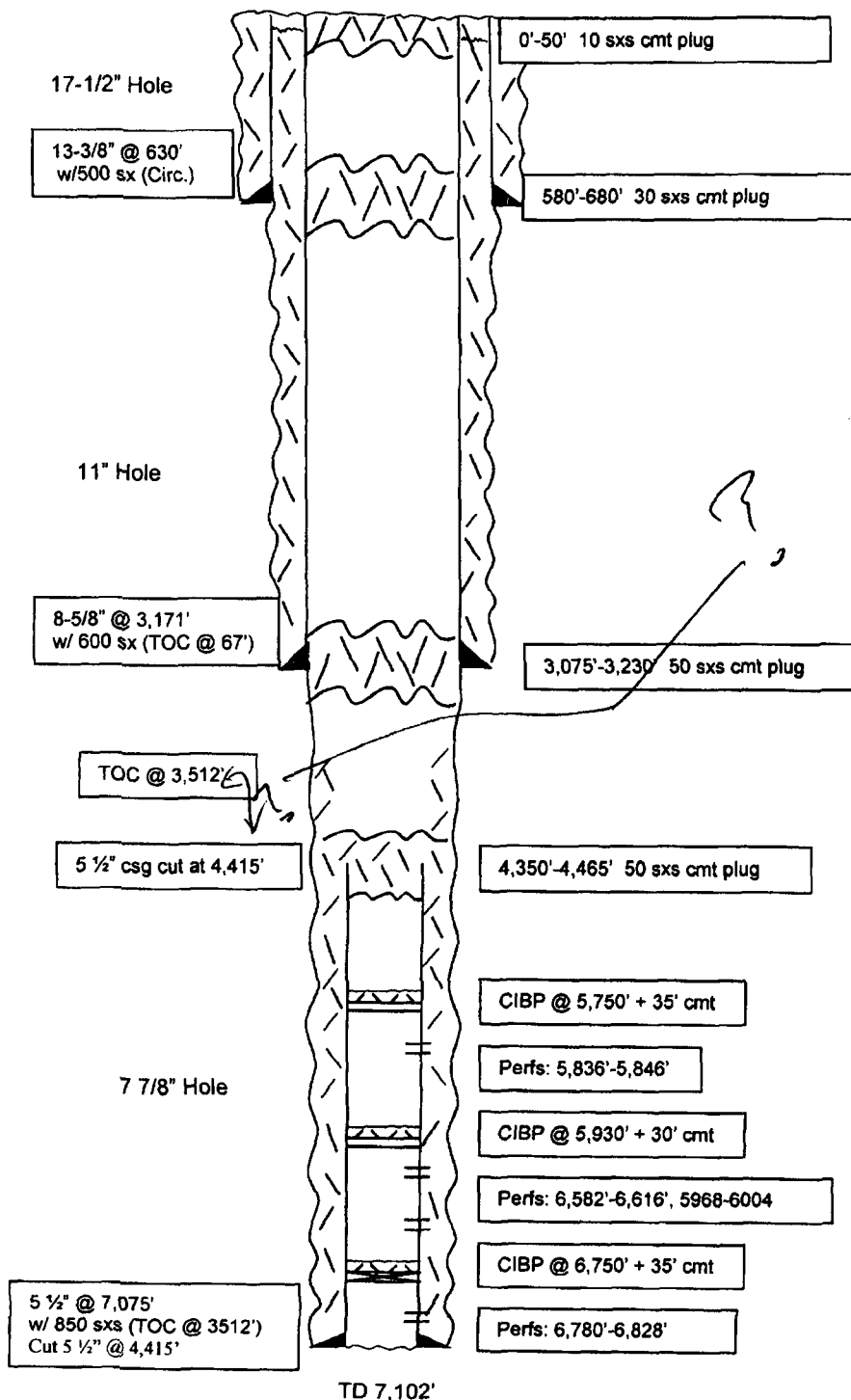
WELL NAME: Poche Fed #1 FIELD: _____
 LOCATION: Unit H, 1980' FNL & 660' FWL of Section 11-24S-29E Eddy County _____

GL: 3084' ZERO: _____ KB: _____
 SPUD DATE: 2/24/83 COMPLETION DATE: P&A 7/21/84

COMMENTS: _____ Plugged & abandoned.
 Drilled by Exxon Corp. Well now located on lease operated by
 Devon Energy Corporation. Never produced.

CASING PROGRAM

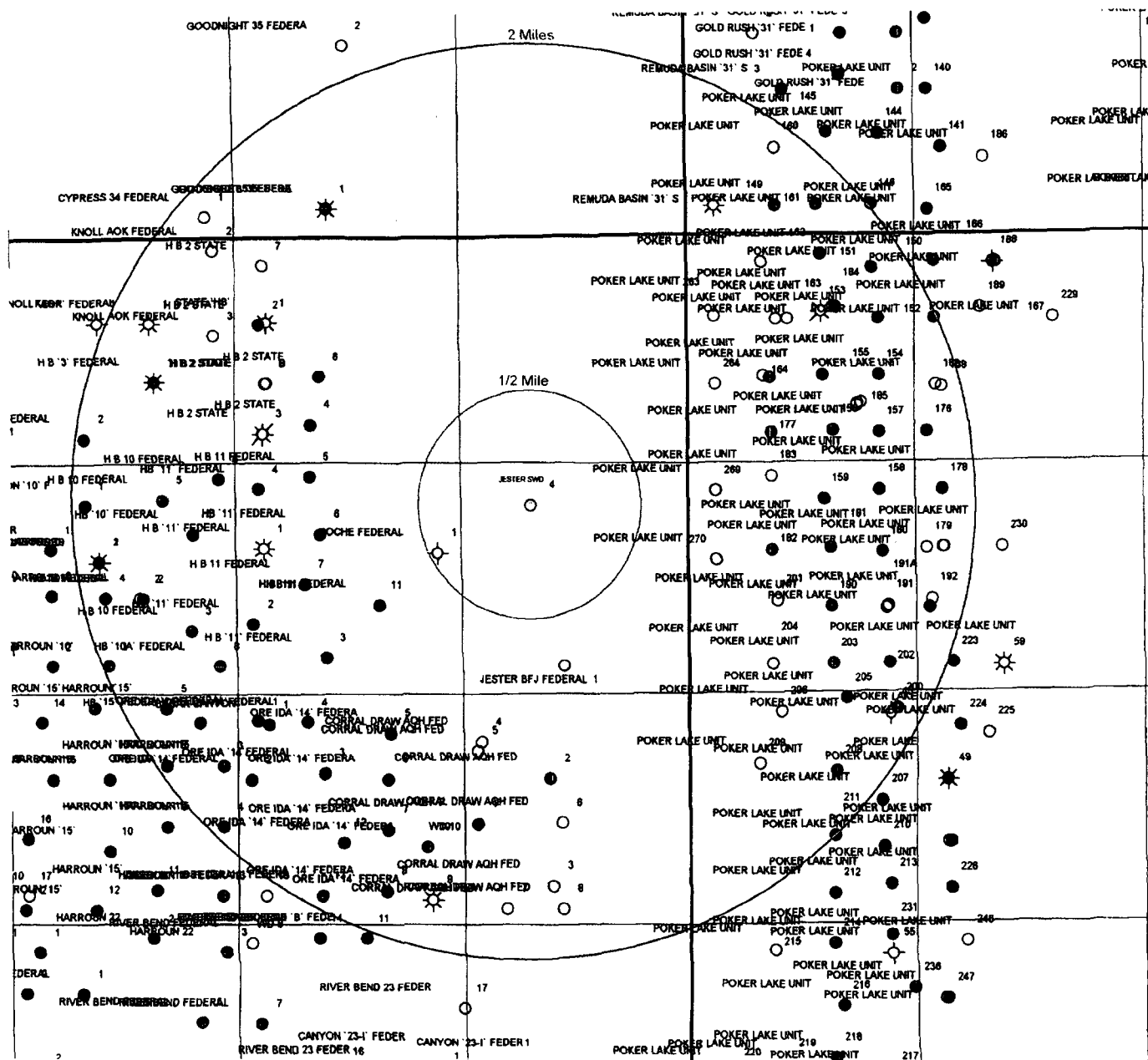
13-3/8" 48#	630'
8-5/8" 24# K55	3,171'
5 1/2" 17# K-55	7,075'



P&A Well Bore Sketch

Not to Scale
 08/06
 MMFH

ATTACHMENT B

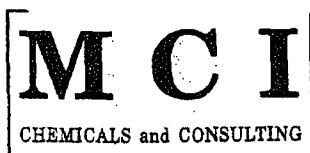


YATES PETROLEUM

JESTER SWD #4

Author: Debbie Chavez	Date: 18 August, 2006
M. Hotter	Scale: <scale>

ATTACHMENT D



MILLER CHEMICALS, INC.

Post Office Box 298
Artesia, N.M. 88211-0298
(505) 746-1919 Artesia Office
(505) 392-2893 Hobbs Office
(505) 746-1918 Fax
mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM
Address : ARTESIA, NM
Lease : CORRAL DRAW "AQH"
Well : #2
Sample Pt. : UNKNOWN

Date : 4/22/06
Date Sampled : 4/20/06
Analysis No. : 00873

ANALYSIS		mg/L	* meq/L
1. pH	6.2		
2. H2S	2		
3. Specific Gravity	1.120		
4. Total Dissolved Solids		214093.9	
5. Suspended Solids		NR	
6. Dissolved Oxygen		NR	
7. Dissolved CO2		NR	
8. Oil In Water		NR	
9. Phenolphthalein Alkalinity (CaCO3)			
10. Methyl Orange Alkalinity (CaCO3)			
11. Bicarbonate	HCO3	732.0	HCO3 12.0
12. Chloride	Cl	129930.0	Cl 3665.2
13. Sulfate	SO4	500.0	SO4 10.4
14. Calcium	Ca	2680.0	Ca 133.7
15. Magnesium	Mg	1629.1	Mg 134.0
16. Sodium (calculated)	Na	78621.5	Na 3419.8
17. Iron	Fe	1.3	
18. Barium	Ba	NR	
19. Strontium	Sr	NR	
20. Total Hardness (CaCO3)		13400.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
134 *Ca <----- *HCO3 12	Ca(HCO3)2	81.0 12.0	972
----- /-----> -----	CaSO4	68.1 10.4	709
134 *Mg -----> *SO4 10	CaCl2	55.5 111.3	6177
----- <-----/ -----	Mg(HCO3)2	73.2	
3420 *Na -----> *Cl 3665	MgSO4	60.2	
+-----+	MgCl2	47.6 134.0	6380
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4 3419.8	199854
BaSO4 2.4 mg/L			

REMARKS:

Sample of produced water to be injected into the Jester SWD#4

Attachment D



MILLER CHEMICALS, INC.

Post Office Box 298
Artesia, N.M. 88211-0298
(505) 746-1919 Artesia Office
(505) 392-2893 Hobbs Office
(505) 746-1918 Fax
mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM
Address : ARTESIA, NM
Lease : CORRAL DRAW "AQH"
Well : #1
Sample Pt. : WELLHEAD

Date : 5/2/06
Date Sampled : 4/30/06
Analysis No. : 00877

ANALYSIS		mg/L	* meq/L
1. pH	5.2		
2. H2S	0		
3. Specific Gravity	1.170		
4. Total Dissolved Solids		256386.6	
5. Suspended Solids		NR	
6. Dissolved Oxygen		NR	
7. Dissolved CO2		NR	
8. Oil In Water		NR	
9. Phenolphthalein Alkalinity (CaCO3)			
10. Methyl Orange Alkalinity (CaCO3)			
11. Bicarbonate	HCO3	207.0	HCO3 3.4
12. Chloride	Cl	159750.0	Cl 4506.3
13. Sulfate	SO4	500.0	SO4 10.4
14. Calcium	Ca	44000.0	Ca 2195.6
15. Magnesium	Mg	1729.5	Mg 142.3
16. Sodium (calculated)	Na	50170.1	Na 2182.3
17. Iron	Fe	30.0	
18. Barium	Ba	NR	
19. Strontium	Sr	NR	
20. Total Hardness (CaCO3)		117000.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
+-----+	+-----+	+-----+	+-----+
2196 *Ca <----- *HCO3 3	Ca (HCO3)2	81.0 3.4	275
----- /----->	CaSO4	68.1 10.4	709
142 *Mg -----> *SO4 10	CaCl2	55.5 2181.8	121068
----- <-----/ -----	Mg (HCO3)2	73.2	
2182 *Na -----> *Cl 4506	MgSO4	60.2	
+-----+	+-----+	+-----+	+-----+
	MgCl2	47.6 142.3	6774
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4 2182.3	127531
BaSO4 2.4 mg/L			

REMARKS:

Sample of produced water to be injected into the Jazfer SWD #4



MILLER CHEMICALS, INC.

Post Office Box 298
Artesia, N.M. 88211-0298
(505) 746-1919 Artesia Office
(505) 392-2893 Hobbs Office
(505) 746-1918 Fax
mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM
Address : ARTESIA, NM
Lease : 1 MILE SE OF JESTER
Well : WINDMILL
Sample Pt. : UNKNOWN

Date : 8/21/06
Date Sampled : 8/21/06
Analysis No. : 00908

ANALYSIS		mg/L	* meq/L
1. pH	7.4		
2. H2S	0		
3. Specific Gravity	1.000		
4. Total Dissolved Solids	5249.5		
5. Suspended Solids	NR		
6. Dissolved Oxygen	NR		
7. Dissolved CO2	NR		
8. Oil In Water	NR		
9. Phenolphthalein Alkalinity (CaCO3)			
10. Methyl Orange Alkalinity (CaCO3)			
11. Bicarbonate	HCO3	281.0	HCO3 4.6
12. Chloride	Cl	2769.0	Cl 78.1
13. Sulfate	SO4	300.0	SO4 6.2
14. Calcium	Ca	400.0	Ca 20.0
15. Magnesium	Mg	97.4	Mg 8.0
16. Sodium (calculated)	Na	1402.1	Na 61.0
17. Iron	Fe	0.0	
18. Barium	Ba	NR	
19. Strontium	Sr	NR	
20. Total Hardness (CaCO3)		1400.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
20 *Ca <----- *HCO3 5	Ca (HCO3) 2	81.0	4.6 373
/----->	CaSO4	68.1	6.2 425
8 *Mg -----> *SO4 6	CaCl2	55.5	9.1 505
<-----/	Mg (HCO3) 2	73.2	
61 *Na -----> *Cl 78	MgSO4	60.2	
/----->	MgCl2	47.6	8.0 382
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	61.0 3564
BaSO4 2.4 mg/L			

REMARKS:

Water sample from windmill

ATTACHMENT E

OFFICIAL

■ Attach this card to the back of the mailpiece, or on the front if space permits.

Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)

Total P
Sent To
Bepco LP
201 Main St
Forth Worth,
City, State
Re: Jester S

1. Article Addressed to:
Bepco LP
201 Main Street
Forth Worth, TX 76102-3131
Re: Jester SWD #4

2. Article Number
(Transfer from service label)

7006 0100 0003 9638 8111

PS Form 3811, August 2001

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

☐ Agent
☐ Addressee

S. P. YATES
AIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
JODY G. PATTERSON
SECRETARY
KENNIS G. KINSEY
TREASURER

B. Received by (Printed Name)

C. Date of Delivery
AUG 24 2006

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Bepco LP
201 Main Street
Forth Worth, TX 76102-3131

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

[Signature]

Margrethe Hotter
Area Engineer

Enclosures

4279 9638 8173 ENNN NNTN 9NN

U.S. Postal Service CERTIFIED MAIL (Domestic Mail) For delivery information only		SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) To: Talus Inc. P.O. Box 1210 Graham, TX 76450 Re: Jester SWD #4 City: Re: Jester SWD #4	<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.			A. Signature <input checked="" type="checkbox"/> <i>Ray Chapman</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	1. Article Addressed to:			B. Received by (Printed Name) <i>Ray Chapman</i>	
	2. Article Number (Transfer from service label)			C. Date of Delivery	
	3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.			D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes			7006 0100 0003 9638 8173		

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Talus Inc.
P.O. Box 1210
Graham, TX 76450

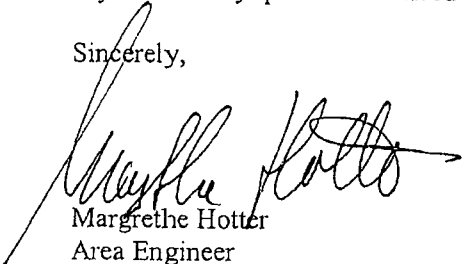
Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,


Margrethe Hotter
Area Engineer

Enclosures



Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage
Sent To
Street, Apt. or PO Box
City, State

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Latigo Petroleum Inc
15 W. 6th Street #110
Tulsa, OK 74119
Re: Jester SWD #4

2. Article Number
(Transfer from service)

COMPLETE THIS SECTION ON DELIVERY

A. Signature
B. Received by (Printed Name)
C. Date of Delivery
D. Is delivery address different from item 1? ☒ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

P. YATES
MAN OF THE BOARD
N. A. YATES
PRESIDENT
TON YATES
VICE PRESIDENT
G. PATTERSON
SECRETARY
HIS G. KINSEY
TREASURER

PS Form 3811, February 2004

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Latigo Petroleum Inc.
15 W. 6th Street #110
Tulsa, OK 74119

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Area Engineer

Enclosures

7006 0100 0003 9638 8135

U.S. Postal Service
CERTIFIED MAIL
(Domestic Mail Only, No International)
For delivery information visit usps.com

Postage \$ _____
Certified Fee _____
Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (Endorsement Required) _____
Total Postage _____
Sent To _____
Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450
City, State, Zip _____
Re: Jester SWD #4

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450
Re: Jester SWD #4

2. Article Number
(Transfer from service label) _____

COMPLETE THIS SECTION ON DELIVERY

A. Signature
☒ *Kay Chapman* ☐ Agent ☐ Addressee

B. Received by (Printed Name) _____ C. Date of Delivery 8/24/01

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below: _____

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

P. YATES
MAN OF THE BOARD
N. A. YATES
PRESIDENT
TON YATES
VICE PRESIDENT
G. PATTERSON
SECRETARY
N. G. KINSEY
TREASURER

7006 0100 0003 9638 8135

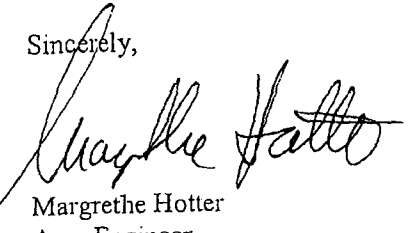
Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Area Engineer

Enclosures

7004 1350 0005 3317 9352

U.S. Postal Service
CERTIFIED MAIL
 (Domestic Mail Only)
 For delivery information, see PS Form 3811, August 2001

Postage
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)

To
 Bureau of Land Management
 2909 2nd Street
 Roswell, NM 88201

City, State or Zip

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
 2909 2nd Street
 Roswell, NM 88201

2. Article Number
 (Transfer from service label)

7004 1350 0005 3317 9352

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

8/23/6

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

S. P. YATES
 CHAIRMAN OF THE BOARD
 JOHN A. YATES
 PRESIDENT
 PEYTON YATES
 EXECUTIVE VICE PRESIDENT
 RANDY G. PATTERSON
 SECRETARY
 DENNIS G. KINSEY
 TREASURER

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

Bureau of Land Management
 2909 2nd Street
 Roswell, New Mexico 88201

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter

Margrethe Hotter
 Area Engineer

Enclosures

UNITED STATES POSTAL SERVICE

CERTIFIED MAIL™
(Domestic Mail Only. No Insurance)

For delivery information visit usps.gov

OFFICIAL

Postage \$ _____

Certified Fee _____

Return Receipt Fee (Endorsement Required) _____

Restricted Delivery Fee (Endorsement Required) _____

Total _____

Sent by _____

Street or P.O. _____

City, St. _____

PS Form 3800, June 2002

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Allar Co.
P.O. Box 1567
Graham, TX 76450
Re: Jester SWD #4

COMPLETE THIS SECTION ON DELIVERY

A. Signature *X Kenneth Underwood* ☐ Agent ☐ Addressee

B. Received by (Printed Name) *Kenneth Underwood*

C. Date of Delivery *8/24/06*

D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below: _____

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

YATES
OF THE BOARD
... YATES
IDENT
N YATES
VICE PRESIDENT
PATTERSON
ETARY
G. KINSEY
SURER

2. Article Number (Transfer from service label) **7006 0100 0003 9638 8142**

PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-1540

The Allar Co.
P.O. Box 1567
Graham, TX 76450

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Margrethe Hotter
Area Engineer

Enclosures

CERTIFIED MAIL (Domestic Mail Only)		SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
For delivery information:		<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
Postage \$		1. Article Addressed to:		B. Received by (Printed Name) C. Date of Delivery	
Certified Fee		20 N. Broadway, Ste 1500		D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Return Receipt Fee (Endorsement Required)		Oklahoma City, OK 73101-1678		If YES, enter delivery address below:	
Restricted Delivery Fee (Endorsement Required)		Re: Jester SWD #4		3. Service Type	
Total Postage				<input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
Sent To				4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
Street, Apt. or PO Box				<p>PS Form 3800, June 2002</p> <p>02595-02-M-1540</p>	
City, State					

Devon Energy Production Co.
20 N. Broadway, Ste 1500
Oklahoma City, OK 73101-1678

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

[Signature]

Margrethe Hotter
Area Engineer

Enclosures

CERTIFIED MAIL
(Domestic Mail Only) No

For delivery information via

OFFICE

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total

Sent To: Chesapeake Exp
P.O. Box 18496
Oklahoma City,
Re: Jester SWD

Street or P.O.
City, St

PS Form 3811, December 1994

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- ☐ Complete items 1 and/or 2 for additional services.
- ☐ Complete items 3, 4a, and 4b.
- ☐ Print your name and address on the reverse of this form so that we can return this card to you.
- ☐ Attach this form to the front of the mailpiece, or on the back if space does not permit.
- ☐ Write "Return Receipt Requested" on the mailpiece below the article number.
- ☐ The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Chesapeake Exploration LP
P.O. Box 18496
Oklahoma City, OK 73154-0496
Re: Jester SWD #4

5. Received By: (Print Name)

London Hotter

6. Signature (Addressee or Agent)

London Hotter

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

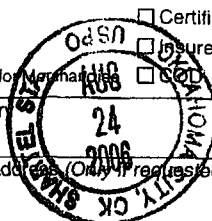
7006 0100 0003 9638 8128

b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Mailing
- ☐ Certified
- ☐ Insured
- ☐ Signature Required

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)



S. P. YATES
URMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
EYTON YATES
UTIVE VICE PRESIDENT
DY G. PATTERSON
SECRETARY
ENNIS G. KINSEY
TREASURER

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-99-B-0223 Domestic Return Receipt

Chesapeake Exploration LP
P.O. Box 18496
Oklahoma City, OK 73154-0496

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Area Engineer

Enclosures

ATTACHMENT F

Affidavit of Publication

NO. 19403

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The
Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutiv week/days on the same
day as follows:

First Publication August 27 2006

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this

1st Day September 2006

Barbara Ann Boans
Notary Public, Eddy County, New Mexico

My Commission expires September : 23, 2007

Copy of Publication:

LEGAL NOTICE

tioned must file objec-
tions or requests for a
hearing with the Oil
Conservation Division,
1220 South Saint Francis
Drive, Santa Fe, New
Mexico 87505-5472,
within 15 days. Additional
information can be ob-
tained by contacting
Margrethe Hotter at (505)
748-4165.
Published in the Artesia
Daily Press, Artesia,
N.M. August 27, 2006.
Legal 19403

Legal Notice

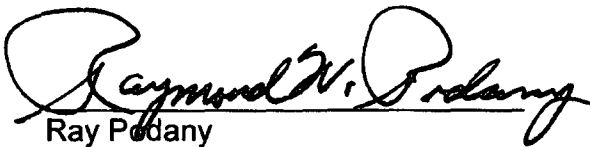
Yates Petroleum Corpo-
ration, 105 south Fourth
Street, Artesia, NM
88210, has filed form
C-108 (Application for
Authorization to Inject)
with the New Mexico Oil
Conservation Division
seeking administrative
approval for an injection
well. The proposed well
Jester SWD #4, will be
located 990' FNL & 1650'
FWL, Unit C, Section 12,
Township 24 South,
Range 29 East of Eddy
County, New Mexico, will
be used for saltwater dis-
posal. Produced waters
from the Delaware Sand
will be re-injected into
the Delaware Sand at a
depth of 3,280'-4,250'
with a maximum pres-
sure of 656 psi and a
maximum rate of 3500
BWPD.

All interested parties op-
posing the aforemen-

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jester SWD #4
Unit C, Section 12 T24S-R29E
Eddy County, New Mexico

Available engineering and geological data have been examined and no evidence of open faults of hydrologic connection between the disposal zone and any underground sources of drinking water has been found.



Ray Podany
Geologist
Yates Petroleum Corporation

8-21-2006

Date

Letters of notification sent to:

1. BLM (Surface owner)
 2. Operators:
 - a. Bepco LP
201 Main St
Forth Worth, TX
76102-3131
 - b. Devon Energy Production CO.
20 N Broadway, Suite 1500
Oklahoma City, OK 73101-1678
 - c. Chesapeake Exploration LP
P.O Box 18496
Oklahoma City, OK 73154-0496
 - d. Latigo Petroleum Inc
15 W 6th St #1100
Tulsa, OK 74119
 - e. Talus Inc
P.O Box 1210
Graham, TX 76450
 - f. The Allar Co
P.O Box 1567
Graham, TX 76450
 - g. Twin Montana Inc.
P.O Box 1210
Graham, TX 76450
-

Inactive Well List

Total Well Count:3091 Inactive Well Count:2 Since:7/3/2005

Printed On: Tuesday, September 26 2006

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	Days in TA
1	30-025-23379	COOLADE BJJ STATE #001	K-19-11S-35E	K	25575	YATES PETROLEUM CORPORATION	S	O	01/1995			
2	30-015-26356	HILL VIEW AHE FEDERAL COM #004	J-23-20S-24E	J	25575	YATES PETROLEUM CORPORATION	F	O	02/2001			

WHERE Ogrid:25575, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15

Injection Permit Checklist

SWD Order Number _____ Dates: Division Approved _____ District Approved _____
 Information Request Letter or Email sent _____
 Well Name/Num: Jeter SWD #4 Date Spudded: _____ *will BE New Well*
 API Num: (30-) 015-NA County: EDDY
 Footages 990FNL/1650FWL Sec 12 Tsp 24S Age 29E
 Operator Name: Yata PETROLEUM CORPORATION Contact DEBBIE CHAVEZ
 Operator Address: 105 SOUTH FOURTH STREET ARTERIA NM 88210-2118

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	<u>17 1/2 - 13 5/8</u>	<u>500</u>	<u>425</u>	<u>CIRC</u>
Intermediate	<u>12 1/4 - 9 5/8</u>	<u>3200'</u>	<u>1000</u>	<u>CIRC</u>
Production	<u>8 3/4 - 7 1/1</u>	<u>4300'</u>	<u>625</u>	<u>CIRC</u>
Last DV Tool				
Open Hole/Liner				
Plug Back Depth				

Diagrams Included (Y/N): Before Conversion _____ After Conversion _____

Checks (Y/N): Well File Reviewed _____ ELogs in Imaging _____

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash	<u>520 - 3085'</u>		
Capitan Reef			
Cliff House, Etc:			
Formation Above			
Top Inj Interval	<u>3280</u>	<u>(Belle Canyon) Dol</u>	<u>YES</u>
Bottom Inj Interval	<u>4250</u>	<u>(Ogallala) Sandstone</u>	<u>YES</u>
Formation Below			

656 PSI Max. WHIP
NO Open Hole (Y/N)
NO Deviated Hole (Y/N)

Fresh Water Site Exists (Y/N) Yes Analysis Included (Y/N) Yes (5250 TDS)
 Salt Water Analysis: Injection Zone (Y/N/NA) Yes Disposal Waters (Y/N/NA) Yes Types: Delaware (YUCKY)
 Affirmative Statement Included (Y/N): _____ Newspaper Notice Adequate (Y/N) Yes Well Table Adequate (Y/N) Yes

Surface Owner BLM Noticed (Y/N) Yes Mineral Owner(s) BLM etc
 AOR Owners: Champion, Devon, Barks, Talus, Talgo, TWIN MONTANA, BLM, ALARCO. Noticed (Y/N) _____
 CID/Potash/Etc Owners: _____ Noticed (Y/N) _____

AOR Num Active Wells 0 Repairs? _____ Producing in Injection Interval in AOR NO
 AOR Num of P&A Wells 1 Repairs? _____ Diagrams Included? Yes

Data to Generate New AOR Table NO New Table Generated? (Y/N)

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

Conditions of Approval:

- _____
- _____
- _____
- _____

RBDMS Updated (Y/N) _____
 UIC Form Completed (Y/N) Yes
 This Form completed 9/25/06