

HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

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FEB 26 2007

February 23, 2007

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505

Attention: Sr. Petroleum Geologist

Re: Young Deep Unit
Contract #14-08-0001-18042
T-18S, R-32E, N.M.P.M.
Lea County, New Mexico
2007 Plan of Development and
Operation

Ladies & Gentlemen:

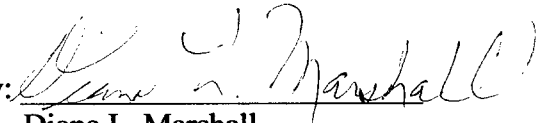
Enclosed is a copy of the 2007 Plan of Development and Operation for Harvey E. Yates Company's (HEYCO's) Young Deep Unit in Lea County, New Mexico. This covers the Bone Spring, Delaware and Wolfcamp Participating Areas.

This has been submitted for approval to the Bureau of Land Management. Approval from the Commissioner of Public Lands is not required, as there are no State of New Mexico lands in this unit.

HEYCO respectfully requests the New Mexico Oil Conservation Division's approval of this Plan of Development.

Very truly yours,

HARVEY E. YATES COMPANY

By: 
Diana L. Marshall

/dlm
Enclosures

Ydupodocd2007.doc/Land:ydu#3



HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

February 23, 2007

Bureau of Land Management
Roswell District Office
2909 West Second
Roswell, New Mexico 88201

Attention: Deputy Minerals Manager
for Oil and Gas

Re: Young Deep Unit
Contract #14-08-0001-18042
T-18S, R-32E, N.M.P.M.
Lea County, New Mexico
2007 Plan of Development and Operation

Ladies & Gentlemen:

Harvey E. Yates Company (HEYCO), as Unit Operator, submits its 2007 Plan of Development and Operation (in triplicate) as prescribed by Section 10 of the Young Deep Unit Agreement. This plan covers the Bone Spring, Delaware and Wolfcamp Participating Areas in the Young Deep Unit.

In this regard, we are enclosing a current unit map showing all existing wells. Also included is production data for 2006, prepared by Jen Serrano, HEYCO's Production Analyst.

HEYCO has three water injection wells (#5, #16 and 3 Fed. #1). Two wells are Delaware producers (#28 and #34) and one is a Wolfcamp producer (#1). All others are Bone Spring producers. HEYCO permanently plugged the Young Deep 4 Fed. #1 and the Young Deep 3 Fed. #3 in 1996 (see enclosed list of Unit wells).

HEYCO has completed a study of the Bone Spring sands and carbonates in the Young Deep Unit, and in 2005 re-entered the YDU #14 (a plugged well) for the drilling of a horizontal line in the Bone Spring Formation. The well was completed and turned over to the Production Department on December 15, 2005. We are currently reviewing the information and production gained from the YDU #14 to determine how the data from this well fits into the study and our modeling. At the present time (February, 2007), HEYCO is drilling a 12,500' Morrow test in Section 10, T-18S, R-32E. We will be reviewing the information from this well for more possibilities. It is anticipated HEYCO will re-enter another YDU well this year for the drilling of an additional horizontal line. Additionally, we are reviewing the possibility of re-FRACing one or more additional wells.

Based on the information submitted herewith, HEYCO respectfully requests the Bureau of Land Management approve this 2007 Plan of Development and Operation. We will be glad to supply further information if such is required.

Respectfully submitted,


Vernon D. Dyer CPT #3174
Senior Landman - Permian Basin

VDD/dlm
Enclosures

YduPod2007.doc/Land: ydu#3

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

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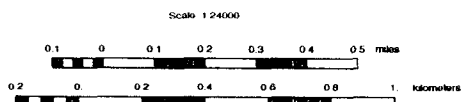
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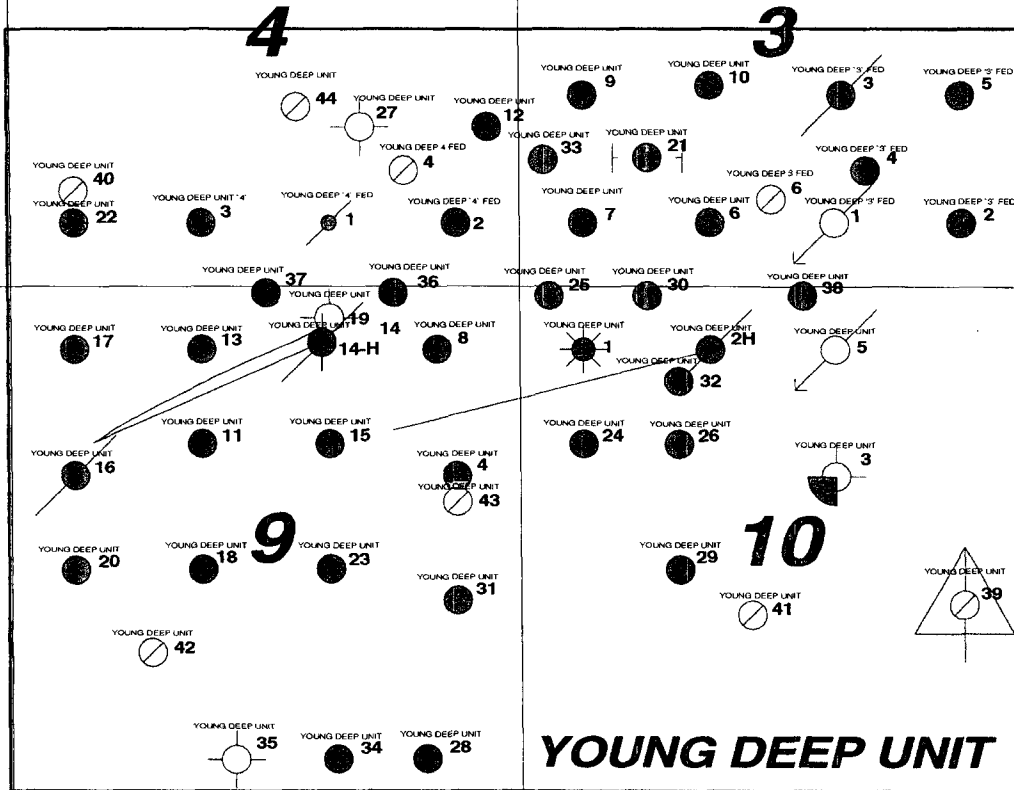
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Harvey E. Yates Company		
YOUNG DEEP UNIT		
T-18-S, R-32-E		
LEA COUNTY, NEW MEXICO		
Sheet 19999	Scale 1:24000	2/23/2007



18S/32E

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YOUNG DEEP UNIT 2006 ANNUAL OIL PRODUCTION

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
YDU 001	1208	1120	1169	1099	1110	872	1090	469	1213	1217	1254	1204	13025
YDU 004	58	55	58	57	52	50	43	48	42	48	47	50	608
YDU 005	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 006	122	57	52	52	44	45	46	44	48	42	40	44	636
YDU 007	0	12	8	10	31	32	33	32	34	30	29	32	283
YDU 008	423	616	588	495	396	490	523	420	308	474	395	500	5628
YDU 009	29	19	17	16	51	53	54	52	57	49	48	52	497
YDU 010	15	10	8	8	26	27	28	27	29	25	25	27	255
YDU 011	437	407	433	380	389	389	383	363	328	356	348	371	4584
YDU 012	185	1385	865	1051	901	736	726	587	0	202	520	645	7803
YDU 013	226	211	209	220	202	201	199	188	165	185	181	193	2380
YDU 014	1226	856	908	665	618	509	581	309	289	681	518	465	7625
YDU 015	150	140	133	145	134	133	131	124	113	122	119	127	1571
YDU 016	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 017	175	99	105	103	94	94	93	88	80	86	84	90	1191
YDU 018	103	95	96	102	88	99	95	91	89	100	79	95	1132
YDU 020	211	60	337	257	207	199	360	655	605	509	355	344	4099
YDU 021	0	61	56	56	47	48	49	47	52	45	43	48	552
YDU 022	55	51	54	53	49	49	43	45	41	45	44	47	576
YDU 023	410	404	346	435	405	341	0	0	0	0	312	259	2912
YDU 024	214	199	210	191	189	188	182	27	172	245	144	260	2221
YDU 025	183	167	161	109	85	91	22	160	134	159	149	191	1611
YDU 026	283	144	132	133	111	114	117	112	122	106	103	113	1590
YDU 028	133	118	126	142	136	114	127	134	120	130	60	37	1377
YDU 029	193	190	226	204	204	183	233	187	213	181	215	190	2419
YDU 030	0	151	121	99	78	82	67	145	71	144	135	173	1266
YDU 031	130	111	112	111	114	92	104	91	117	106	109	105	1302
YDU 032	124	88	108	74	58	61	17	108	93	107	101	129	1068
YDU 033	176	161	154	106	83	61	46	25	36	18	34	59	959
YDU 034	139	138	142	154	59	82	107	98	114	106	122		1261
YDU 036	340	339	359	341	290	274	183	296	288	297	297	332	3636
YDU 037	185	184	196	186	189	149	181	162	157	162	140	181	2072
YDU 038	302	268	284	252	296	219	250	250	293	219	266	329	3226
YDU 3 FED 001	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 3 FED 002	192	86	115	133	177	191	144	136	144	142	85	134	1679
YDU 3 FED 004	46	21	28	31	0	0	0	0	0	0	0	0	126
YDU 3 FED 005	367	176	227	261	432	390	397	296	294	324	174	176	3514
YDU 4 FED 002	128	107	99	99	83	85	87	84	91	79	77	84	1103
YDU 4 FED 003	242	232	231	216	208	188	202	166	203	175	185	84	2332
	8410	8538	8473	8046	7636	6931	6943	6066	6155	6916	6837	7170	

YOUNG DEEP UNIT 2006 ANNUAL GAS PRODUCTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
YDU 001	2510	2298	2389	2350	2459	2284	2432	2221	2357	1952	2412	2851	28,515
YDU 004	95	61	71	69	73	69	64	71	64	57	61	64	819
YDU 005	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 006	495	890	879	819	738	753	745	724	675	558	571	598	8,445
YDU 007	0	195	139	168	567	577	570	556	518	427	439	458	4,614
YDU 008	1219	434	444	346	301	368	376	307	194	282	251	302	4,824
YDU 009	138	75	71	64	217	221	218	213	198	164	168	175	1,922
YDU 010	69	37	31	32	109	110	109	106	99	82	84	88	956
YDU 011	890	570	666	588	687	667	713	671	627	540	575	600	7,794
YDU 012	1024	2998	2499	3186	3514	3415	3368	3014	1332	1010	2207	2217	29,784
YDU 013	1186	759	826	870	914	889	950	893	806	719	766	799	10,377
YDU 014	3082	3022	4066	3521	3504	2936	3166	2253	1193	2711	2981	2763	35,218
YDU 015	367	235	246	270	283	275	294	277	259	223	237	248	3,214
YDU 016	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 017	0	920	1077	1055	1110	1080	1153	1085	1014	873	931	989	11,267
YDU 018	148	141	223	217	203	165	113	224	180	139	192	163	2,108
YDU 020	464	353	292	365	230	319	915	780	726	512	540	405	5,901
YDU 021	711	850	839	783	705	718	710	692	645	532	546	570	8,301
YDU 022	985	630	737	723	760	738	713	742	693	597	636	663	8,617
YDU 023	1108	993	1087	1262	1315	1237	196	89	40	17	456	531	8,331
YDU 024	435	411	454	435	420	382	412	148	302	278	376	386	4,439
YDU 025	1466	1495	1549	1362	987	906	764	932	1089	905	1126	1212	13,793
YDU 026	474	858	847	791	713	725	717	699	651	537	552	576	8,140
YDU 028	223	178	212	292	276	260	255	284	275	282	110	92	2,739
YDU 029	252	188	215	186	231	301	367	269	284	277	326	322	3,218
YDU 030	1217	1240	1286	1130	1499	1376	1161	1416	1655	1375	1710	1840	16,905
YDU 031	67	68	70	56	44	53	64	51	55	41	51	73	693
YDU 032	1217	1240	1286	1130	895	821	693	845	988	821	1021	1098	12,055
YDU 033	811	827	857	753	1115	1024	864	1054	198	165	205	220	8,093
YDU 034	150	128	153	125	72	13	114	134	167	166	105	157	1,484
YDU 036	935	863	994	980	835	818	760	821	842	648	768	818	10,082
YDU 037	1314	1214	1397	1378	1516	1486	1381	1492	1529	1177	1394	1485	16,763
YDU 038	2557	2013	2438	2283	2470	2201	2326	2255	2227	1691	2061	2286	26,828
YDU 001	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 002	895	571	651	698	786	787	730	657	638	468	517	598	8,006
YDU 004	12	7	8	9	0	0	0	0	0	0	0	0	36
YDU 005	182	124	137	147	206	171	214	153	139	114	112	84	1,783
YDU 002	980	542	535	489	450	458	453	441	411	339	348	364	5,820
YDU 003	1439	1273	1439	1367	1367	1347	1398	1281	1137	683	1355	1309	15,406
TOTALS	29117	28701	31110	30319	31581	28950	29499	27850	24207	21372	26180	27394	

YOUNG DEEP UNIT 2006 ANNUAL WATER PRODUCTION

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
YDU 1	48	8	52	114	230	152	159	27	35	23	119	87	1,054
YDU 4	1485	1241	1424	1453	1514	1595	1418	1496	1239	1541	1714	1759	17,879
YDU 5	26107	17791	20513	20696	22378	20933	21365	18866	17429	21092	21583	23188	251,941
YDU 6	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 7	12	17	10	13	49	55	29	37	57	49	47	54	429
YDU 8	1206	1028	892	1432	717	1293	761	1002	968	1227	785	1311	12,622
YDU 9	35	26	21	20	73	81	44	55	84	73	70	80	662
YDU 10	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 11	212	177	203	187	216	236	242	214	183	220	245	251	2,586
YDU 12	0	7	2	0	1	0	0	0	0	0	0	0	10
YDU 13	94	79	84	92	96	105	107	95	79	98	109	112	1,150
YDU 14	437	167	161	127	121	93	115	88	60	118	159	69	1,715
YDU 15	47	39	40	46	48	52	54	47	41	49	54	56	573
YDU 16	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 17	82	39	45	46	48	52	54	47	41	49	54	56	613
YDU 18	33	12	75	6	60	0	63	24	96	21	78	24	492
YDU 20	33	19	34	360	15	26	89	93	42	57	33	33	834
YDU 21	2150	1682	1390	1397	1359	1516	812	1028	1568	1367	1311	1484	17,064
YDU 22	57	47	54	55	58	63	58	57	49	59	65	67	689
YDU 23	362	376	408	407	423	349	34	0	0	0	720	556	3,635
YDU 24	17	10	21	18	15	20	18	62	3	11	3	34	232
YDU 25	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 26	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 28	407	311	445	431	479	344	303	429	494	573	358	288	4,862
YDU 29	93	24	69	42	69	27	72	6	168	33	66	24	693
YDU 30	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 31	25	15	86	35	25	78	29	54	64	24	23	87	545
YDU 32	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 33	4	26	15	3	0	19	13	8	6	0	2	21	117
YDU 34	733	704	826	1028	957	1390	774	543	545	513	545	560	9,118
YDU 36	27	12	12	9	15	0	45	47	27	9	6	0	209
YDU 37	0	0	0	0	0	0	0	0	0	0	0	0	-
YDU 38	2	0	1	3	0	0	1	0	1	2	3	1	14
YD 3 FED	11606	14638	16363	15647	15821	15381	15413	13085	11990	14295	14500	15406	174,145
YD 3 FED	2	0	0	0	0	0	0	0	0	0	0	0	-
YD 3 FED	7596	6120	6962	4642	0	0	0	0	0	0	0	0	25,320
YD 3 FED	5	10	8	6	5153	5449	4030	3372	4402	4023	4617	7249	38,328
YD 4 FED	2	0	8	8	7	8	4	6	8	7	7	8	80
YD 4 FED	3	63	30	9	6	6	12	15	12	9	0	0	171
TOTALS	52,929	44,695	50,255	48,332	49,953	49,323	46,118	40,803	39,691	45,542	47,276	52,865	

Well Name	API #	Unit - Sec - Twp - F	Qtr Qtr	Footage	Remarks
Young Dp Unit #01	30-025-26640	D-10-18S-32E	NW NW	660' FNL & 660' FWL	
Young Dp Unit #02	30-025-27121	C-10-18S-32E	NE NW	660' FNL & 1980' FWL	P&A 8/17/2005
Young Dp Unit #03	30-025-27229	G-10-18S-32E	SW NE	1980' FNL & 1980' FEL	P&A 12/04/1994
Young Dp Unit #04	30-025-27300	H-09-18S-32E	SE NE	1980' FNL & 660' FEL	
Young Dp Unit #05	30-025-27338	B-10-18S-32E	NW NE	660' FNL & 1980' FEL	Injection Well
Young Dp Unit #06	30-025-27477	N-03-18S-32E	SE SW	660' FSL & 1980' FWL	
Young Dp Unit #07	30-025-27547	M-03-18S-32E	SW SW	660' FSL & 660' FWL	
Young Dp Unit #08	30-025-27635	A-09-18S-32E	NE NE	660' FNL & 660' FEL	
Young Dp Unit #09	30-025-28400	L-03-18S-32E	NW SW	1980' FSL & 660' FWL	
Young Dp Unit #10	30-025-28473	K-03-18S-32E	NE SW	2080' FSL & 1980' FWL	
Young Dp Unit #11	30-025-28793	F-09-18S-32E	SE NW	1650' FNL & 1980' FWL	
Young Dp Unit #12	30-025-30866	I-04-18S-32E	NE SE	1650' FSL & 330' FEL	
Young Dp Unit #13	30-025-28666	C-09-18S-32E	NE NW	660' FNL & 1980' FWL	
Young Dp Unit #14	30-025-29015	B-09-18S-32E	NW NE	660' FNL & 1980' FEL	P&A 1/24/2004, Reentered & drilled horiz.
Young Dp Unit #15	30-025-29046	G-09-18S-32E	SW NE	1650' FNL & 1980' FEL	
Young Dp Unit #16	30-025-29047	E-09-18S-32E	SW NW	1980' FNL & 660' FWL	Injection Well - Temporarily Abandoned
Young Dp Unit #17	30-025-29060	D-09-18S-32E	NW NW	660' FNL & 660' FWL	
Young Dp Unit #18	30-025-31359	K-09-18S-32E	NE SW	1980' FSL & 1980' FWL	
Young Dp Unit #19	30-025-29278	B-9-18S-32E	NW NE	330' FNL & 1980' FEL	Dry Hole
Young Dp Unit #20	30-025-30666	I-04-18S-32E	NW SW	2310' FSL & 660' FWL	
Young Dp Unit #21	30-025-32288	K-03-18S-32E	NE SW	1330' FSL & 1330' FWL	
Young Dp Unit #22	30-025-29263	M-04-18S-32E	SW SW	660' FSL & 660' FWL	
Young Dp Unit #23	30-025-29896	J-09-18S-32E	NW SE	2310' FSL & 1980' FEL	
Young Dp Unit #24	30-025-30763	E-10-18S-32E	SW NW	1650' FNL & 660' FWL	
Young Dp Unit #25	30-025-33173	D-10-18S-32E	NW NW	100' FNL & 310' FWL	
Young Dp Unit #26	30-025-30862	F-10-18S-32E	SE NW	1650' FNL & 1650' FWL	
Young Dp Unit #27	30-025-30876	J-04-18S-32E	NW SE	1650' FSL & 1660' FEL	P&A 12/15/1993
Young Dp Unit #28	30-025-31048	P-09-18S-32E	SE SE	330' FSL & 990' FEL	
Young Dp Unit #29	30-025-31299	K-10-18S-32E	NE SW	2310' FSL & 1680' FWL	
Young Dp Unit #30	30-025-33174	C-10-18S-32E	NE NW	100' FNL & 1330' FWL	
Young Dp Unit #31	30-025-31093	I-09-18S-32E	NE SW	1980' FSL & 660' FEL	
Young Dp Unit #32	30-025-33315	C-10-18S-32E	NE NW	990' FNL & 1650' FWL	
Young Dp Unit #33	30-025-33462	M-03-18S-32E	SW SW	1310' FSL & 250' FWL	
Young Dp Unit #34	30-025-31467	O-08-18S-32E	SW SE	330' FSL & 1915' FEL	
Young Dp Unit #35	30-025-31696	N-09-18S-32E	SE SW	330' FSL & 2310' FWL	P&A 6/12/1992
Young Dp Unit #36	30-025-33642	A-09-18S-32E	NE NE	70' FNL & 1310' FEL	
Young Dp Unit #37	30-025-33643	B-09-18S-32E	NW NE	70' FNL & 2630' FEL	
Young Dp Unit #38	30-025-33664	B-10-18S-32E	NW NE	100' FNL & 2310' FEL	
Young Dp Unit 3 Fed #1	30-025-27369	O-03-18S-32E	SW SE	660' FSL & 1980' FEL	Injection Well
Young Dp Unit 3 Fed #2	30-025-28907	P-03-18S-32E	SE SE	660' FSL & 660' FEL	
Young Dp Unit 3 Fed #3	30-025-27634	J-03-18S-32E	NW SE	1980' FSL & 1980' FEL	P&A 8/6/1993

Young Dp Unit 3 Fed #4	30-025-28481	O-03-18S-32E	SW SE	1200' FSL & 1650' FEL		
Young Dp Unit 3 Fed #5	30-025-28718	I-03-18S-32E	NE SE	1980' FSL & 1650' FEL		
Young Dp Unit 4 Fed #1	30-025-26813	O-04-18S-32E	SW SE	660' FSL & 1980' FEL	P&A 8/8/1996	
Young Dp Unit 4 Fed #2	30-025-27679	P-04-18S-32E	SE SE	660' FSL & 660' FEL		
Young Dp Unit 4 Fed #3	30-025-29268	N-04-18S-32E	SE SW	660' FSL & 1980' FWL		

**WELLS DISBURSED
SEPARATELY**

#01 - Wolfcamp
 #07 - Non-consent
 #12
 #14
 #18 - Non-consent
 #20 - Non-consent
 #23 - Non-consent
 #24 - Non-consent
 #25
 #28 - Delaware
 #29 - Non-consent
 #30 - Non-consent
 #31 - Non-consent
 #32 - Non-consent
 #33 - Non-consent
 #34 - Delaware
 #35
 #36 - Non-consent
 #37 - Non-consent
 #38

**WELLS GOING TO
BATTERY NO. 1**

#6 **
 #7 **
 #8 **
 #9
 #10
 #21
 #26 **
 4 FED #2 **

** Note: these wells
 are in the battery, but
 disbursed on individual
 decks.

WELLS GOING TO BATTERY NO. 11	PARTICIPATING AREAS
----------------------------------	---------------------

#4, #11, #13,
 #15, #17 & #22

WOLFCAMP:

Young Deep Unit #1

**WELLS GOING TO THE
3 FEDERAL 1 BATTERY**

3 FED #2, 3 FED #4 &
 3 FED #5

DELAWARE:

Young Deep Unit #28
 Young Deep Unit #34

**WELLS GOING TO THE
25/30 BATTERY**

#25, #30, #32 & #33

BONE SPRING:

All other Young Deep Unit wells

WELLS IN THE #36 BATTERY

#36 & #37

**WELLS GOING TO THE
4 FEDERAL 1 BATTERY**

4 FED #3