



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 29, 2008

Ms. Ocean Munds-Dry
Holland & Hart
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Ms. Munds-Dry:

Based upon the reasons stated in your letter of February 26, 2008, and in accordance with the provisions of Division Order No. R-12904, Yates Petroleum Corporation is hereby granted an extension of time until July 30, 2008 in which to commence drilling the well pooled by this order.

Sincerely,

Mark E. Fesmire, P.E.

Director

fd/

cc: Case No. 14058
OCD – Hobbs

HOLLAND & HART LLP



RECEIVED
Ocean Munds-Dry

omundsdry@hollandhart.com

2008 FEB 26 PM 3 31

February 26, 2008

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Oil Conservation Division Case No. 14058: Application of Yates Petroleum Corporation, for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire;

On February 4th, 2008, the Division entered Order No. R-12904 which granted the application of Yates Petroleum Corporation in the above-referenced case pooling all uncommitted interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 30, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico.

Order R-12904 provides that in the event Yates "does not commence drilling the proposed well on or before April 30, 2008" the Order "shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause."

Yates plans to drill the Amazing BAZ Federal Well No. 3 but has been informed by its regulatory department that the well location is subject to the Lesser Prairie Chicken stipulation imposed by the Bureau of Land Management. Since it will be unable to commence drilling prior to the current deadline set by this pooling order, Yates hereby requests an extension of Order No. R-12904 from April 30, 2008 until July 30, 2008. Your attention to this request is appreciated.

Sincerely,


Ocean Munds-Dry

cc: Mr. Robert Bullock

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

T. 22 S., R. 32 E.
Section 30: ALL

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Form 3160-3
(April 2004)

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER


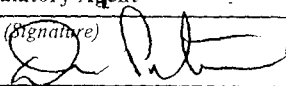
FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-90
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Yates Petroleum Corporation 25575		7. If Unit or CA Agreement, Name and No.
3a. Address 105 South Fourth Street, Artesia New Mexico 88210		8. Lease Name and Well No. Amazing BAZ Federal #3 30801
3b. Phone No. (include area code) (505) 748-1471		9. API Well No.
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 330' FSL and 330' FEL, Unit P At proposed prod. zone same as above		10. Field and Pool, or Exploratory Livingston Ridge, Delaware SE 39380
11. Sec., T., R., M., or Blk. And Survey or Area Section 30, T22S-R32E		12. County or Parish Lea County
13. State NM		14. Distance in miles and direction from the nearest town or post office*
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 330'	16. No. of acres in lease 1760.00	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8600'	20. BLM/ BIA Bond No. on file NATIONWIDE BOND #NMB000434
21. Elevations (Show whether DF, RT, GR, etc.) 3540' GL	22. Approximate date work will start* ASAP	23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/ Typed) Clifton R. May	Date 5/25/2007
Title Regulatory Agent		
Approved By (Signature) 	Name (Printed/ Typed) IS/ DON PETERSON	Date 6/25/07
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL
AND SPECIAL STIPULATIONS
ATTACHED
CARLSBAD CONTROLLED WATER BASIN

APPROVAL SUBJECT TO

GENERAL REQUIREMENTS

AND SPECIAL STIPULATIONS

ATTACHED