

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR RESCISSION OF ADMINISTRATIVE
ORDER NO. SWD-657 PERTAINING TO
THE APPLICATION OF MANZANO OIL
CORPORATION FOR A SALT WATER
DISPOSAL WELL,
LEA COUNTY, NEW MEXICO.

CASE _____

AFFIDAVIT OF DAVID F. BONEAU

STATE OF NEW MEXICO)
) ss.
COUNTY EDDY)

David F. Boneau, being first duly sworn on oath, states as follows:

1. My name is David F. Boneau. I reside in Artesia, New Mexico. I am the Engineering Manager for Yates Petroleum Corporation ("Yates"). My responsibilities with Yates include evaluating applications from other operators concerning proposed disposal wells in areas where Yates owns interests in oil and gas properties.

2. On March 18, 1997, Yates received from Manzano Oil Corporation ("Manzano") a copy of an application on Oil Conservation Division Form C-108 in which it sought approval to convert to salt water disposal the State "22" Well No. 1 located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, NMPM, Lea County, New Mexico. This well is located on a tract on which Yates owns the oil and gas lease.

3. On March 28, 1997, I prepared and mailed a letter to the Oil Conservation Division in Santa Fe protesting the Manzano application. A copy of this protest was also mailed to Manzano at its address in Roswell New Mexico.

4. On April 3, 1997, Mr. Ken Barbe of Manzano called me about their proposal to dispose of Devonian water into the San Andres formation in the State "22" Well No. 1. I

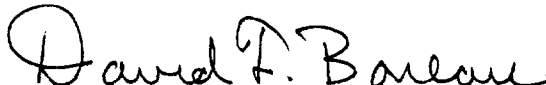
explained that Yates was concerned about two things. First, Yates might be able to reenter the dry hole and produce hydrocarbons and, second, San Andres injection could interfere with the drilling of a deeper new well on the lease and we felt that injection into a deeper zone was preferable. I told Mr. Barbe that other Yates representatives and I would review the C-108 and determine if Yates would allow Manzano to proceed with this disposal well. Mr. Barbe said he would call back about May 1st to see what Yates had decided.

5. There were no further contacts from Manzano concerning this proposal and Yates assumed that Manzano had decided not to pursue it further.

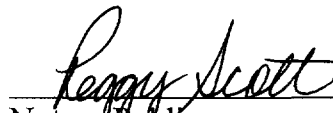
6. In September, 1997, Yates discovered that Manzano was disposing of produced water in the State "22" Well No. 1.

7. Yates checked the Division files on the Manzano application and the file reveals that Manzano did not file its application for salt water disposal until March 27, 1997--ten days after it mailed the application to Yates and two days after Yates checked the records of the Division to determine if Manzano had filed its application. On review of the Division's file in this matter it was discovered that the Yates protest letter was not in the file and the application had been approved by the Division without notice or hearing.

FURTHER AFFIANT SAYETH NAUGHT.


David F. Boneau

SUBSCRIBED AND SWORN before me on this 13th day of November, 1997 by
David F. Boneau.


Notary Public

My Commission Expires:

August 7, 2000