

DATE IN	SUSPENSE	ENGINEER	LOGGED IN 11/17/11	TYPE <i>SWD</i> <i>1308</i>	APP NO. <i>PTG-W</i> <i>1132158659</i>
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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



Yates

Jackson Fed #7

ADMINISTRATIVE APPLICATION CHECKLIST *30-025-28242*

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.

Margrethe F. Hotter

Print or Type Name

Signature

[Handwritten Signature]

Area Engineer

Title

9/23/11

Date

mholler@yatespetroleum.com
e-mail Address

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008

RECEIVED OGD

2011 NOV 17 P 10:38



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD

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CHIEF FINANCIAL OFFICER

November 11, 2011

State of New Mexico
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

Re: Jackson Federal #1 SWD

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on said well located in Section 26 T24S, R32E of Lea County, New Mexico.

If you have any questions or need additional information, please call me at (575) 748-4165.

Sincerely,

Margrethe Hotter
Area Engineer

Enclosures

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jackson Federal #1 SWD
Unit D, 660' FNL & 660' FWL, Sec. 26, T24S, R32E
Lea County, New Mexico**

- I. The purpose of re-entering this well is to make a disposal well for produced Bone Springs and Delaware water into the Delaware Sand formation.**

Yates Petroleum Corporation plans to re-enter 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 (575) 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. There are two wells within the area of review, one is an inactive SWD and the other one is P&A; neither of them penetrates the proposed injection zone. (See Attachment C).**
- VII. 1. Proposed average daily injection volume approximately 2500 BWPD. Maximum daily injection volume approximately 5000 BWPD.**
- 2. This will be a closed system.**
- 3. Proposed average injection pressure –unknown.
Proposed maximum injection pressure – 1170 psi.**
- 4. Sources of injected water would be produced water from the Delaware and Bone Springs. (Attachment D)**
- VIII. 1. The proposed injection interval is the portion of the Delaware Sand formation consisting of porous Sandstone from 5,300'-6,424'.**

**Application for Authorization to Inject
Jackson Federal #1 SWD**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 600' 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 were filed at your office when the well was drilled.**
- XI. There are no windmills or water wells within a one-mile radius of the subject location.**
- 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
Jackson Federal #1 SWD
D-26-T24S-R32E
Lea County, New Mexico**

Attachment A

III. Well Data

- A.**
1. Lease Name/Location
Jackson Federal #1 SWD
(Prev. Jackson Federal #1)
D-26-T24S-R32E
660' FNL & 660' FWL
API: 30-025-28242
 2. Casing Strings:
 - a. Present well condition
13 3/8", 61# K-55 @ 622' w/750 sx (circ)
8 5/8", 24# & 32# K-55 @ 4,923' w/1500 sx (circ).
Cement plugs:
8597'-8810' (76 sxs), 4988'-5006' (115 sxs)
4875'-4975' (75 sxs), 534'-684' (50 sxs)
50' to surface, RediMix
Casing cut 3' below ground level w metal plate welded on top.
 - b. Present Status:
P&A. Spudded by Exxon Corporation in June 1983, and plugged
by Exxon Corporation in July 1983.
 3. Proposed well condition:
13 3/8" and 8 5/8" casings same as above.
Spot a 50 sx cement plug in open hole from 6,550'-6,650'
Set 15.5# J-55 casing @ 6,550' and circ cement to surface.
Perforate porous sands between 5300'-6424'
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated injection tubing @ 5,200'
 4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer
set at 5,200'.
- B.**
1. Injection Formation: Delaware Sands
 2. Injection Interval will be through perforations from approximately
5,300'-6424' gross interval.
 3. Well was originally drilled as a Bone Springs and Delaware oil well. Well
will be a Delaware water disposal well when work is completed.
 4. Perforations: High porosity sands between 5220'-6460'.
 5. Next higher (shallower) oil or gas zone within 2 miles- Bell Canyon.
Next lower (deeper) oil or gas zone within 2 miles- Brushy Canyon

WELL NAME: Jackson Federal #1 FIELD: Undesignated Double X

LOCATION: 660' FNL & 660' FWL of Section 26-24S-32E Lea Co., NM

GL: 3,569' ZERO: KB:

SPUD DATE: 6/29/83 COMPLETION DATE:

COMMENTS: API No.: 30-025-28242

CASING PROGRAM

13-3/8" 61# K-55	622'
8-5/8" 24# & 32# K-55	4,923'
5-1/2" 15.5 # J-55	6,550'

50' surface plug.
2 yards RediMix

17-1/2" Hole

50 sx Cmt plug
534'-684'

11" Hole

75 sx Cmt plug
4,875'-4,975'

115 sx Cmt plug
4,988'-5,006'

7-7/8" Hole

13-3/8" @ 622' w/750 sx (Circ)

8-5/8" @ 4,973' w/1500 sx (Circ)

Current

TOPS

Rustler	869'
Salado	1,178'
Castille	3,139'
BOS	4,490'
Lamar lime	4,868'
Bell Canyon	4,892'
Cherry Canyon	5,685'
Brushy Canyon	7,149'
Bone Springs	8,794'

76 sx Cmt plug
8,597'-8,810'

TD: 9,350'

Not to Scale

9/7/11
MMFH

WELL NAME: Jackson Federal #1 SWD **FIELD:** Undesignated Double X

LOCATION: 660' FNL & 660' FWL of Section 26-24S-32E Lea Co., NM

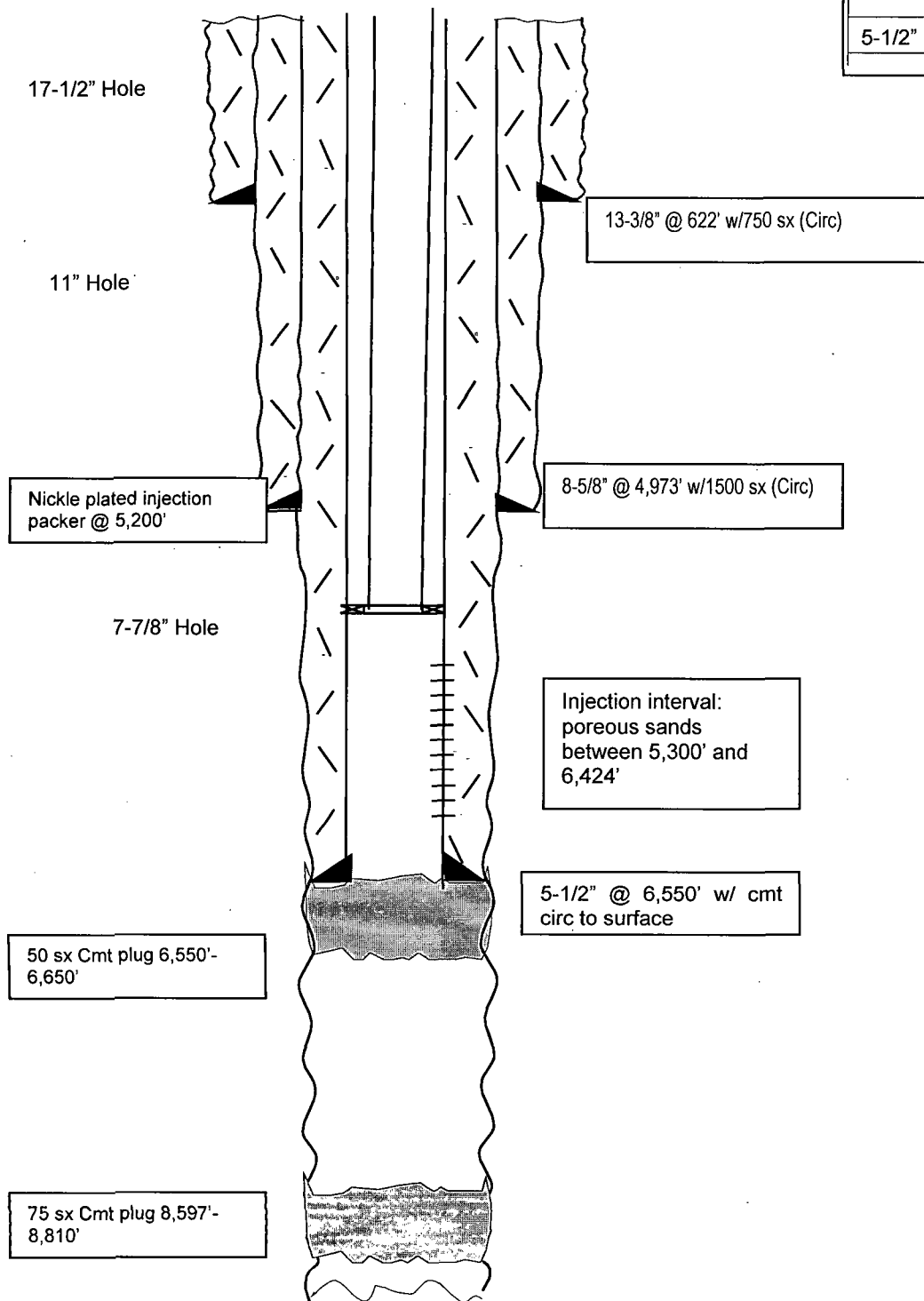
GL: 3,569' **ZERO:** **KB:**

SPUD DATE: 6/29/83 **COMPLETION DATE:**

COMMENTS: API No.: 30-025-28242

CASING PROGRAM

13-3/8" 61# K-55	622'
8-5/8" 24# & 32# K-55	4,923'
5-1/2" 15.5 # J-55	6,550'



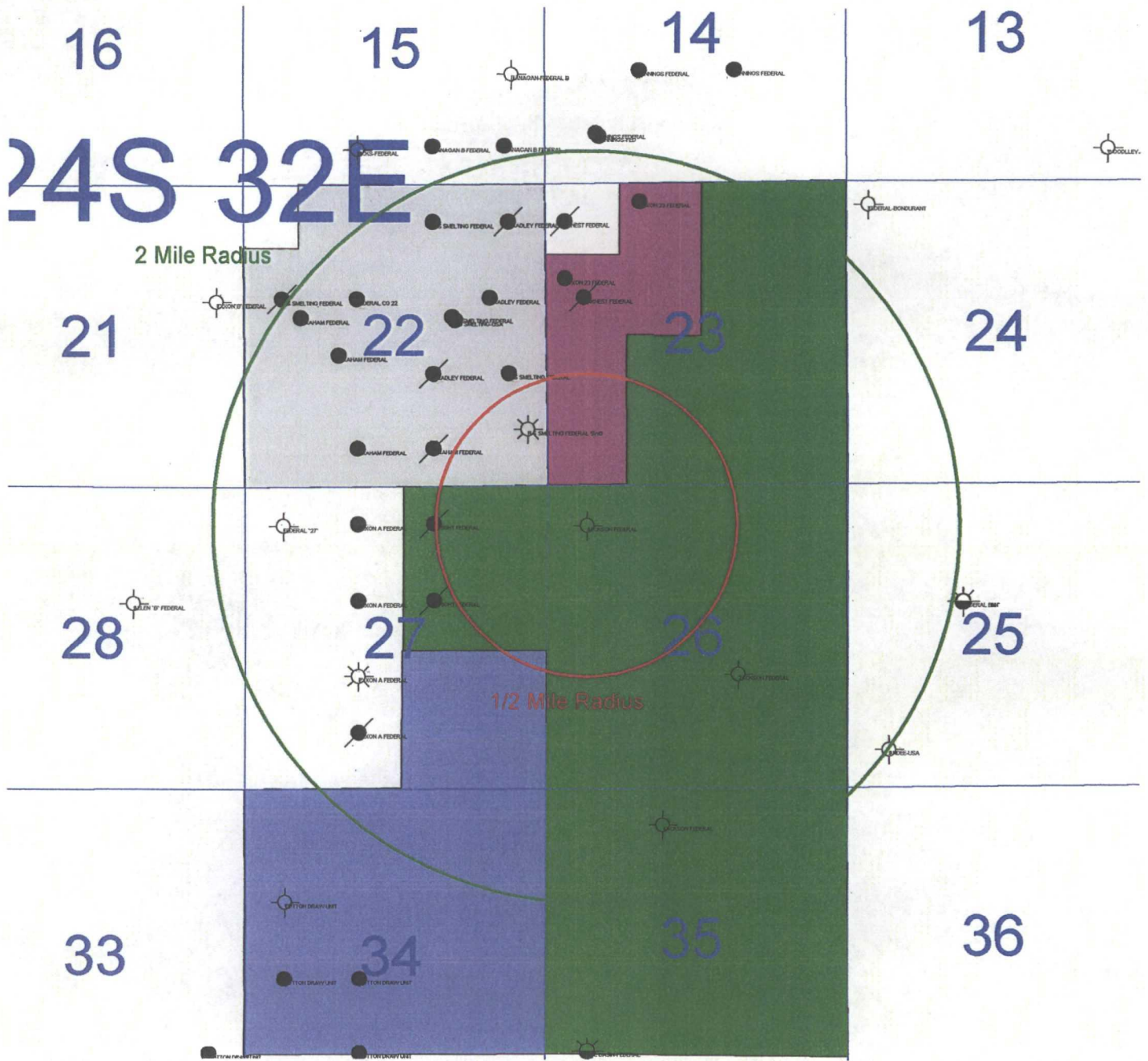
After





TOPS

Rustler	869'
Salado	1,178'
Castille	3,139'
BOS	4,490'
Lamar lime	4,868'
Bell Canyon	4,892'
Cherry Canyon	5,685'
Brushy Canyon	7,149'
Bone Springs	8,794'

Not to Scale

9/6/11
MMFH



	Apache Corp., et al
	Unleased
	OGX Resources
	Chevron

Yates Petroleum Corporation		
Lea County, NM Jackson Federal #1 SWD Plat: 26 - 24S-32E		
Author: Kevin K. dw		Date: 7 September, 2011 Permian Basin - dw k Jackson Fed #1 SWD

Attachment "C"

Jackson Federal #1 SWD
Form C-108

Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Producing Total Depth Zone	Perforations	Completion Information
Wright Federal #1 660' FNI & 1980' FEL Sec 27 24S 32E	Ralph E. Williamson	P&A	1/16/1975 P&A 9/09/03	4937 Delaware	4885-4892	8 5/8" @ 350' Cmtd w/150 sx (Circ) 4 1/2" @ 4,937' Cmtd w/150 sx TOC @ 4452' (TS) See attached P&A sketch CIBP @ 4775' w 35' cmt Cmt plug: 2030'-2550' (40 sxs) Surface -402' (75 sxs)
U.S. Smelting Federal SWD #5 2310' FSL & 660' FEL Sec 22 24S 32E	Marks & Garner Prod	SWD	10/4/1962	4995 Delaware	4913	8 5/8" @ 346" Cmtd w/225 sx (circ) 5 1/2" @ 8,994' Cmtd w/200 sx TOC @ 4100' (TS) Well is inactive. There is an approved P&A procedure from Dec 2009. Find no records that well was plugged.

WELL NAME: Wright Federal #1 FIELD: Double X Delaware
LOCATION: 660' FNL & 1980' FEL of Section 27-24S-32E Lea Co., NM

GL: 3,578' ZERO: KB: 3579'

SPUD DATE: 1/16/75 COMPLETION DATE: 3/5/75

COMMENTS: API No.: 30-025-24948

CASING PROGRAM

8-5/8" 28#	350'
4-1/2" 10.5 # J-55	4,973'

P&A 9/09/2003

Drilled & P&A by Ralph E Williamson

12 1/4" Hole

Surface to 402'
75 sx cmt plug

8-5/8" @ 350' w/150 sx (Circ)

P&A

7-7/8" Hole

2030'-2550'
40 sx cmt plug

TOC @ 4,452' (TS)

CIBP @ 4,775' +35' cmt

Perfs: 4,885'-4,892'

4-1/2" @ 4,973' w/ 150 sxs

TOPS

Rustler	1,010'
Salado	1,240'
Castille	2,715'
L. Castille	4,605'
Delaware lime	4,840'
Delaware Sand	4,875'

TD: 8,710'

Not to Scale

9/22/11

MMFH

North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 229-8121

Lab Team Leader - Sheila Hernandez

(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	561768
Lease/Platform:	CHEVRON DOT	Analysis ID #:	112209
Entity (or well #):	1 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 561768 @ 75 °F					
Sampling Date:	09/02/11	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	09/13/11	Chloride:	77585.0	2188.39	Sodium:	48953.6	2129.36
Analyst:	SANDRA GOMEZ	Bicarbonate:	1049.0	17.19	Magnesium:	201.0	16.54
TDS (mg/l or g/m3):	130774.7	Carbonate:	0.0	0.	Calcium:	1177.0	58.73
Density (g/cm3, tonne/m3):	1.082	Sulfate:	973.0	20.26	Strontium:	166.0	3.79
Anion/Cation Ratio:	1	Phosphate:			Barium:	0.5	0.01
		Borate:			Iron:	27.0	0.98
		Silicate:			Potassium:	642.0	16.42
Carbon Dioxide:	180 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		6.6	Chromium:		
Comments:		pH at time of analysis:			Copper:		
RESISTIVITY 0.06 OHM-M @ 75°F		pH used in Calculation:		6.6	Lead:		
					Manganese:	0.6	0.02
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H2O		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.43	58.24	-0.90	0.00	-0.90	0.00	0.00	0.00	0.59	0.31	2.11
100	0	0.52	72.41	-0.97	0.00	-0.91	0.00	-0.03	0.00	0.39	0.31	2.67
120	0	0.61	87.20	-1.02	0.00	-0.88	0.00	-0.05	0.00	0.21	0.00	3.28
140	0	0.70	102.61	-1.07	0.00	-0.84	0.00	-0.05	0.00	0.06	0.00	3.94

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Attachment D

North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 229-8121

Lab Team Leader - Sheila Hernandez

(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	561784
Lease/Platform:	BE BOP BPE STATE COM	Analysis ID #:	112531
Entity (or well #):	1 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	FWKO		

Summary		Analysis of Sample 561784 @ 75 °F					
Sampling Date:	09/09/11	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	09/21/11	Chloride:	63081.0	1779.29	Sodium:	40586.3	1765.4
Analyst:	SANDRA GOMEZ	Bicarbonate:	2318.0	37.99	Magnesium:	193.0	15.88
TDS (mg/l or g/m3):	109484.9	Carbonate:	0.0	0.	Calcium:	1031.0	51.45
Density (g/cm3, tonne/m3):	1.073	Sulfate:	1587.0	33.04	Strontium:	87.0	1.99
Anion/Cation Ratio:	1	Phosphate:			Barium:	0.4	0.01
		Borate:			Iron:	21.0	0.76
		Silicate:			Potassium:	580.0	14.83
Carbon Dioxide:	550 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		7	Chromium:		
Comments:		pH at time of analysis:			Copper:		
RESISTIVITY 0.075 OHM-M @ 75°F		pH used in Calculation:		7	Lead:		
					Manganese:	0.2	0.01
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H2O		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	1.07	237.63	-0.72	0.00	-0.74	0.00	-0.02	0.00	0.76	0.31	1.91
100	0	1.14	262.81	-0.78	0.00	-0.73	0.00	-0.04	0.00	0.56	0.31	2.56
120	0	1.20	289.25	-0.83	0.00	-0.70	0.00	-0.06	0.00	0.39	0.00	3.37
140	0	1.26	316.32	-0.87	0.00	-0.65	0.00	-0.06	0.00	0.25	0.00	4.38

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 229-8121

Lab Team Leader - Sheila Hernandez

(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	561785
Lease/Platform:	FARBER 'BOB' FEDERAL	Analysis ID #:	112532
Entity (or well #):	1 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WATER TANK		

Summary		Analysis of Sample 561785 @ 75 °F					
Sampling Date:	09/09/11	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	09/21/11	Chloride:	100163.0	2825.23	Sodium:	62777.3	2730.66
Analyst:	SANDRA GOMEZ	Bicarbonate:	732.0	12.	Magnesium:	477.0	39.24
TDS (mg/l or g/m3):	169505.2	Carbonate:	0.0	0.	Calcium:	1914.0	95.51
Density (g/cm3, tonne/m3):	1.113	Sulfate:	2501.0	52.07	Strontium:	97.0	2.21
Anion/Cation Ratio:	1	Phosphate:			Barium:	0.2	0.
		Borate:			Iron:	9.0	0.33
		Silicate:			Potassium:	834.0	21.33
Carbon Dioxide:	400 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		6.5	Chromium:		
Comments:		pH at time of analysis:			Copper:		
RESISTIVITY 0.052 OHM-M @ 75°F		pH used in Calculation:		6.5	Lead:		
					Manganese:	0.7	0.03
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H2O		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.41	40.41	-0.34	0.00	-0.32	0.00	0.06	8.02	0.49	0.00	1.78
100	0	0.50	49.92	-0.41	0.00	-0.33	0.00	0.03	4.16	0.28	0.00	2.21
120	0	0.58	59.72	-0.48	0.00	-0.32	0.00	0.01	1.49	0.10	0.00	2.67
140	0	0.67	69.82	-0.53	0.00	-0.28	0.00	0.00	0.30	-0.05	0.00	3.16

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	561782
Lease/Platform:	PRESEDENTE BPO STATE	Analysis ID #:	112533
Entity (or well #):	1 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	HEATER TREATER		

Summary		Analysis of Sample 561782 @ 75 °F							
Sampling Date:	09/09/11	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	09/21/11	Chloride:	105349.0		2971.51	Sodium:	63429.1		2759.01
Analyst:	SANDRA GOMEZ	Bicarbonate:	1220.0		19.99	Magnesium:	736.0		60.55
		Carbonate:	0.0		0.	Calcium:	3390.0		169.16
TDS (mg/l or g/m3):	176734.1	Sulfate:	1367.0		28.46	Strontium:	247.0		5.64
Density (g/cm3, tonne/m3):	1.118	Phosphate:				Barium:	0.7		0.01
Anion/Cation Ratio:	1	Borate:				Iron:	14.0		0.51
		Silicate:				Potassium:	981.0		25.09
Carbon Dioxide:	600 PPM	Hydrogen Sulfide:			0 PPM	Aluminum:			
Oxygen:		pH at time of sampling:			6.5	Chromium:			
Comments:		pH at time of analysis:				Copper:			
RESISTIVITY 0.048 OHM-M @ 75°F		pH used in Calculation:			6.5	Lead:			
						Manganese:	0.3		0.01
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H2O		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.88	139.88	-0.37	0.00	-0.35	0.00	0.18	48.40	0.74	0.30	2.86
100	0	0.96	152.86	-0.45	0.00	-0.36	0.00	0.15	41.61	0.54	0.30	3.55
120	0	1.04	166.14	-0.51	0.00	-0.35	0.00	0.13	37.48	0.36	0.30	4.28
140	0	1.12	179.72	-0.57	0.00	-0.31	0.00	0.13	35.41	0.20	0.00	5.06

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

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Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	561787
Lease/Platform:	QUITOTE BQJ STATE COM	Analysis ID #:	112534
Entity (or well #):	1 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	FWKO		

Summary		Analysis of Sample 561787 @ 75 °F					
Sampling Date:	09/09/11	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	09/21/11	Chloride:	178889.0	5045.81	Sodium:	80707.5	3510.58
Analyst:	SANDRA GOMEZ	Bicarbonate:	61.0	1.	Magnesium:	3713.0	305.45
TDS (mg/l or g/m3):	289832	Carbonate:	0.0	0.	Calcium:	23375.0	1166.42
Density (g/cm3, tonne/m3):	1.186	Sulfate:	248.0	5.16	Strontium:	1190.0	27.16
Anion/Cation Ratio:	1	Phosphate:			Barium:	6.5	0.09
		Borate:			Iron:	20.0	0.72
		Silicate:			Potassium:	1615.0	41.3
Carbon Dioxide:	500 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		6.5	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		6.5	Lead:		
					Manganese:	7.0	0.25
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H2O		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.45	2.38	-0.38	0.00	-0.31	0.00	-0.17	0.00	0.65	2.65	0.09
100	0	0.51	2.91	-0.46	0.00	-0.33	0.00	-0.20	0.00	0.46	2.12	0.11
120	0	0.56	3.18	-0.54	0.00	-0.33	0.00	-0.21	0.00	0.29	1.59	0.14
140	0	0.61	3.71	-0.60	0.00	-0.30	0.00	-0.20	0.00	0.14	0.79	0.16

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	561786
Lease/Platform:	RENEGADE BPG FEDERAL	Analysis ID #:	112535
Entity (or well #):	1 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	FWKO		

Summary		Analysis of Sample 561786 @ 75 F							
Sampling Date:	09/09/11	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	09/21/11	Chloride:	156230.0		4406.68	Sodium:	77861.6		3386.79
Analyst:	SANDRA GOMEZ	Bicarbonate:	122.0		2.	Magnesium:	2676.0		220.14
		Carbonate:	0.0		0.	Calcium:	15436.0		770.26
TDS (mg/l or g/m3):	254753.1	Sulfate:	617.0		12.85	Strontium:	772.0		17.62
Density (g/cm3, tonne/m3):	1.166	Phosphate:				Barium:	2.0		0.03
Anion/Cation Ratio:	1	Borate:				Iron:	14.0		0.51
		Silicate:				Potassium:	1019.0		26.06
Carbon Dioxide:	300 PPM	Hydrogen Sulfide:			0 PPM	Aluminum:			
Oxygen:		pH at time of sampling:			6	Chromium:			
Comments:		pH at time of analysis:				Copper:			
		pH used in Calculation:			6	Lead:			
						Manganese:	3.5		0.13
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H2O		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.07	1.37	-0.14	0.00	-0.09	0.00	0.11	50.40	0.63	0.82	0.69
100	0	0.15	3.01	-0.23	0.00	-0.11	0.00	0.09	39.99	0.43	0.55	0.82
120	0	0.23	4.38	-0.30	0.00	-0.10	0.00	0.08	35.34	0.25	0.55	0.94
140	0	0.31	6.03	-0.36	0.00	-0.07	0.00	0.08	35.61	0.10	0.27	1.06

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Attachment E

Certified Notification letters sent to:

1. Surface owner:

Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220

2. Operators within ½ mile radius:

Apache Corp
2000 Post Oak Blvd STE 100
Houston TX 77056-4400

Chisos LTD
670 Dona Ana Rd SW
Deming NM 88030

Pure Energy Group INC
700 N ST Mary's St #1925
San Antonio, TX 78205

Las Animas Prod Co
3300 N A St Bldg 2
Midland, TX 79705-5421

Exxon Mobil Oil Corp
P.O. Box 4358
Houston, TX 77210-4358

BWB Partners
PO Box 51407
Midland, TX 79702

OGX Resources LLC
400 N Marienfeld #200
Midland, TX 79701

Devon Energy Prod Co LP
20 N Broadway #1500
Oklahoma City, OK 73102

Chevron USA Inc
15 Smith Rd
Midland, TX 79705

OXY USA Inc
P.O. Box 27570
Houston, TX 77227-7570

Burlington Mobil Oil Corp
P.O. Box 51810
Houston, TX 79710-1810

EOG Resources Inc
P.O. Box 4362
Houston, TX 77210-4362

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
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PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

November 4th, 2011

Pure Energy Group INC
700 N ST Mary's St #1925
San Antonio, TX 78205

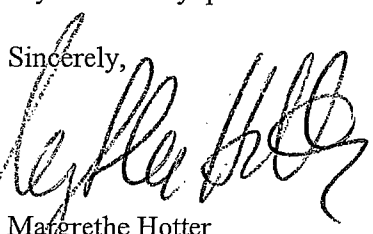
Re: Jackson Federal #1 SWD

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on said well located in Section 26 T24S, R32E of Lea County, New Mexico.

If you have any questions or need additional information, please call me at (575) 748-4165.

Sincerely,


Margrethe Hotter
Area Engineer

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Total Pct	
Sent To Pure Energy Group INC	
Street, Apt. or PO Box 700 N ST Mary's St #1925	
City, State San Antonio, TX 78205	
PS Form 3800, August 2000	

7010 3090 0002 5765 2946

Postmark Here

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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November 4th, 2011

Chisos LTD
670 Dona Ana Rd SW
Deming NM 88030

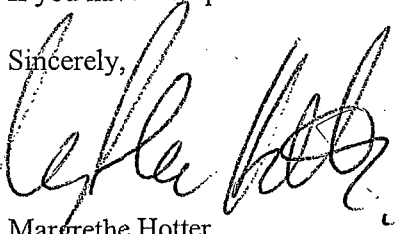
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PS Form 38	

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CHIEF FINANCIAL OFFICER

November 4th, 2011

Apache Corp
2000 Post Oak Blvd STE 100
Houston TX 77056-4400

Re: Jackson Federal #1 SWD

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on said well located in Section 26 T24S, R32E of Lea County, New Mexico.

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Sincerely,

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Total Postage & Fees	\$ 6.63
Sent To	
Apache Corp	
Street, Apt. or PO Box 2000 Post Oak Blvd STE 100	
City, State Houston TX 77056-4400	
PS Form	

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September 23, 2011

Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220

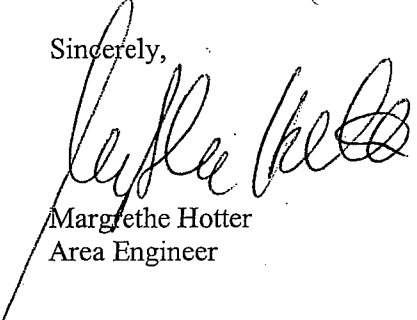
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Marks and Garner Production
PO Box 70
Lovington, NM 88260

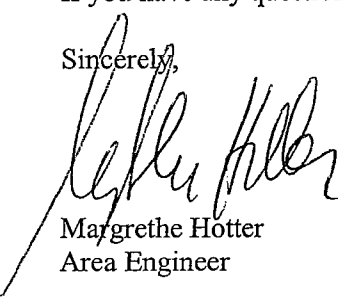
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Sincerely,


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Area Engineer

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September 23, 2011

Las Animas Production Co
1031 Andrew Hwy 209
Midland, TX 79401

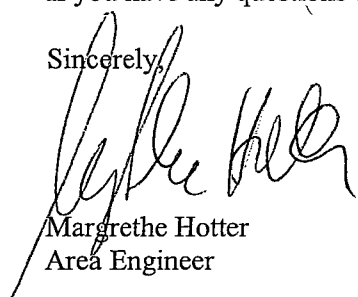
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Margrethe Hotter
Area Engineer

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City, State, ZIP+4 Midland, TX 79401	
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CHIEF FINANCIAL OFFICER

September 23, 2011

Exxon Mobil Oil Corp
P.O. Box 4358
Houston, TX 77210-4358

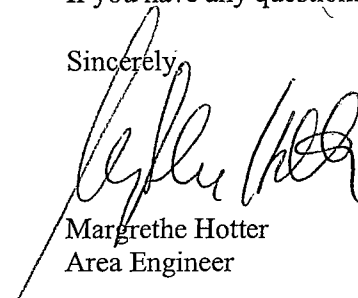
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ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

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VICE PRESIDENT

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CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

September 23, 2011

BWB Partners
PO Box 51407
Midland, TX 79702

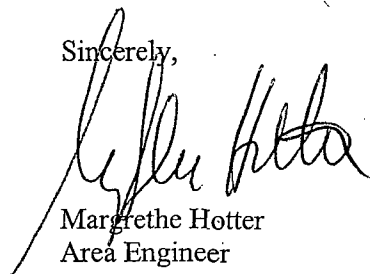
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Sincerely,



Margrethe Hotter
Area Engineer

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1912-1985

FRANK W. YATES
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S.P. YATES
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CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

September 23, 2011

OGX Resources LLC
400 N Marienfeld #200
Midland, TX 79701

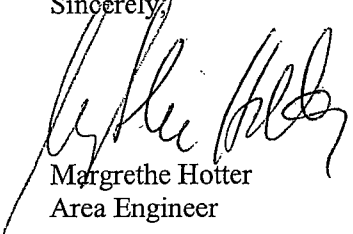
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Sincerely,


Margrethe Hotter
Area Engineer

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Total Postage & Fees	\$ 6.14
Sent To	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
OGX Resources LLC 400 N Marienfeld #200 Midland, TX 79701	
PS Form 3800, AU	

ARTESIA NM SE
OCT 7 2011
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here
USPS 88210

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September 23, 2011

Devon Energy Prod Co LP
20 N Broadway #1500
Oklahoma City, OK 73102

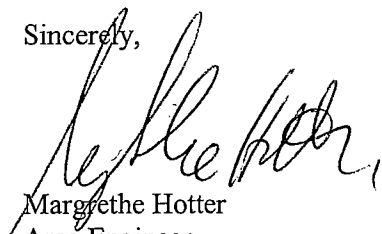
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If you have any questions or need additional information, please call me at (575) 748-4165.

Sincerely,


Margrethe Hotter
Area Engineer

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1936-1986

S.P. YATES

1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

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JOHN D. PERINI
CHIEF FINANCIAL OFFICER

September 23, 2011

Chevron USA Inc
15 Smith Rd
Midland, TX 79705

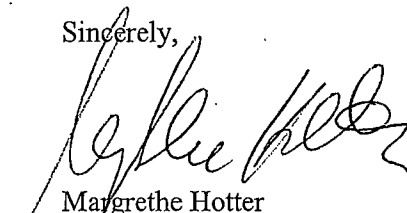
Re: Jackson Federal #1 SWD

Dear Sirs:

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Midland, TX 79705

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JOHN D. PERINI
CHIEF FINANCIAL OFFICER

September 23, 2011

OXY USA, Inc.
P.O. Box 27570
Houston, TX 77227-7570

Re: Jackson Federal #1 SWD

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on said well located in Section 26 T24S, R32E of Lea County, New Mexico.

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Sincerely,

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Area Engineer

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CHIEF FINANCIAL OFFICER

September 23, 2011

Burlington Mobil Oil Corp
P.O. Box 51810
Houston, TX 79710-1810

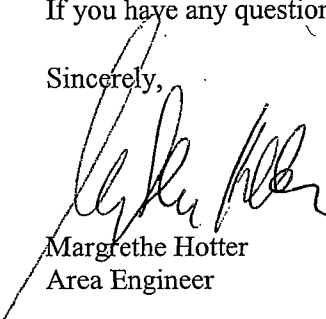
Re: Jackson Federal #1 SWD

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Sincerely,


Margrethe Hotter
Area Engineer

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September 23, 2011

EOG Resources Inc
P.O. Box 4362
Houston, TX 77210-4362

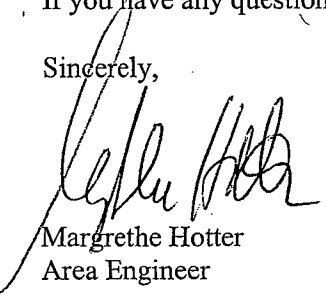
Re: Jackson Federal #1 SWD

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Sincerely,


Margrethe Hotter
Area Engineer

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Restricted Delivery Fee (Endorsement Required)	
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Sent To EOG Resources Inc Street, Apt. No., or PO Box No. P.O. Box 4362 City, State, ZIP+4 Houston, TX 77210-4362	

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SECRETARY

DENNIS G. KINSEY
TREASURER

Affidavit of Publication


State of New Mexico,
County of Lea.

I, JUDY HANNA
PUBLISHER

of the Hobbs News-Sun, a
newspaper published at Hobbs, New
Mexico, do solemnly swear that the
clipping attached hereto was
published in the regular and entire
issue of said newspaper, and not a
supplement thereof for a period

of 1 issue(s).

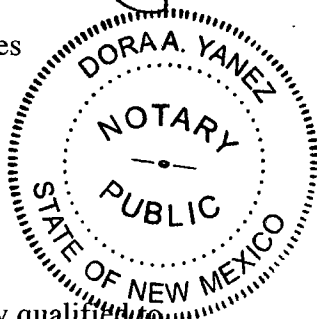
Beginning with the issue dated
October 19, 2011
and ending with the issue dated
October 19, 2011


PUBLISHER
Sworn and subscribed to before me

this 24th day of
October, 2011


Notary Public

My commission expires
February 09, 2013
(Seal)



This newspaper is duly qualified to
publish legal notices or
advertisements within the meaning of
Section 3, Chapter 167, Laws of
1937 and payment of fees for said
publication has been made.

LEGAL	LEGAL
<p>Legal Notice OCTOBER 19, 2011</p> <p>Yates Petroleum Corporation, 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 the Jackson Federal #1, SWD, located 660' FNL & 660' FWL, Unit D, Section 26, Township 24 South, Range 32 East of Lea County, New Mexico, will be used for saltwater disposal. Produced waters from the Bone Springs and Delaware will be re-injected into the Delaware Sand at a depth of 5,300'-6424' with a maximum pressure of 1170psi and a maximum rate of 5000 BWPD.</p> <p>All interested parties opposing the aforementioned must file objections 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 obtained by contacting Margrethe Hotter at (575) 748-4165.</p> <p>#26930</p>	

01101029

00081842

ATTN: MARGRETHE F. HOTTER
YATES PETROLEUM CORPORATION
P.O. BOX 97
ARTESIA, NM 88210

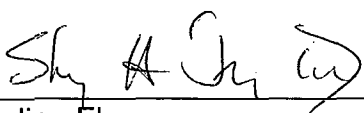
Attachment F

Attachment G

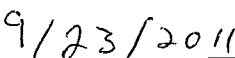
C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jackson Federal #1 SWD

Unit D, Section 26-T24S-R32E
Lea 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.



Sterling Fly
Geologist
Yates Petroleum Corporation



Date

Jones, William V., EMNRD

From: Margrethe Hotter [Margreth@yatespetroleum.com]
Sent: Thursday, November 17, 2011 3:17 PM
To: Jones, William V., EMNRD
Subject: RE: Disposal application from Yates Petroleum Corporation: Jackson Federal SWD #1 30-025-28242 Delaware

Hello,

Yes, they were. NM-113966 of section 23 24S 32E was notified to BWB Partners, PO Box 51407, Midland, TX 79702. They should be on the notification list and also with a copy of the letter and certified mail receipt.

This well is in the same area as the Allen Fed SWD #1 we recently got approved and OGX's Turquoise SWD (SWD-1203), proposing to inject into those same sand intervals.

All production in this area is/was from the upper Bell Canyon of the Delaware. It isn't and never was very good, only with minor oil and very high water production. There are two injection wells just west of this Jackson Federal SWD #1, the Exxon A Fed #2 and US Smelting Fed #5, both injecting into perfs in the Bell Canyon interval that is/was produced in their surrounding wells.

The water saturation in the proposed injection interval is high, in the sands 60-75% with very high porosity, 20-28%. This interval is non productive in this area and surrounding townships. This was a dry hole, nothing was found during the drilling phase worth testing, and production casing was not set. Only surface and intermediate was set. We do not see any productive potential in the injection interval of this well; the re-entry will be for injection only.

I hope this answer your questions.

Hope everything is fine up there in Santa Fe. Have a great Thanksgiving!

Margrethe F. Hotter

Area Engineer

Yates Petroleum Corp
105 S. 4th St
Artesia, NM, 88210
Tel.: 575-748-4165 (office)
Tel.: 575-703-0749 (cell)
Fax: 575-748-4585

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Thursday, November 17, 2011 2:42 PM
To: Margrethe Hotter
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD
Subject: Disposal application from Yates Petroleum Corporation: Jackson Federal SWD #1 30-025-28242 Delaware

Hello Margrethe,
Just got this application in and looked it over and see a couple of questions,

Who are the unleased owners within the Delaware depths in the W/2 SW/4 of Section 23 and were they noticed?

I see in this well file that this was a Bone Spring test that may have considered trying the Delaware, but the records don't say which depths within the Delaware were proposed for testing or if they were actually tested.

Would you please send a statement about the hydrocarbon prospects of the proposed disposal interval – what the water saturation looks like, etc?

Thank You.

William V Jones, P.E.

Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



Injection Permit Checklist (11/15/2010)

WFX _____ PMX _____ SWD 1308 Permit Date 12/3/11 UIC Qtr _____# Wells 1 Well Name(s): JACKSON FEDERAL #1API Num: 30-025-28242 Spud Date: 6/1/83 New/Old: N (UIC primacy March 7, 1982)Footages 660 FNL/660 FWL Unit D Sec 26 Tsp 245 Rge 32E County LEAGeneral Location: MIDDLE of Delaware BasinOperator: Yates PETROLEUM CORPORATION Contact Mayra HuterOGRID: 25515 RULE 5.9 Compliance (Wells) 2/2359 (Finan Assur) OK IS 5.9 OK? OKWell File Reviewed ☒ Current Status: P&A - BS Test (Delaware Test)Planned Work to Well: Re-Enter, Seal PWS/CSG/Perf/InjectDiagrams: Before Conversion ☒ After Conversion _____ Elogs in Imaging File: ☒

Well Details:	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
New ___ Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 13 3/8</u>	<u>622</u>	<u>—</u>	<u>750</u>	<u>CIRC</u>
New ___ Existing <input checked="" type="checkbox"/> Interm	<u>11" 8 1/8</u>	<u>4923</u>		<u>1500</u>	<u>CIRC</u>
New ___ Existing <input checked="" type="checkbox"/> LongSt	<u>7 7/8 5 1/2</u>	<u>6550</u>			<u>CMT TDS surface</u>
New ___ Existing ___ Liner		<u>9350 TD</u>			
New ___ Existing ___ OpenHole		<u>6550 PBD</u>			

Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	<u>4892</u>	<u>Bell C.</u>	<input checked="" type="checkbox"/>
Injection TOP:	<u>5300</u>	<u>Bell C. DTL</u>	Max. PSI <u>1170</u> Open Hole <u>Peris</u> <input checked="" type="checkbox"/>
Injection BOTTOM:	<u>6424</u>	<u>Cherry DTL</u>	Tubing Size <u>3 1/2</u> Packer Depth <u>5200'</u>
Formation(s) Below	<u>7149</u> <u>8794</u>	<u>Bushy C.</u> <u>BS PRING</u>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Capitan Reef? — (Potash? — Noticed? —) WIPP? — Noticed? — Salado Top/Bot 1175' - 4490' GWH House? —Fresh Water: Depths: 600' Formation _____ Wells? NO Analysis? — Affirmative Statement ☒Disposal Fluid Analysis? Sources: BS/DalDisposal Interval: Analysis? _____ Production Potential/Testing: already tested wellNotice: Newspaper Date 10/19/11 Surface Owner BLM Mineral Owner(s) —RULE 26.7(A) Affected Persons: Apache/OGX/Cherry (UNLanded w/2.5u/4.5u/23)AOR: Maps? ☒ Well List? ☒ Producing in Interval? — Wellbore Diagrams? —.....Active Wells 0 Repairs? — Which Wells? —.....P&A Wells 0 Repairs? — Which Wells? —

Issues: _____

Request Sent _____ Reply: _____