



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



January 11, 2012

Mr. Mike Hill
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-1471

Re: Administrative Permit SWD-1204 - Extension

Huapache SWD Well No. 1 (API 30-015-21248)
660 FSL, 2245 FEL, Unit O, Sec 30, T25S, R25E, NMPM, Eddy County
Injection into the Devonian formation, Depths: 12800 to 13000

You have submitted a request on behalf of Yates Petroleum Corporation, for an extension of this disposal permit beyond the one year deadline to commence injection for the reasons outlined in the attached correspondence.

The Division finds that granting this request to extend this injection permit is in the interest of conservation and will prevent waste and protect the environment.

All requirements of the above referenced injection permit and agreements in the application remain in full force and effect.

The deadline to commence injection is hereby extended until March 1, 2013.

JAMI-BAILEY
Director

JB/wvjj

Cc: Oil Conservation Division – Artesia
File: SWD-1204



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

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2012 JAN -6 P 12:42

January 4, 2012

Williams V. Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Permit Disposal SWD-1204
Huapache SWD #1
API 30-015-21248

Dear Mr. Jones.

We respectfully request another extension of Administrative Order SWD-1204 that expires on March 1, 2012. Yates Petroleum has been negotiating with the BLM for surface occupancy rights and Right-of-Ways for the said well and possible the additional acreage needed for the off-lease facilities.

If you have any questions, please call me at (575) 748-4219.
Thank you.

Sincerely,

Mike Hill
Area Engineer

[Faint, illegible text, possibly a carbon copy or bleed-through from the reverse side of the page.]

To: Mike Hill; Mike Hill

Subject: Extension request for SWD-1204

Hello Mike,

Got your request for another extension.

Has any ownership of the surface (at the well location) or the minerals (in the ½ mile AOR) changed since this permit was issued March 1 of 2010? Have there been any new wells drilled in the ½ mile AOR? If so, send details of an drilled to the depth this well will use for disposal. Do you still have confidence this well will someday be used for disposal?

How many additional months do you request for the extension?

Hope all is well with you – Happy New Year.

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



Jones, William V., EMNRD

From: Mike Hill [MikeH@yatespetroleum.com]
Sent: Tuesday, January 10, 2012 9:37 AM
To: Jones, William V., EMNRD
Subject: RE: Extension request for SWD-1204

William,

The offset operators have changed:

- a.) Marbob was purchased by COG Operating LLC, 2208 S. Main Street, Artesia, NM 88210.
- b.) The Allar Company lease expired May 31, 2010 – it is currently unleased federal land.
- c.) Fasken Oil & Ranch is still the same.

No one has drilled a new well with in a 1 mile radius of the proposed SWD well.

We are still having contentions with the BLM over surface occupancy, there visual specialist wants everything off site, hidden or underground So the people driving down US 62-180 will not have to see our wellhead, tanks, power lines and pipelines, but we have staked a new well called the Thurman Draw unit # 2 and we currently have two wells drilled, Thurman Draw # 1 and the Tractor BPC Fed # 1H, that could be served By this SWD. We are hoping to get a rig on the well this year.

Sincerely,

Mike Hill
Area Engineer
Office: 575-748-4219
Cell: 575-365-8706
Fax: 575-748-4634

P.S.

Everything is going well and I hope you have a Happy New Year.

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, January 09, 2012 1:55 PM