

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

**NMOCD - ACOI 108-C**

**IN THE MATTER OF YATES PETROLEUM CORPORATION,  
Respondent.**

**THIRD AMENDED  
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraphs 3 and 4 of Agreed Compliance Order 108 as amended by Amended Agreed Compliance Orders 108-A and 108-B, the Director of the Oil Conservation Division (OCD) hereby amends that order as follows:

**FINDINGS**

1. Agreed Compliance Order 108 as amended requires Yates Petroleum Corporation (Operator) to return to compliance with OCD Rule 201 by February 10, 2007 at least 11 of the wells identified in Exhibit A not identified in Findings Paragraph 3 of ACOI 108-B to meet its 18-well goal for this period, and file a compliance report by February 10, 2007.

2. ACOI 108 as amended further provides that if Operator returns to compliance with OCD Rule 201 by February 10, 2007 at least 11 of the wells identified in Exhibit A not identified in Findings Paragraph 3 of ACOI 108-B, and files a timely compliance report, upon verification of the report the OCD shall issue an amendment extending the terms of ACOI-108 for an additional six-month period, requiring Operator to return an additional 18 wells to compliance by that deadline. If Operator exceeds its compliance goal in any period, the excess wells shall count towards its compliance goal for the subsequent period(s).

3. Operator filed a timely compliance report, and the OCD has verified that Operator has returned to compliance the following wells identified in Exhibit A not identified in Findings Paragraph 3 of ACOI 108-B:

- |                             |              |
|-----------------------------|--------------|
| 1. Agave AAJ St. #2         | 30-015-25337 |
| 2. Allison CQ Federal #5    | 30-015-23145 |
| 3. Allison CQ Federal #6    | 30-015-23211 |
| 4. Amoco QT Federal #1      | 30-015-23591 |
| 5. Benson Deep AAZ Fed. #4  | 30-015-24775 |
| 6. Big Eddy Unit #109Y      | 30-015-25234 |
| 7. Boyd BN #2               | 30-015-28558 |
| 8. Boyd BN #6               | 30-015-29501 |
| 9. Brannigan ANF Federal #3 | 30-015-26101 |

|                                    |              |
|------------------------------------|--------------|
| 10. Burton Flat Federal Com #001   | 30-015-26289 |
| 11. Continental APJ Federal #001   | 30-025-20428 |
| 12. Creek AL Federal #11           | 30-015-20720 |
| 13. Crosby TV Deep Federal #001    | 30-005-61618 |
| 14. Eddleman Federal #2            | 30-005-61369 |
| 15. ENG TX Federal #001            | 30-015-24191 |
| 16. Graham AKB St. #3              | 30-015-31604 |
| 17. Harris AAU State #002          | 30-025-29079 |
| 18. Hill View AHE Federal Com #011 | 30-015-26810 |
| 19. Mary AIV State #001            | 30-015-26625 |
| 20. Mimosa AHS Federal #005        | 30-015-00055 |
| 21. Nickson BM #003                | 30-015-21393 |
| 22. North Millman Unit #1          | 30-015-21934 |
| 23. Rio Penasco OJ Com #001        | 30-015-23496 |
| 24. State CO #1 SWD                | 30-015-20883 |
| 25. Sunflower AHW Federal #005     | 30-015-28160 |
| 26. Vandiver AIM #001              | 30-015-27028 |
| 27. Wilkinson AZ #002              | 30-015-20137 |
| 28. Yates AS Fee #002              | 30-015-20016 |

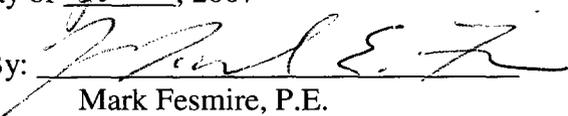
### CONCLUSIONS

1. Operator has returned to compliance 28 wells identified on Exhibit A not listed in Findings Paragraph 3 of ACOI 108-B, exceeding its 11-well goal by 17 wells.
2. The OCD should amend ACOI-108 to extend its terms through August 10, 2007.

### ORDER

1. Operator shall return to compliance by August 10, 2007 at least one of the wells identified in Exhibit A to ACOI 108 not listed in Findings Paragraph 3 of ACOI 108-B or Findings Paragraph 3 of ACOI 108-C, to meet its 18-well goal for this period.
2. Operator shall file a compliance report as described in ACOI 108 by August 10, 2007 using the Oil Conservation Division's web-based on-line application. If the web-based on-line application is not available, Operator shall file a written compliance report.
3. The terms of ACOI-108 as amended otherwise remain in effect and are extended through August 10, 2007.

Done at Santa Fe, New Mexico this 24<sup>th</sup> day of Jan, 2007

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division