

FAXED in

12/22/09 DATE IN	1/7/09 SUSPENSE	WVS ENGINEER	12/22/09 LOGGED IN	SWD TYPE	WVS APP NO:	100551700
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NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Valer Petroben Corp
(25575)

ADMINISTRATIVE APPLICATION CHECKLIST

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 _____

KIMI AKX State AS
30-025-31644

[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.

Mayra Herrera

Print or Type Name

Signature

Title

Date

e-mail Address

Area Engineer *12/22/09*
MHerrera@statepetroleum.com

MARTIN YATES, III

1912-1985

FRANK W. YATES

1935-1986

S.P. YATES

1914-2008



JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

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

2009 DEC 18 PM 2 33

December 17, 2009

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

Re: Lotus SWD #12

Kiwi SWD #5

Kiwi SWD #10

Dear Sirs:

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

If you have any questions or need additional information, please call me at (575) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosure

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Kiwi SWD #5
Unit J, 1980' FSL & 1650' FEL, Sec. 16, T22S, R32E
Lea County, New Mexico

- I. The purpose of completing this well is to make a disposal well for produced Delaware Sand water into the Delaware Sand formation.

Yates Petroleum Corporation plans to convert this well to a water disposal well into the Delaware Sand.

- II. Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Margrethe Hotter (505) 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 13 wells within the area of review that penetrate the proposed injection zone, 3 of them are P&A (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 – 1116 psi.
4. Sources of injected water would be produced water from the Delaware Sand. (Attachment D)
- VIII. 1. The proposed injection interval is the portion of the Delaware Sand formation consisting of porous Sandstone from 5580'-6400'.

Application for Authorization to Inject

Kiwi SWD #5

-2-

2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 850' 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 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
Kiwi SWD #5
J-16-T22S-R32E
Lea County, New Mexico**

Attachment A

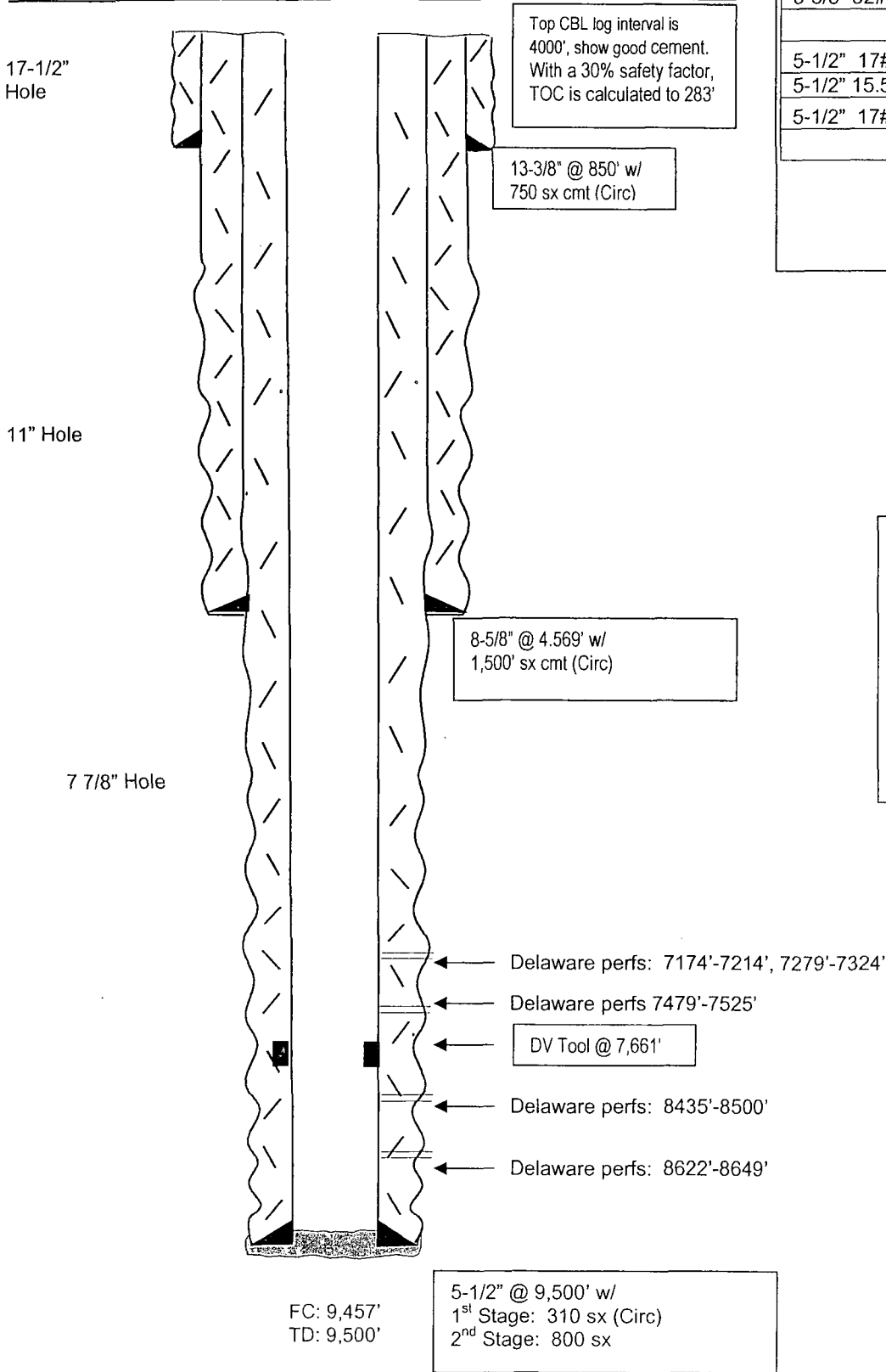
III. Well Data

- A. 1. Lease Name/Location
Kiwi SWD #5
(Prev. Kiwi AKX St #5)
J-16-T22S-R32E
1980' FSL & 1650' FEL
2. Casing Strings:
- a. Present well condition
13 3/8", 54.5# J-55 @ 850' w/750 sx (circ)
8 5/8", 32# HC-80& J-55 @ 4,569' w/1500 sx (circ).
5 1/2", 15.5# & 17# @ 9,500' w/DV tool @ 7,661'.
Stage 1: 310sx (circ)
Stage 2: 800sx (Top of CBL log is 4000'. Shows good cement.
Using a safety factor of 30%, TOC is calculated to 283')
- b. Present Status:
Non-commercial completion in Delaware at 7174'-7214', 7279'-
7324', 7479'-7525', 8435'-8500', 8622'-8649'
3. Proposed well condition:
Casing same as above.
Set a CIBP @ 7124' and cap with 35' cement.
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated injection tubing @ 5480'
4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at 5480'.
- B. 1. Injection Formation: Delaware Sands
2. Injection Interval will be through perforations from approximately 5580'-6400' gross interval.
3. Well was originally drilled as a Delaware oil well. Well will be a Delaware water disposal well when work is completed.
4. Perforations: High porosity sands between 5580'-6400'.
5. Next higher (shallower) oil or gas zone within 2 miles-None.
Next lower (deeper) oil or gas zone within 2 miles- Brushy Canyon

WELL NAME: Kiwi SWD #5 **FIELD:** East Livingstone Ridge, Delaware
LOCATION: 1980' FSL & 1650' FEL of Section 16-22S-32E Lea Co., NM
GL: 3,728' **ZERO:** **KB:** **CASING PROGRAM**
SPUD DATE: 7/13/92 **COMPLETION DATE:**

13-3/8" 48# H-40	850'
8-5/8" 32# HC-80 & J-55	4,569'
5-1/2" 17# J-55	1,483'
5-1/2" 15.5# J-55	5,373'
5-1/2" 17# J-55	2,644'
	9,500'

COMMENTS: API No.: 30-025-31644



Present

TOPS	
Rustler	878'
Base of Salt	4,462'
Delaware Im	4,774'
Cherry Canyon	5,824'
Brushy Canyon	7,660'
BS	8,690'

Not to Scale
 9/16/09
 MMFH

WELL NAME: Kiwi SWD #5 **FIELD:** East Livingstone Ridge, Delaware
LOCATION: 1980' FSL & 1650' FEL of Section 16-22S-32E Lea Co., NM
GL: 3,728' **ZERO:** **KB:** **SPUD DATE:** 7/13/92 **COMPLETION DATE:** **COMMENTS:** API No.: 30-025-31644

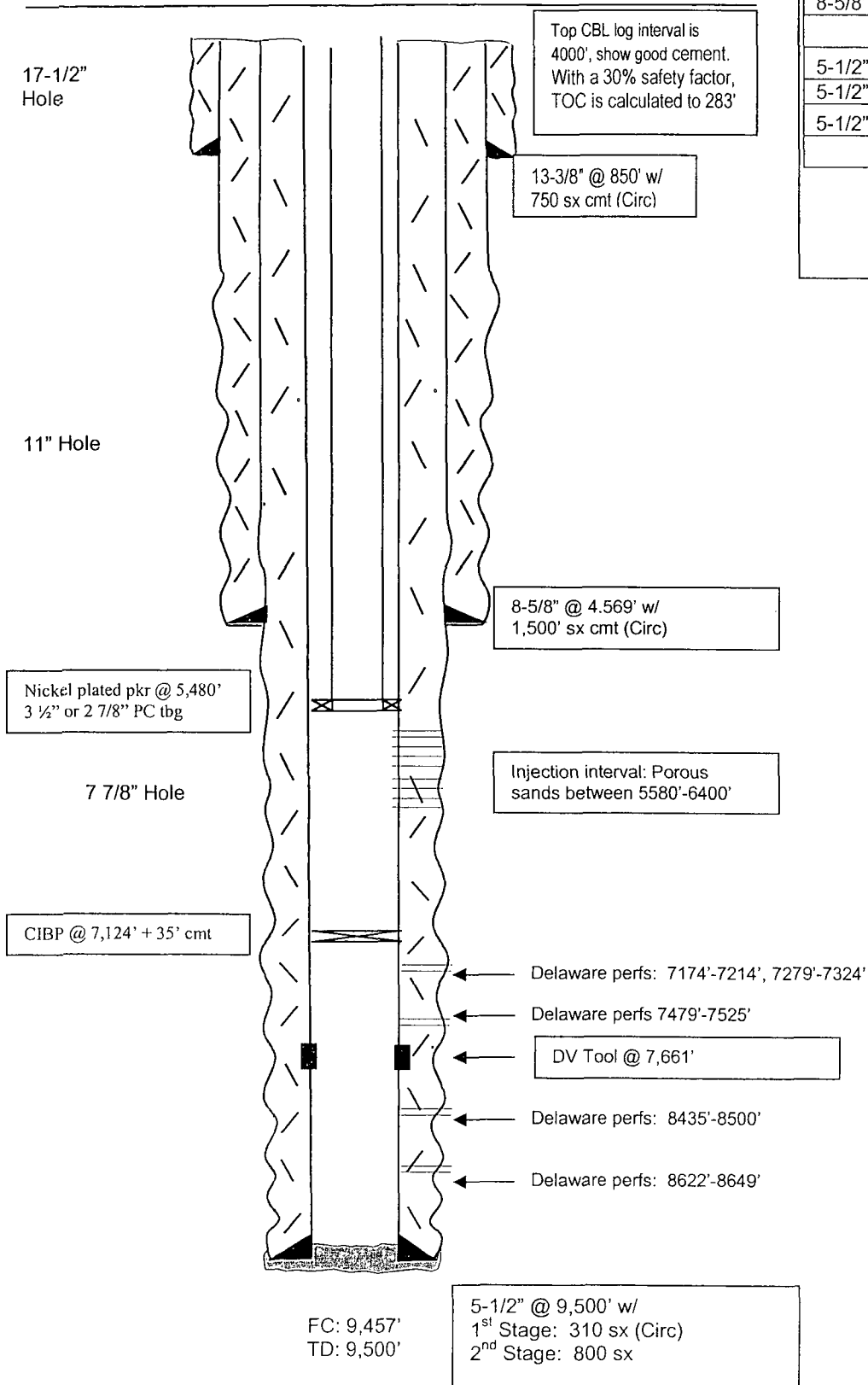
CASING PROGRAM

13-3/8" 48# H-40	850'
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5-1/2" 15.5# J-55	5,373'
5-1/2" 17# J-55	2,644'
	9,500'

AFTER

TOPS

Rustler 878'
 Base of Salt 4,462'
 Delaware lm 4,774'
 Cherry Canyon 5,824'
 Brushy Canyon 7,660'
 BS 8,690'








Not to Scale

9/16/09
 MMFH

Kiwi SWD #5
Form C-108

Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Total Depth Zone	Producing	Perforations	Completion Information
Paisano Fed #1 1980FNL & 460FWL Sec 15 22S 32E	Strata Production Co	Oil	3/3/1992	8810 Delaware		7146-7167, 7278-7445, 8530-8540, 8605-8621	13 3/8" @ 600' Cmtid w/500 sx 8 5/8" @ 4,580' Cmtid w/375 sx 5 1/2" @ 8,810' Cmtid w/ Stage 1: 800 sx Stage 2: 250 sx DV tool @ 6045' 
Lechuza Fed #1 862FSL & 458FWL Sec 15 22S 32E	Strata Production Co	Oil	1/11/1992	8692 Delaware		7197-7275, 7337-7378 7039-7045, 7092-7110	13 3/8" @ 607' Cmtid w/500 sx 8 5/8" @ 4,482' Cmtid w/375 sx 5 1/2" @ 7,658' Cmtid w/ Stage 1: 735 sx Stage 2: 375 sx DV tool @ 5490' 
Lechuza Fed #5 1650FSL & 330FWL Sec 15 22S 32E	Strata Production CO	Oil	11/27/1992 P&A 1/4/09	8810 Delaware		7052-7264, 7389-7393	13 3/8" @ 610' Cmtid w/500 sx 8 5/8" @ 4,480' Cmtid w/1500 sx 5 1/2" @ 8,810' Cmtid w/ Stage 1: 705 sx Stage 2: 750 sx See attached P&A sketch CIBP @ 7900' + 35' cmt Spot 25 sxs @ 4580, tag @ 4320 Casing cut @ 2786' Spot 35 sxs @ 2836', tag @ 2680' Spot 35 sxs 900'-1000' Spot 35 sxs @ 660', tag @ 524' Spot 20 sxs @ 60' to surface 
Cercion Fed #5 330FNL & 330FEL Sec 21 22S 32E	Strata Production CO	Oil	2/2/1993 P&A 1/12/06	8770 Delaware		7140-7152, 7264-7272, 7373-7398, 7441-7474	13 3/8" @ 605' Cmtid w/550 sx 8 5/8" @ 4,465' Cmtid w/1700 sx 5 1/2" @ 8,810' Cmtid w/ Stage 1: 600sx Stage 2: 475 sx DV tool @ 6110' See attached P&A sketch CIBP @ 7100' + 35' cmt Spot 25 sxs @ 5630'-5820' Casing cut @ 4185' Spot 60 sxs @ 4515', tag @ 4043' Spot 35 sxs 2500'-2600' Spot 35 sxs @ 930', tag @ 815' Spot 35 sxs @ 655', tag @ 550' Spot 20 sxs @ 60' to surface 
Cercion Fed #3 420FNL & 1650FEL Sec 21 22S 32E	Strata Production Co	Oil	8/11/1992	8803 Delaware		7148-7150, 7244-7304, 8478-8494, 8570-8621	13 3/8" @ 916' Cmtid w/800 sx 5 1/2" @ 8,803' Cmtid w/ Stage 1: 935 sx Stage 2: 2430 sx DV tool @ 5495' 

Kiwi AKX St #1 330FSL & 330FEL Sec 16 22S 32E	Yates Petroleum Co	Oil	4/28/1992	8775 Delaware	7202-7206, 7260-7291, 8423-8444, 8594-8643	13 3/8" @ 871' Cmtid w/850 sx 8 5/8" @ 4,535' Cmtid w/1405 sx 5 1/2" @ 8,775' Cmtid w/ Stage 1: 245sx Stage 2: 740 sx DV tool @ 7500'	✓
Kiwi AKX St #2 1650FSL & 330FEL Sec 16 22S 32E	Yates Petroleum Co	Oil	5/16/1992	8825 Delaware	7108-7122, 7156-7174 7231-7247, 7310-7332 8466-8478, 8631-8648	13 3/8" @ 862' Cmtid w/750 sx 8 5/8" @ 4,565' Cmtid w/1600 sx 5 1/2" @ 8,825' Cmtid w/ Stage 1: 220sx Stage 2: 705 sx DV tool @ 7502'	✓
Kiwi AKX St #3 2310FNL & 330FEL Sec 16 22S 32E	Yates Petroleum Co	Oil	5/30/1992	8850 Delaware	7117-7187, 7234-7256 7303-7319, 7416-7419 7566-7573, 8460-8474 8571-8592, 8673-8696	13 3/8" @ 862' Cmtid w/750 sx 8 5/8" @ 4,583' Cmtid w/1600 sx 5 1/2" @ 8,850' Cmtid w/ Stage 1: 225sx Stage 2: 780 sx DV tool @ 7662'	✓
Kiwi AKX St #4 330FSL & 1650FEL Sec 16 22S 32E	Yates Petroleum Co	Oil	6/9/1992	8760 Delaware	7003-7020, 7169-7172 7266-7306, 7462-7512 7702-7718, 7889-7919 8208-8216, 8388-8449 8498-8503, 8601-8638	13 3/8" @ 867' Cmtid w/750 sx 8 5/8" @ 4,540' Cmtid w/1600 sx 5 1/2" @ 8,760' Cmtid w/ Stage 1: 200sx Stage 2: 738 sx DV tool @ 7528'	✓
Kiwi AKX St #6 660FSL & 2310FWL Sec 16 22S 32E	Yates Petroleum Co	Oil	7/24/1992	8890 Delaware	6660-6699, 6903-6906 7079-7088, 7291-7304 7364-7386, 7517-7521 7773-7873, 7916-7969 8127-8247, 8379-8438 8464-8500, 8574-8632	13 3/8" @ 852' Cmtid w/800 sx 8 5/8" @ 4,540' Cmtid w/1450 sx 5 1/2" @ 8,890' Cmtid w/ Stage 1: 235sx Stage 2: 745 sx DV tool @ 7594'	✓
Kiwi AKX St #7 1980FNL & 1980FWL Sec 16 22S 32E	Yates Petroleum Co	Oil	10/29/1992 P&A 4/9/08	8900 Delaware	7136-7149, 7271-7280 7348-7358, 8478-8520 8651-8710	13 3/8" @ 850' Cmtid w/800 sx 8 5/8" @ 4,610' Cmtid w/1650 sx 5 1/2" @ 8,900' Cmtid w/ Stage 1: 220sx Stage 2: 800 sx DV tool @ 7729' See attached P&A sketch CIBP @ 6970' + 25 sx cmt Spot 40 sxs @ 4853'. Top @ 4560' Perf @ 2600', pump 35 sxs, tag @ 2403' Perf @ 925', pump 35 sxs, tag @ 760' Perf @ 60', circulate 20 sx to surface	✓
Kiwi SWD #8 660FSL & 2310FWL Sec 16 22S 32E	Yates Petroleum Co	Oil	2/8/1993 SWD 12/8/94	8840 Delaware	7028-7054, 7183-7185 8443-8470, 8539-8562 8653-8710	13 3/8" @ 850' Cmtid w/800 sx 8 5/8" @ 4,590' Cmtid w/1800 sx 5 1/2" @ 8,798' Cmtid w/ Stage 1: 525sx Stage 2: 830 sx DV tool @ 6386'	✓
Kiwi AKX St #10 1980FSL & 1980FWL Sec 16 22S 32E	Yates Petroleum Co	Oil	10/16/2002	8885 Delaware	8258-8264, 8502-8510 8616-8634, 8662-8670	13 3/8" @ 855' Cmtid w/750 sx 8 5/8" @ 4,596' Cmtid w/1450 sx 5 1/2" @ 8,885' Cmtid w/ Stage 1: 575sx Stage 2: 600 sx DV tool @ 4518'	✓ <i>code # 5473</i> <i>5364-CBL</i>

WELL NAME: Lechuza Fed #5 FIELD: East Livingston Ridge

LOCATION: 1650' FSL & 330' FWL of Section 15-22S-32E Lea Co., NM

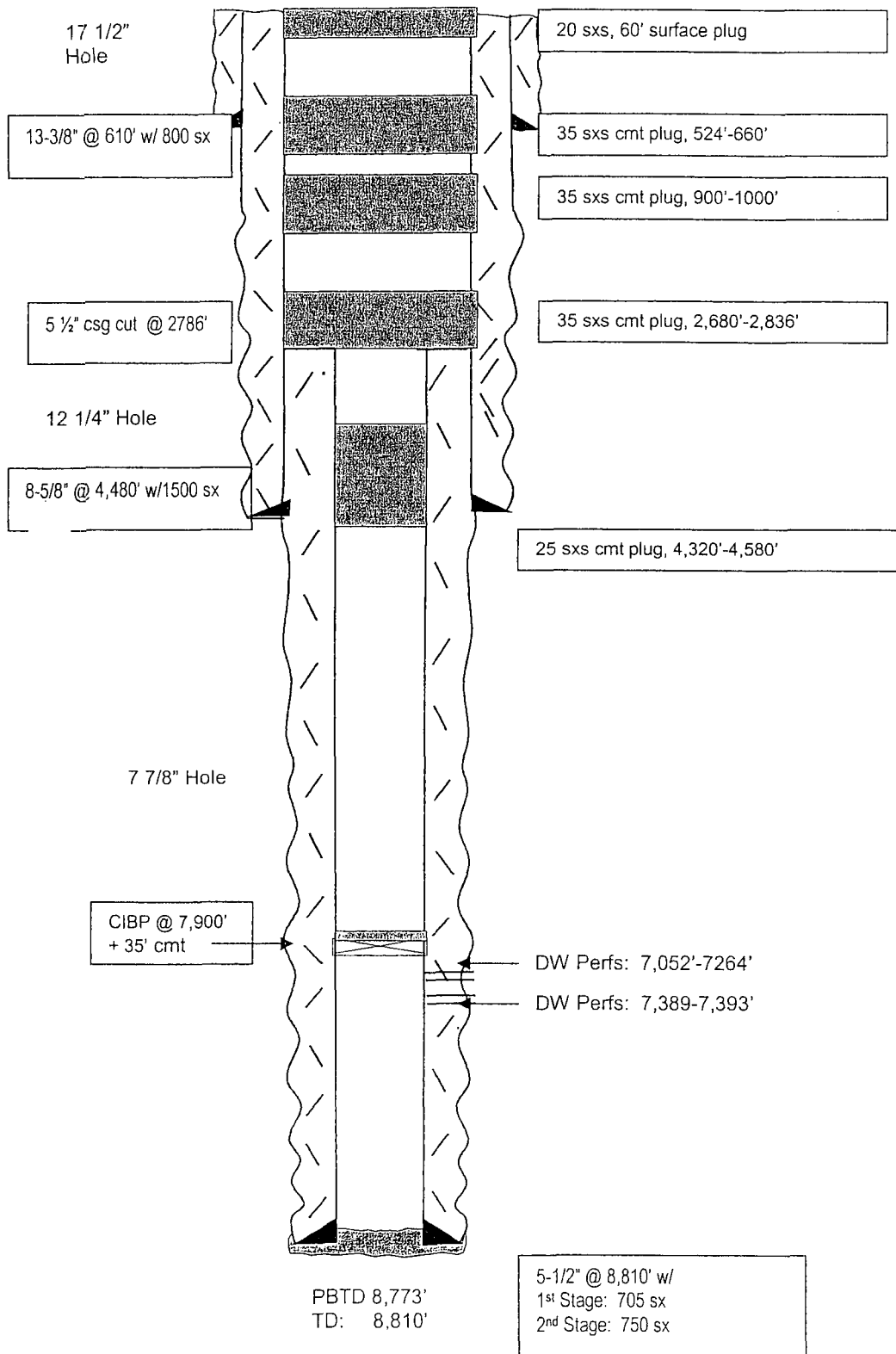
SL: 3760' ZERO: KB:

SPUD DATE: COMPLETION DATE:

COMMENTS: API No.: 30-025-31801

CASING PROGRAM

13-3/8" 48#	610'
8-5/8" 24# & 32#	4,480'
5-1/2" 17#	8,810'



P&A

Not to Scale

WELL NAME: Cercion Fed #5 FIELD: East Livingston Ridge

LOCATION: 330' FNL & 330' FEL of Section 21-22S-32E Lea Co., NM

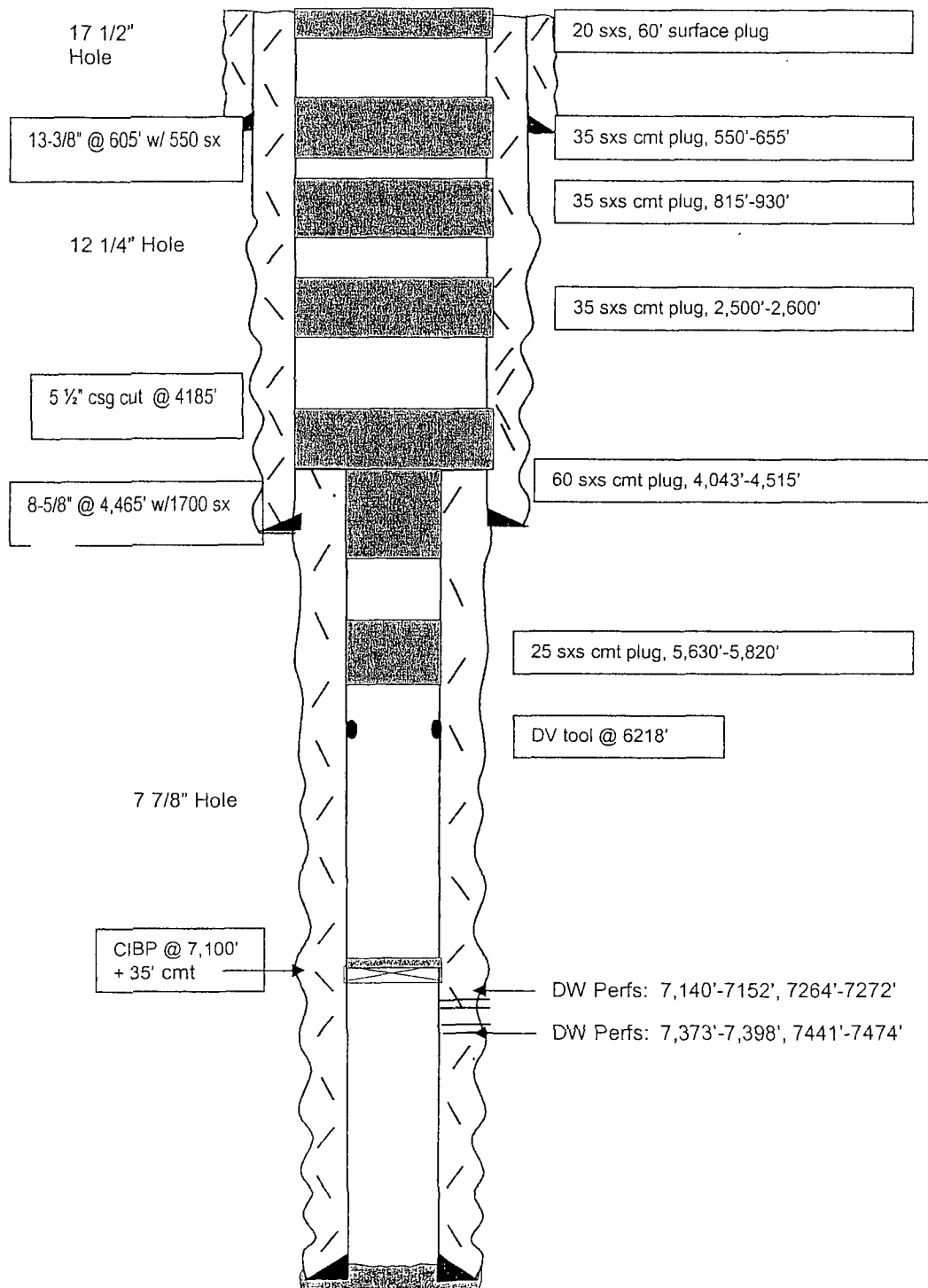
L: 3695' ZERO: KB:

SPUD DATE: COMPLETION DATE:

COMMENTS: API No.: 30-025-31849

CASING PROGRAM

13-3/8" 48#	605'
8-5/8" 24# & 32#	4,465'
5-1/2" 17#	8,770'



P&A

Not to Scale

5-1/2" @ 8,770' w/
1st Stage: 660 sx
2nd Stage: 475 sx

WELL NAME: Kiwi AKX State #7

FIELD: East Livingston Ridge

LOCATION: 1980' FNL & 1,980' FEL of Section 16-22S-32E

Lea Co., NM

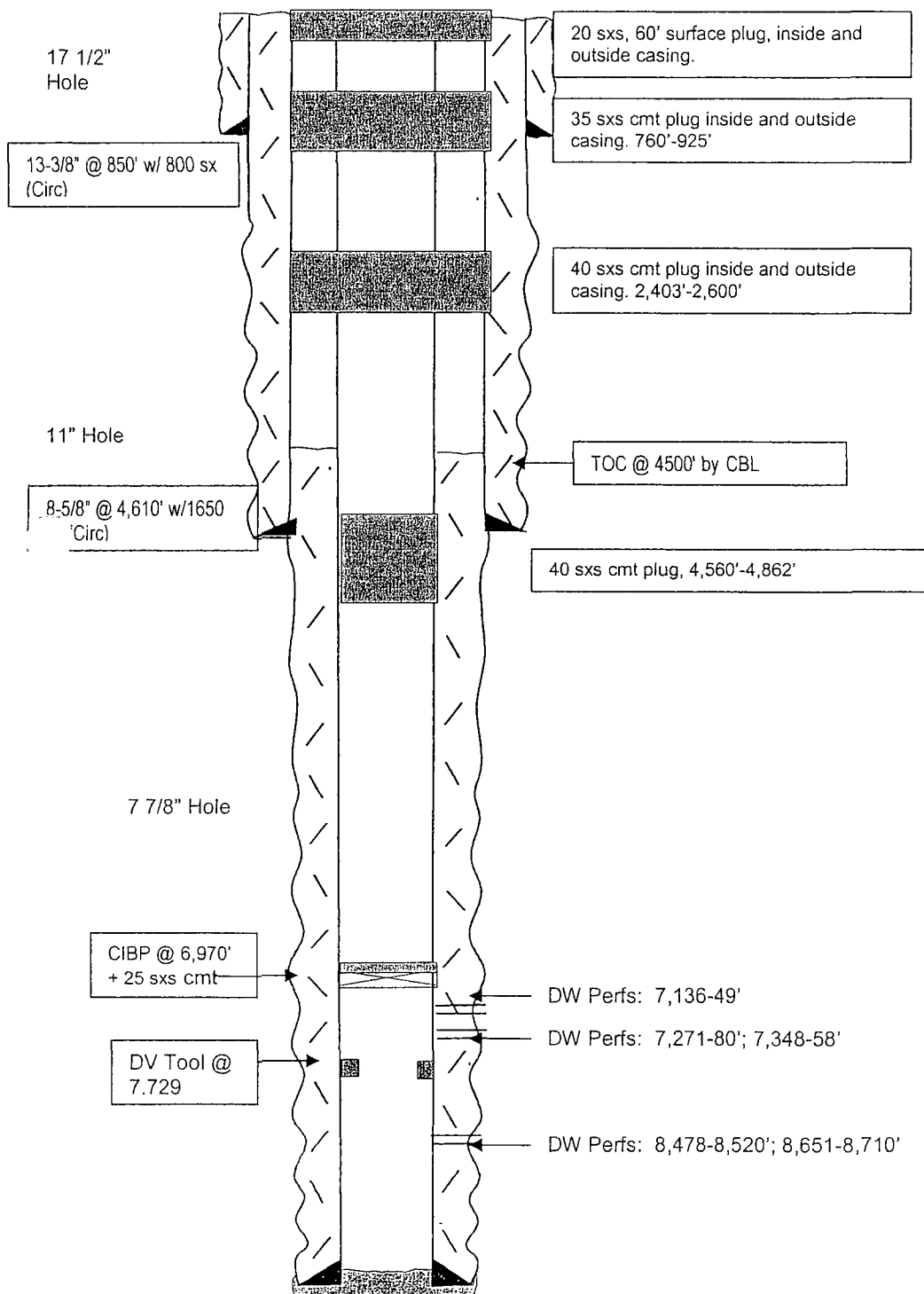
SL: 3769' ZERO: KB: 3,783'

SPUD DATE: COMPLETION DATE:

COMMENTS: API No.: 30-025-31762

CASING PROGRAM

13-3/8" 54.5 J-55	850'
8-5/8" 32# HC80/J-55	4,610'
5-1/2" 15.5#/17# J55	8,900'



P&A

Fm top:

Rustler : 875'
Delaware : 4,812'
Cherry Canyon : 5,846'
Brushy Canyon : 7,507'
Bone Springs : 8,726'

PBTD 8,833'
TD: 8,900'

5-1/2" @ 8,900' w/
1st Stage: 220 sx
2nd Stage: 800 sx (Circ)

Not to Scale
12/18/07
DC/Hotter

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-074C
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354147
Lease/Platform:	LOTUS 'ALT' STATE UNIT	Analysis ID #:	94689
Entity (or well #):	4	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354147 @ 75 °F					
Sampling Date:	9/15/09	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	142320.0	4014.33	Sodium:	69489.4	3022.62
Analyst:	LEAH DURAN	Bicarbonate:	36.6	0.6	Magnesium:	2815.0	231.57
		Carbonate:	0.0	0.	Calcium:	14251.0	711.13
TDS (mg/l or g/m3):	231647.5	Sulfate:	350.0	7.29	Strontium:	1225.0	27.96
Density (g/cm3, tonne/m3):	1.15	Phosphate:			Barium:	87.0	1.27
Anion/Cation Ratio:	1	Borate:			Iron:	15.0	0.54
		Silicate:			Potassium:	1053.0	26.93
					Aluminum:		
Carbon Dioxide:	280 PPM	Hydrogen Sulfide:		0 PPM	Chromium:		
Oxygen:		pH at time of sampling:		5.7	Copper:		
Comments:		pH at time of analysis:			Lead:		
		pH used in Calculation:		5.7	Manganese:	5.500	0.2
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.83	0.00	-0.43	0.00	-0.39	0.00	0.11	37.23	2.06	44.50	0.43
100	0	-0.74	0.00	-0.50	0.00	-0.40	0.00	0.08	29.67	1.86	44.22	0.51
120	0	-0.66	0.00	-0.57	0.00	-0.38	0.00	0.07	26.31	1.69	43.94	0.59
140	0	-0.57	0.00	-0.62	0.00	-0.35	0.00	0.08	26.59	1.54	43.39	0.67

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
Example of water to be disposed into

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
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354157
Lease/Platform:	KIWI 'AKX' STATE LEASE	Analysis ID #:	94687
Entity (or well #):	3	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354157 @ 75 °F					
Sampling Date:	9/15/09	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	177816.0	5015.54	Sodium:	81444.2	3542.62
Analyst:	LEAH DURAN	Bicarbonate:	73.2	1.2	Magnesium:	3828.0	314.91
TDS (mg/l or g/m3):	289080.9	Carbonate:	0.0	0.	Calcium:	22006.0	1098.1
Density (g/cm3, tonne/m3):	1.192	Sulfate:	774.0	16.11	Strontium:	1226.0	27.98
Anion/Cation Ratio:	1	Phosphate:			Barium:	2.5	0.04
		Borate:			Iron:	28.0	1.01
		Silicate:			Potassium:	1879.0	48.05
Carbon Dioxide:	430 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		5.5	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		5.5	Lead:		
					Manganese:	4.000	0.15
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.49	0.00	0.09	74.08	0.15	94.78	0.34	175.23	0.74	1.06	1.14
100	0	-0.41	0.00	0.00	2.12	0.13	84.16	0.31	165.14	0.54	0.80	1.33
120	0	-0.33	0.00	-0.07	0.00	0.14	87.62	0.30	161.43	0.37	0.80	1.51
140	0	-0.24	0.00	-0.13	0.00	0.17	103.02	0.31	163.02	0.22	0.53	1.66

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
Example of water to be disposed

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
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354152
Lease/Platform:	LOTUS 'ALT' STATE UNIT	Analysis ID #:	94688
Entity (or well #):	3	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354152 @ 75 °F					
Sampling Date:	9/15/09	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	181989.0	5133.25	Sodium:	77172.6	3356.82
Analyst:	LEAH DURAN	Bicarbonate:	48.8	0.8	Magnesium:	4720.0	388.29
TDS (mg/l or g/m3):	294549.4	Carbonate:	0.0	0.	Calcium:	26148.0	1304.79
Density (g/cm3, tonne/m3):	1.197	Sulfate:	541.0	11.26	Strontium:	1946.0	44.42
Anion/Cation Ratio:	1	Phosphate:			Barium:	3.5	0.05
		Borate:			Iron:	24.0	0.87
		Silicate:			Potassium:	1952.0	49.92
Carbon Dioxide:	400 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		5.2	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		5.2	Lead:		
					Manganese:	4.500	0.16
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.93	0.00	-0.01	0.00	0.05	24.84	0.36	151.42	0.70	1.32	1.41
100	0	-0.84	0.00	-0.10	0.00	0.03	16.38	0.34	144.28	0.51	1.32	1.65
120	0	-0.76	0.00	-0.17	0.00	0.04	20.61	0.33	142.17	0.34	1.06	1.86
140	0	-0.67	0.00	-0.23	0.00	0.07	35.15	0.33	144.02	0.19	0.53	2.05

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
Example of water for

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
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354158
Lease/Platform:	KIWI 'AKX' STATE LEASE	Analysis ID #:	94686
Entity (or well #):	1	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354158 @ 75 °F					
Sampling Date:	9/15/09	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	139881.0	3945.53	Sodium:	61614.9	2680.1
Analyst:	LEAH DURAN	Bicarbonate:	85.4	1.4	Magnesium:	3256.0	267.85
TDS (mg/l or g/m3):	227088.3	Carbonate:	0.0	0.	Calcium:	18604.0	928.34
Density (g/cm3, tonne/m3):	1.152	Sulfate:	404.0	8.41	Strontium:	1504.0	34.33
Anion/Cation Ratio:	1	Phosphate:			Barium:	3.0	0.04
		Borate:			Iron:	23.0	0.83
		Silicate:			Potassium:	1709.0	43.71
Carbon Dioxide:	480 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		5.1	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		5.1	Lead:		
					Manganese:	4.000	0.15
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-1.01	0.00	-0.29	0.00	-0.25	0.00	0.24	85.83	0.63	1.13	3.69
100	0	-0.92	0.00	-0.36	0.00	-0.26	0.00	0.22	80.20	0.44	0.84	4.43
120	0	-0.84	0.00	-0.42	0.00	-0.24	0.00	0.21	78.23	0.27	0.84	5.15
140	0	-0.75	0.00	-0.46	0.00	-0.19	0.00	0.22	79.64	0.13	0.28	5.8

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
Example of water to
be dissolved into EWD well

Affidavit of Publication

NO.

20947

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT

being duly

sworn, says: That he is the

PUBLISHER

of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication

December 11, 2009

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

11 Day

December

2009



OFFICIAL SEAL

Jo Morgan

NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 6/6/2012

Jo Morgan

Notary Public, Eddy County, New Mexico

Copy of Publication:

Kiwi SWD #5

Legal Notice.

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 Kiwi SWD #5 located 1980' FSL & 1650' FEL, Unit J, Section 16, Township 22' South, Range 32' East of Lea County, New Mexico, will be used for saltwater disposal. Produced waters from the Delaware Sand will be re-injected into the Delaware Sand at a depth of 5580'-6400' with a maximum pressure of

1170 psi and a maximum rate of 5000 BWPD.

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.

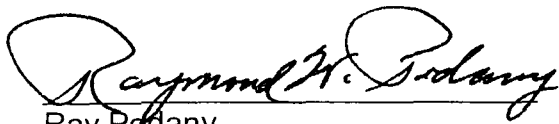
Published in the Artesia Daily Press, Artesia, NM December 11, 2009

Legal No. 20947

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Kiwi SWD #5
Unit J, Section 16-T22S-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.



Ray Podany
Geologist
Yates Petroleum Corporation

12-08-09

Date

Send notification letters to:

1. Surface owner:

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

2. Operators:

Strata Production Co
P.O. Box 1030
Roswell, NM 88202

Exxon Mobil Production Company
P.O. Box 4610
Houston, TX 77210-4610

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

BP America Production CO.
P.O. Box 3092
Houston, TX 77253-3092

Chevron USA Inc
11111 S Wilcrest Dr
Houston, TX 77099-4310

MARTIN Y
1912-
FRANK V
1936-
S.P. Y
1914
7007 2680 0000 5028 9475

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Restricted Delivery Fee (Endorsement Required)	
Total	7.34
Sent to Oxy USA, Inc. P.O. Box 27570 Houston, TX 77227-7570	
PS Form 3800, August 2006 See Reverse for Instructions	

December 10, 2009

UM
TION



JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

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

Re: Lotus SWD #12
Kiwi SWD #5
Kiwi SWD #10

Dear Sirs:

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

If you have any questions or need additional information, please call me at (575) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosures

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES
1912-198
FRANK W. Y.
1936-198
S.P. YATES
1914-200

7007 2680 0000 5028 9451

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Sent to	Commissioner of Public Lands
Street or PO	P.O. Box 1148
City, State	Santa Fe, NM 87504-1148

Postmark: ARTESIA, NM DEC 10 2009 USPS 87510

December 8, 2009

UM
TION

10-2118

JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Lotus SWD #12
Kiwi SWD #5
Kiwi SWD #10

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Sincerely,

Debbie Chavez
Engineering Technician

Enclosures

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US Postal Service
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Restricted Delivery Fee (Endorsement Required)	
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Debbie C.	

Postmark Here
DEC 10 2009
USPS 88210

US Form 3800, August 2006 See Reverse for Instructions

ROLEUM CORPORATION
2118 STREET
PO BOX 2118
1748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

Chevron USA, Inc.
11111 S. Wilcrest Drive
Houston, TX 77099-4310

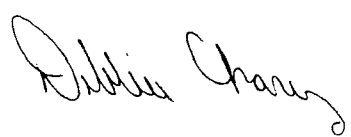
Re: Lotus SWD #12
Kiwi SWD #5
Kiwi SWD #10

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Sincerely,



Debbie Chavez
Engineering Technician

Enclosures

MARTIN YATES, I.
1912-1985
FRANK W. YATES
1936-1986
S.P. YATES
1914-2008

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Restricted Delivery Fee (Endorsement Required)	
Total P.c.	7.34

Sent To: BP America Production Company
P.O. Box 3092
Houston, TX 77253-3092

Street, Apt. or PO Box
City, State

PS Form 3800, August 2006 See Reverse for Instructions

1 ON 2118

ARTESIA, NM
DEC 10 2009
USPS 83710

JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT
JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT
JAMES S. BROWN
CHIEF OPERATING OFFICER
JOHN D. PERINI
CHIEF FINANCIAL OFFICER

BP America Production Company
P.O. Box 3092
Houston, TX 77253-3092

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Kiwi SWD #5
Kiwi SWD #10

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Sincerely,

Debbie Chavez
Engineering Technician

Enclosures

MARTIN
1912
FRANK
1936
S.P.
1914

7007 2680 0000 5028 9413

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Exxon Mobil Production
P.O. Box 4610
Houston, TX 77210-4610
City, State, ZIP+4

7.00

ARTESIA NM
DEC 10 2009
USPS 8210

PS Form 3800, August 2006 See Reverse for Instructions

**REUM
INATION**

REET
8210-2118
1471

JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

Exxon Mobil Production Company
P.O. Box 4610
Houston, TX 77210-4610

Re: Lotus SWD #12
Kiwi SWD #5
Kiwi SWD #10

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Sincerely,

Debbie Chavez

Debbie Chavez
Engineering Technician

Enclosures

MARTIN YATE:
1912-1985
FRANK W. YA:
1936-1986
S.P. YATE:
1914-2008

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
To	7.00
Strata Production Company	
P.O. Box 1030	
Roswell, NM 88202	
Postmark	ARTESIA NM DEC 10 2009 USPS 88210

De

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0-2118

JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
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Strata Production Company
P.O. Box 1030
Roswell, NM 88202

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Kiwi SWD #5
Kiwi SWD #10

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Sincerely,

Debbie Chavez
Engineering Technician

Enclosure

Submit 3 copies to Appropriate District
Office

DISTRICT I

1625 N. French Dr., Hobbs NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec NM 87410

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87504-2088

Form C-103

Revised March 25, 1999

WELL API NO. 30-025-36006
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-0134
7. Lease Name or Unit Agreement Name Kiwi AKX State
8. Well No. 10
9. Pool Name or Wildcat East Livingston Ridge Delaware

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 South 4th Str., Artesia, NM 88210

4. Well Location
Unit Letter K : 1980 feet from the South line and 1980 feet from the West line
Section 16 Township 22S Range 32E NMPM County Lea

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3719' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Production Casing</u>	<input checked="" type="checkbox"/>

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

11-4-02 TD 7-7/8" hole @ 8:30 a.m.

11-6-02 Ran 5-1/2" 17# and 15.5# casing set @ 8885'. Cemented in 2 stages.

Stage I: 525 sx Super H + additives. Tailed in w/50 sx Thixset. Brought cement top to 6000' + 25% excess.

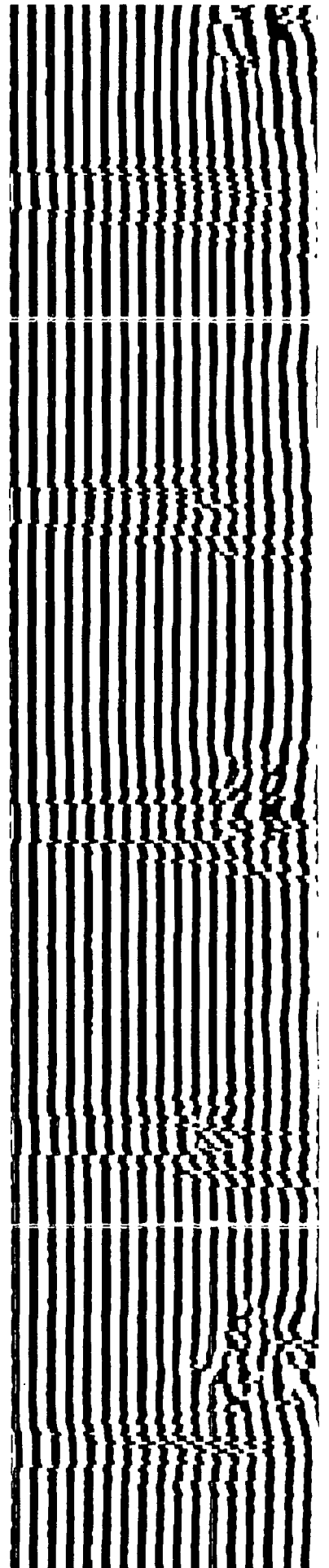
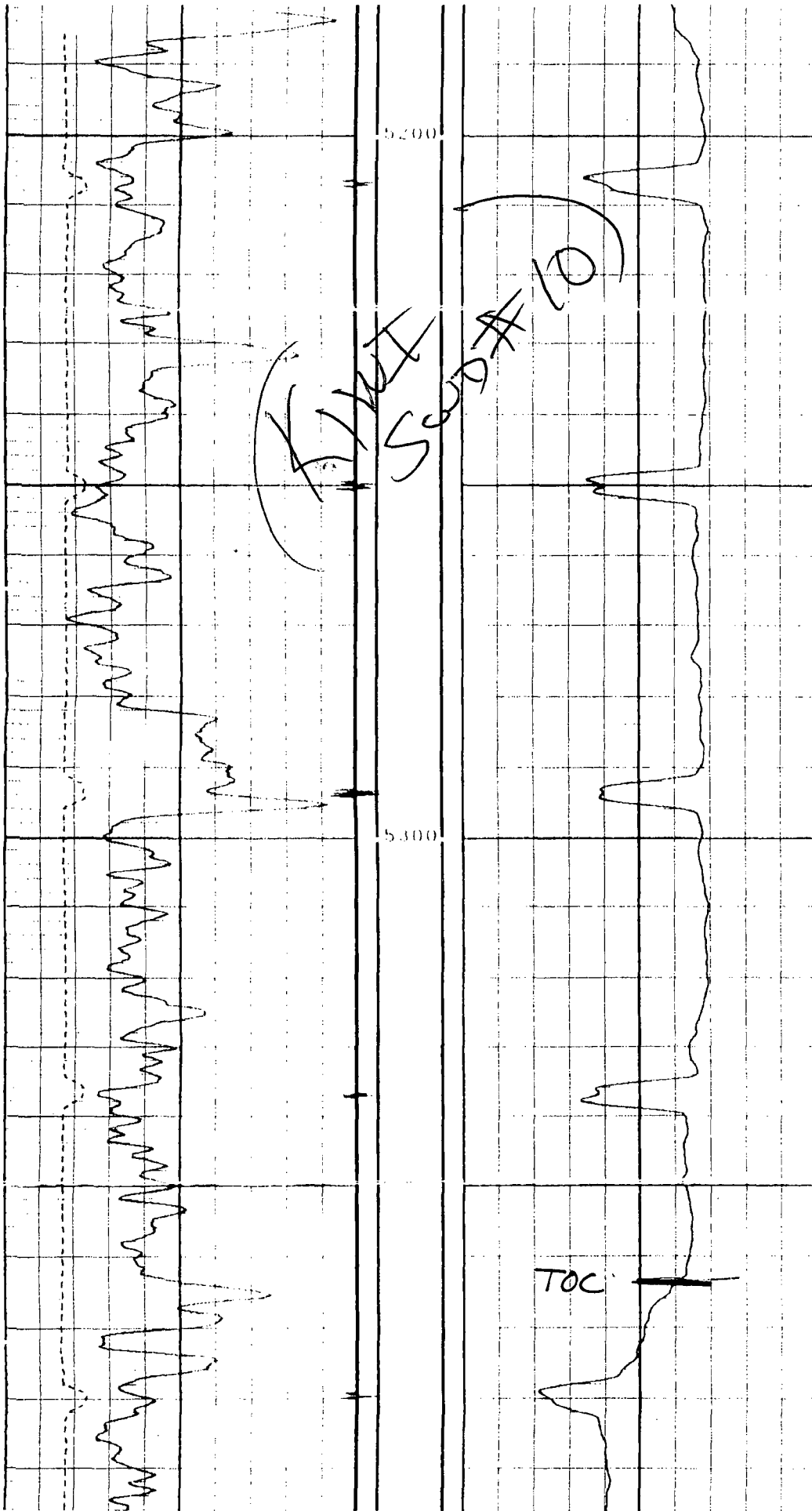
Stage II: 500 sx Interfill C and tailed in w/100 sx Class C + additives. Cement circulated.

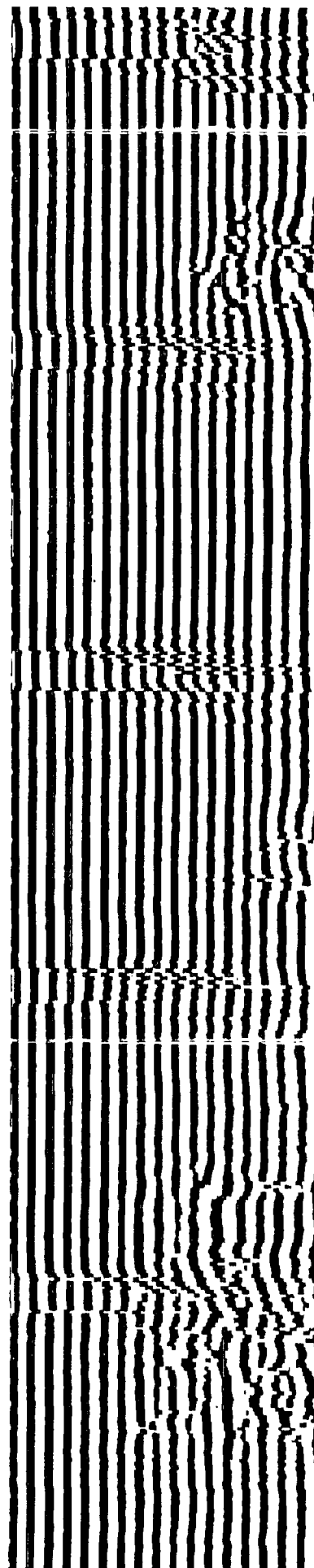
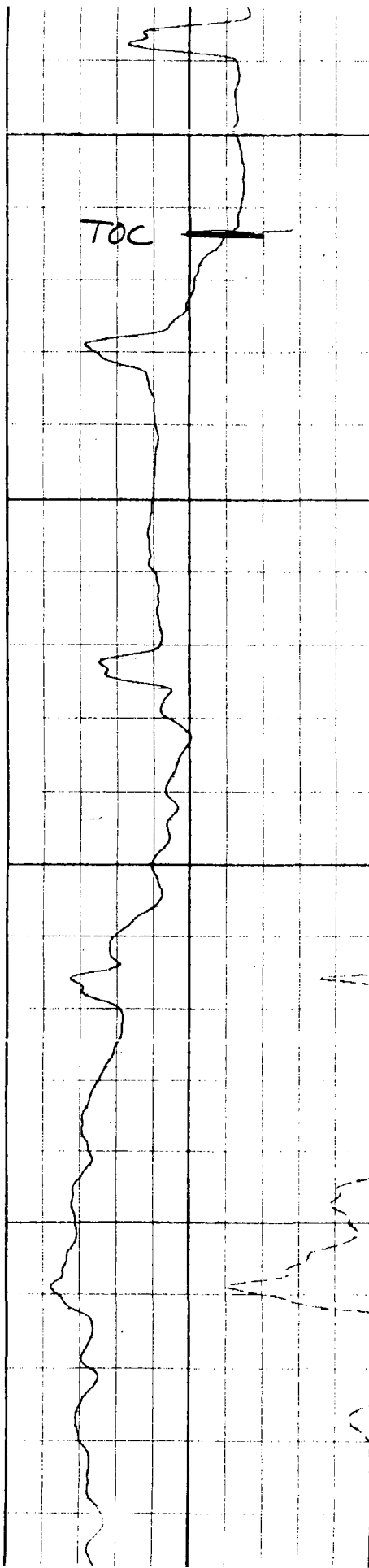
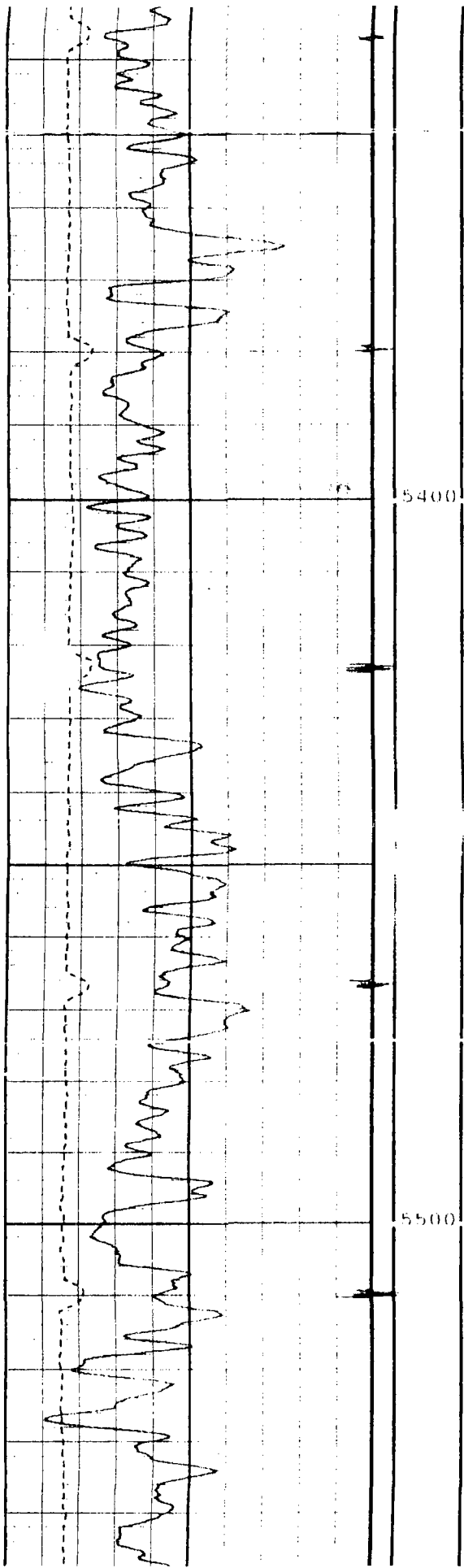
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

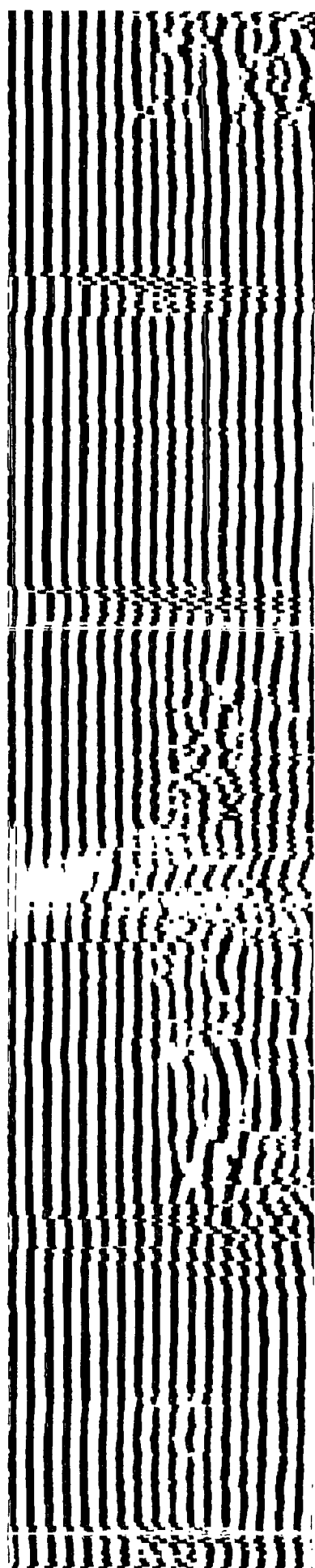
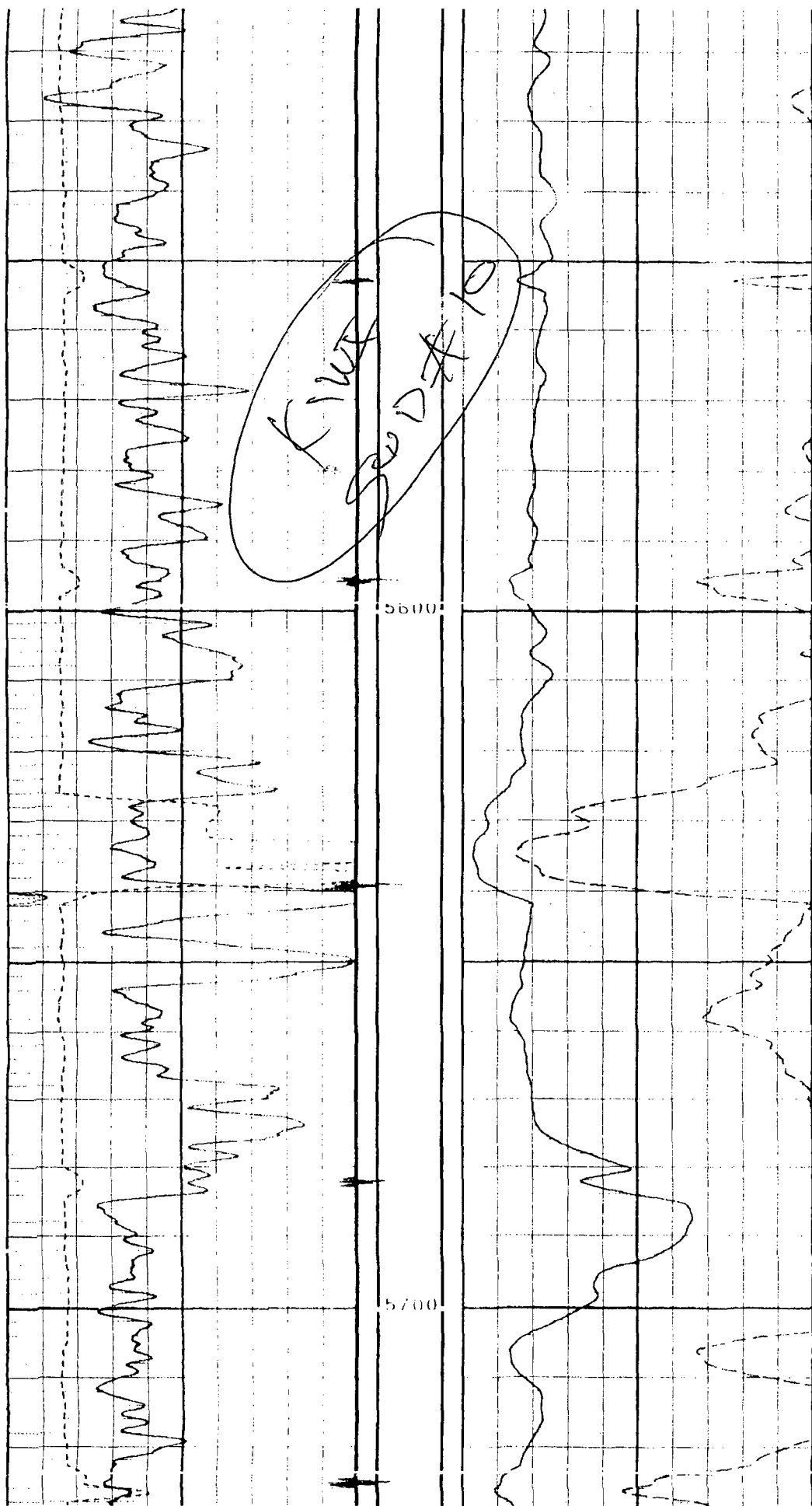
SIGNATURE Stormi Davis TITLE Regulatory Compliance Technician DATE 11/12/02
Type or print name Stormi Davis Telephone No. 505-748-1471

(This space for State use)

APPROVED BY GARY W. WINK DATE NOV 18 2002
Conditions of approval, if any: OC FIELD REPRESENTATIVE II/STAFF MANAGER







Injection Permit Checklist (8/14/09)

Case _____ R- SWD 1200 WFX _____ PMX _____ IPI _____ Permit Date 11/1/09 Qtr (O, N, D)

Wells 1 Well Name: KIWI SWD #5 (was KIWI AKX St #5)

API Num: (30-) 025-31644 Spud Date: 7/13/92 New/Old: N (UIC primacy March 7, 1982)

Footages 1980 FSL/1650 FEL Unit J Sec 16 Tsp 22S Rge 32E County LEA

Operator: Valdez Petroleum Corporation Contact Margaretta Hester

OGRID: 25575 RULE 5.9 Compliance (Wells) _____ (Finan Assur) _____

Operator Address: 105 S. 4th St. Artesia, NM 88210

Current Status of Well: Del oil well

Planned Work to Well:

Planned Tubing Size/Depth: 3 1/2 or 2 1/8 @ 7074'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 13 3/8</u>	<u>850</u>	<u>750</u>	<u>CIRC</u>
Existing <input checked="" type="checkbox"/> Intermediate	<u>11 8 5/8</u>	<u>4569</u>	<u>1500</u>	<u>CIRC</u>
Existing <input checked="" type="checkbox"/> Long String	<u>7 1/8 5 1/2</u>	<u>9500</u>	<u>310/800</u>	<u>CIRC/400' (CBL)</u>

DV Tool 7661 ☒ Liner ☒ Open Hole _____ Total Depth 9500

Well File Reviewed ☒

Diagrams: Before Conversion ☒ After Conversion ☒ Elogs in Imaging File: ☒

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)	<u>4774</u>	<u>Del Top</u>	<u>Del</u>
Injection.....	<u>7114-5580</u>	<u>Chalk</u>	<u>yes</u>
Interval TOP:	<u>7114-5580</u>	<u>Chalk</u>	<u>yes</u>
Injection.....	<u>8650-6400</u>	<u>Chalk</u>	<u>yes</u>
Interval BOTTOM:	<u>8650-6400</u>	<u>Chalk</u>	<u>yes</u>
Below (Name and Top)	<u>8690</u>	<u>Bone Spring</u>	<u>yes</u>

BIG THIEF zone somewhere 7661' to 400'

Sensitive Areas: Capitan Reef _____ Cliff House _____ Salt Depths ± 1945 - 4462'

.... Potash Area (B-111 P) _____ Potash Lessee _____ Noticed? _____

Fresh Water: Depths: 0-850' Wells none Analysis? _____ Affirmative Statement ☒

Disposal Fluid Sources: Del. Analysis? _____

Disposal Interval Production Potential/Testing/Analysis Analysis: _____

Notice: Newspaper (Y/N) ☒ Surface Owner SLO. Mineral Owner(s) _____

RULE 26.7(A) Affected Parties: State/EXXON/OXY/BP Am/chevron

Area of Review: Adequate Map (Y/N) _____ and Well List (Y/N) _____

Active Wells 10 Num Repairs _____ Producing in Injection Interval in AOR _____

..P&A Wells 3 Num Repairs 0 All Wellbore Diagrams Included? yes

Questions to be Answered:

TOC's not on AOR Table

Set CIBP with 200'

Required Work on This Well: _____ Request Sent _____ Reply: _____

AOR Repairs Needed: _____ Request Sent _____ Reply: _____

Request Sent _____ Reply: _____

5580
7114
14348

SWD 510
4/22/93
with 2 AOR wells
one well = #5

June 2009 Last Reported Production

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, January 05, 2010 4:59 PM
To: 'Margrethe Hotter'
Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD; Kautz, Paul, EMNRD
Subject: Disposal applications from Yates Petroleum Corporation: Kiwi SWD #5 and #10 Delaware Mountain Group

Hello Margrethe:

Would you please ask someone to send a copy of the CBL run on the Kiwi AKZ State #10 30-025-36006 to the Hobbs OCD office for scanning into the well log file for that well? The application for #10 says there is a CBL.

Also, I have these two disposal permits within this Section 16 ready to release, but would like to see this CBL – the #10 well is in the AOR of the #5 well. If you could please scan in the interval starting from 5200 feet and going down 200 feet or so into the cement top and email it?

Thank You,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448