

DATE IN 1-20-10	SUSPENSE	ENGINEER Jones	LOGGED IN 1-20-10	TYPE SWD	PTG W	APP NO. 1002030282
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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 Petroleum  
25575

Huapache SWD #1  
30-015-21248

**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]

Federal  
Eddy

- [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 X 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.

Mike Hill	Area Engineer	1/11/10
Print or Type Name	Signature	Title
		Date
	mikeh@yatespetroleum.com	
	e-mail Address	

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

SUBMIT IN THE "CATE"  
(Other instructions on re-  
verse side)

Form approved.  
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.  
NM 0559784

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

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—" for such proposals.)

RECEIVED

1. OIL WELL  GAS WELL  OTHER  Dry Hole

7. UNIT AGREEMENT NAME

2. NAME OF OPERATOR  
Mesa Petroleum Co.

8. FARM OR LEASE NAME  
Huapache Federal

3. ADDRESS OF OPERATOR  
P. O. Box 2009, Amarillo, Texas 79105

9. WELL NO.  
1

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.  
See also space 17 below.)  
At surface

10. FIELD AND POOL, OR WILDCAT  
Wildcat

660' FSL & 2245' FEL of Sec. 30

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
Sec. 30, T25S, R25E

14. PERMIT NO.  
30-01S-21248

15. ELEVATIONS (Show whether OF, RT, CR, etc.)  
3688' GL 3701' RKB

12. COUNTY OR PARISH  
Eddy Co.

13. STATE  
NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	FULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) <input type="checkbox"/>	

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Well was drilled to total depth of 11,233 on August 18, 1974. DST results and electric logs did not indicate commercial zones of interest. The rotary was over the hole and verbal approval to plug and abandon was obtained from Mr. R. L. Beekman on August 22, 1974. Weighted brine (10.0#/gal) was left between the following cement (Class H) plugs.

- 50 sxs 11,037' - 11,157' Across top of Morrow
- 50 sxs 9,838' - 9,958' Across top of Atoka
- 50 sxs 7,727' - 7,847' Across top of Wolfcamp
- 50 sxs 6,181' - 6,301' Stabilizing plug
- 50 sxs 4,798' - 4,906' Across top of Bone Springs
- 50 sxs 2,544' - 2,644' Across 9 5/8" shoe @ 2600'
- 10 sxs 3' BGL - 30' Surface plug

All cement plugs were spotted through drill pipe. No casing was pulled. (13 3/8" @ 308' and 9 5/8" @ 2,600') Dry hole marker was installed and rig released 8:00 pm (MDT) 8-23-74.

18. I hereby certify that the foregoing is true and correct

SIGNED [Signature] TITLE Production Engineer DATE Sept. 5, 1974

(This space for Federal or State office use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions on Reverse Side

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) 748-4219

RECEIVED

2010 JAN 19 PM 1 58

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

January 7, 2010

New Mexico Energy & Minerals Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-5472,

Dear Mr. Will Jones;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Hupache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

James M. Hill (Mike)  
Operations Engineer

Enclosure

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Tuesday, January 19, 2010 5:08 PM  
**To:** 'mikeh@yatespetroleum.com'  
**Subject:** Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Mike:

We got this application today and looked over it quickly – will look it over more after it is logged in.

- a. Please send a “post-conversion” wellbore diagram
- b. Look at the AOR ½ mile circle and let me know who is the lessees (affected parties) in the separate tracts of land.
  - a. The E/2 SW/4 of Section 29
  - b. The NW/4 NW/4 of Section 32
  - c. The N/2 of Section 31
  - d. And Section 30 lands within the Circle

Thank You,

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

*Will, (FYI)  
I looked at The Logs  
D/N shows gas @  $\approx 3510'$  -  $3690'$   
TW.*

**C-108 Application for Authorization to Inject  
Yates Petroleum Corporation  
Huapache SWD No. 1  
(Mesa Petroleum Co. Huapache Federal No. 1)  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico**

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

**Yates Petroleum Corporation plans to re-enter, deepen and convert this well to a water disposal well into the Devonian carbonate.**

- II. **Operator: Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210  
James M. Hill (575) 748-4219**
- III. **Well Data: See Attachment A**
- IV. **This is not an expansion of an existing project.**
- V. **See attached map, Attachment B.**
- VI. **1 well within the area of review penetrate the proposed injection zone. (See Attachment C)**
- VII. **1. Proposed average daily injection volume approximately 2500 BHPD. Maximum daily injection volume approximately 7000 BHPD.**
- 2. This will be a closed system.**
- 3. Proposed average injection pressure –unknown.  
Proposed maximum injection pressure –8,391 psi.**
- 4. Sources of injected water would be produced water from the Delaware and Bone Spring Sand. (Attachment D)**
- VIII. **1. The proposed injection interval is the portion of the Devonian carbonates consisting of porous dolomite from estimated depth of +/- 12,850'.**

**Application for Authorization to Inject  
Huapache SWD No. 1**

**-2-**

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 50'. There are no fresh water zones underlying the formation.**
- 
- IX. The proposed disposal interval may be acidized with 20% HCL acid or proppant fractured.**
  
  - X. Logs were filed at your office when the well was drilled. New logs will be provided after the well has been deepened.**
  
  - 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  
Huapache SWD No. 1  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico**

**Attachment A**

III. Well Data

- A.
1. Lease Name/Location  
Huapache SWD No. 1  
API No. 30-015-21248  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico
  2. Casing Strings:
    - a. Present well condition  
13-3/8", 48# H40 ST&C @ 308' w/350 sx (circ)  
9-5/8", 36 & 32.3# K55 & H40 @ 2,600' w/ 1,100 sx. (circ.)  
8-3/4", Open hole down to 11,233' covered by multiple plugs.
    - b. Present Status:  
Plugged and Abandoned
  3. Proposed well condition:  
Drill out plugs in the 9-5/8" and open hole. The well will then be depend to the Devonian. 7" casing would then be set and cemented in place with the cement circulated to surface. The Devonian porosity will then be perforated and stimulated. The other casing strings same as above.  
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated injection tubing @ +/- 12,800'
  4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at +/- 12,800' or within 100' of the top perforation.
- B.
1. Injection Formation: Devonian Carbonate
  2. Injection Interval will be through perforations from approximately 12,800'-13,000' gross interval.
  3. Well was originally drilled as a Morrow Sand gas well. Well will be Delaware and Bone Springs water disposal well (12,800'-13,000') when work is completed.
  4. Perforations: High porosity carbonates be selected between 12,800'-13,000'.
  5. Next higher (shallower) oil or gas zone within 2 miles-Morrow.  
Next lower (deeper) oil or gas zone within 2 miles-None.

WELL NAME: Huapache Federal #1 FIELD:

LOCATION: 660' FSL & 2,245' FEL of Section 30-25S-25E Eddy Co., NM

GL: 3,552' ZERO: 18' KB: 3570'

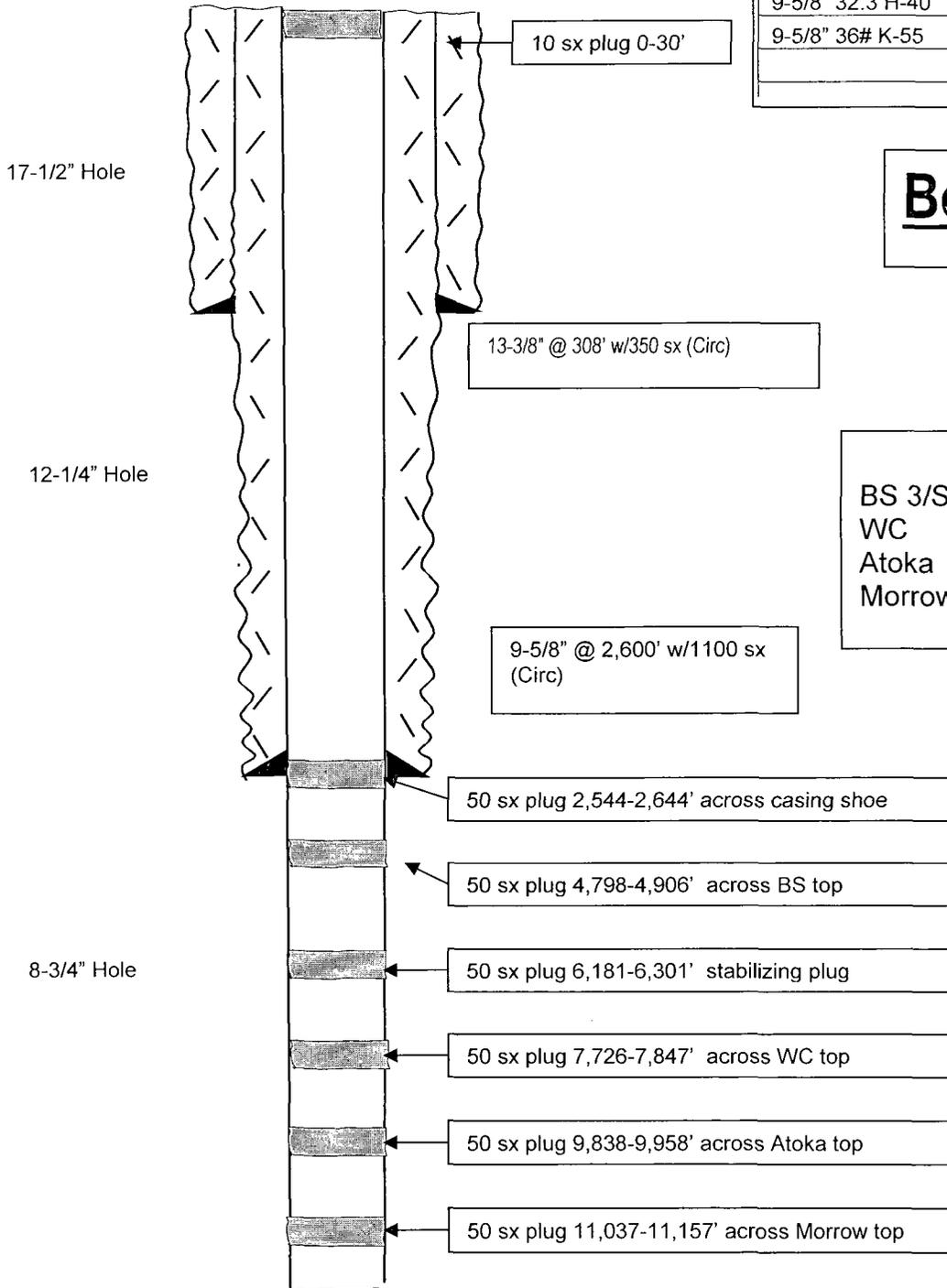
SPUD DATE: 7/4/74 COMPLETION DATE: 8/26/74

COMMENTS: API No.: 30-015-21248

Operated by Mesa Petroleum Company

CASING PROGRAM

13-3/8" 48# H-40 ST&C	308'
9-5/8" 36# K-55 (1,587')	
9-5/8" 32.3 H-40 (126')	
9-5/8" 36# K-55 (906')	2,600'



**Before**

TOPS	
BS 3/Sd	7,400'
WC	7,809'
Atoka	9,894'
Morrow	11,112'

*Handwritten notes:*  
 280  
 1330  
 Top Below

TD: 11,233'

Not to Scale  
 12/22/09  
 DC/Hill

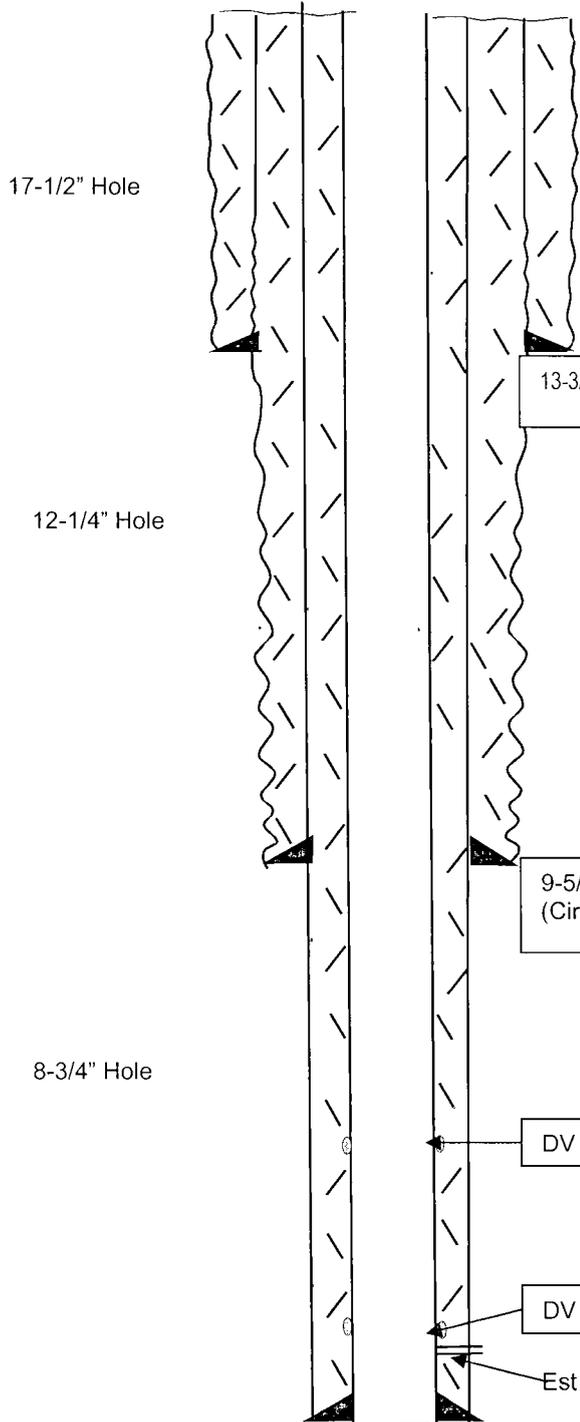
**WELL NAME:** Huapache Federal #1 **FIELD:** \_\_\_\_\_  
**LOCATION:** 660' FSL & 2,245' FEL of Section 30-25S-25E Eddy Co., NM

**GL:** 3,552' **ZERO:** 18' **KB:** 3570'  
**SPUD DATE:** 7/4/74 **COMPLETION DATE:** 8/26/74

**CASING PROGRAM**

**COMMENTS:** API No.: 30-015-21248  
 Originally operated by Mesa Petroleum Company P&Aed  
 Estimated 7" csg design and cement program.

13-3/8" 48# H-40 ST&C		<b>308'</b>
9-5/8" 36# K-55 (1,587')		
9-5/8" 32.3 H-40 (126')		
9-5/8" 36# K-55 (906')		<b>2,600'</b>
(Estimated 7" csg. Design)		
7" 28# HCP-110 (275')		
7" 32# N-80 (1,656')		
7" 26# HCP110 (2,080')		
7" 26# L-80 (3,797')		
7" 28# HCP110 (4,384')		
7" 32# N-80 (808')		<b>+/-13,000'</b>



**After**

**TOPS**

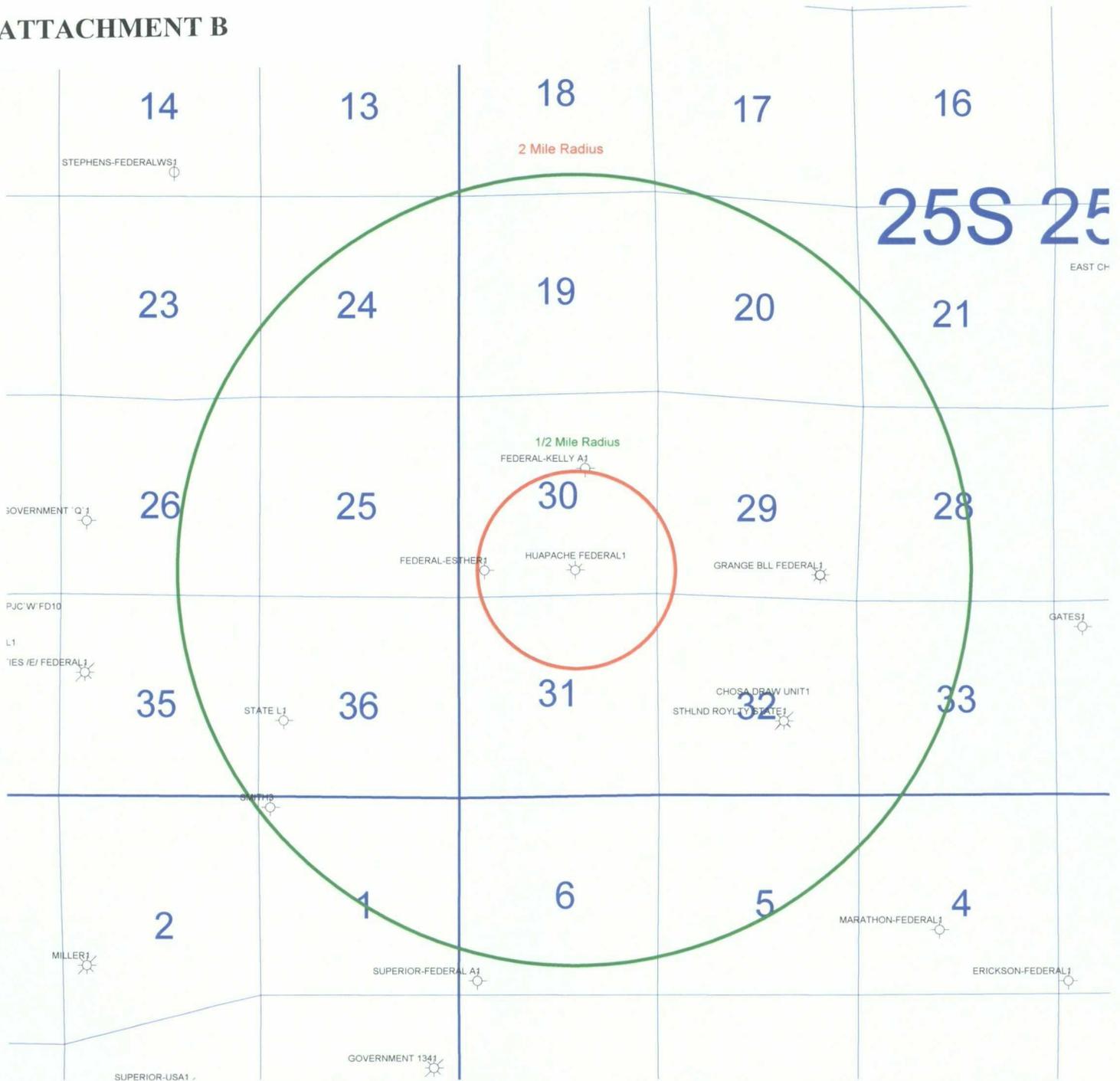
BS 3/Sd	7,400'
WC	7,809'
Atoka	9,894'
Morrow	11,112'

TD: +/-13,000'

7" @ +/-13,000' w/ (estimated )  
 1<sup>st</sup> Stage: +/- 100 sx  
 2<sup>nd</sup> Stage: +/- 1100 sx  
 3<sup>rd</sup> Stage: +/- 1000 sx (Cmt Cir to Surf)

**Not to Scale**  
 12/22/09  
 DC/Hill

**ATTACHMENT B**



**YATES PETROLEUM**

**Huapache Federal #1**

<b>Author:</b> Debbie Chavez	API No.: 30-015-21248	<b>Date:</b> 6 January, 2010
Section 30-25S-25E	660' FSL & 2,245' FEL	Eddy County, NM

Attachment "C"

**Huapache SWD # 1**  
**Form C-108**

Tabulation of data on wells within area of review

Well Name	Operator	API Number	Location	Type	Spud Date	Total Depth	Producing	Perforations	Tubular Information

None no wells have been drilled to the Devonian in the Area of Review.

Analytical Laboratory Report for:

**MARBOB ENERGY CORPORATION**

BJ Chemical Services

Account Representative:  
William D Polk

## Production Water Analysis

Listed below please find water analysis report from: Gravy State Com, 1H

Lab Test No: 2009152762      Sample Date: 11/16/2009  
 Specific Gravity: 1.122  
 TDS: 186977  
 pH: 6.90  
 Resistivity: .35@70F      ohms/M

Cations:	mg/L	as:
Calcium	2140	(Ca <sup>++</sup> )
Magnesium	356	(Mg <sup>++</sup> )
Sodium	66000	(Na <sup>+</sup> )
Iron	24.00	(Fe <sup>++</sup> )
Potassium	1644.0	(K <sup>+</sup> )
Barium	1.57	(Ba <sup>++</sup> )
Strontium	261.00	(Sr <sup>++</sup> )
Manganese	0.90	(Mn <sup>++</sup> )
Anions:	mg/L	as:
Bicarbonate	3050	(HCO <sub>3</sub> <sup>-</sup> )
Sulfate	1500	(SO <sub>4</sub> <sup>-</sup> )
Chloride	112000	(Cl)
Gases:		
Carbon Dioxide	300	(CO <sub>2</sub> )
Hydrogen Sulfide	0	(H <sub>2</sub> S)

**MARBOB ENERGY  
CORPORATION**

Lab Test No: 2009152762

**DownHole SAT™ Scale Prediction  
@ 100 deg. F**



**Chemical Services**

<b>Mineral Scale</b>	<b>Saturation Index</b>	<b>Momentary Excess (lbs/1000 bbls)</b>
Calcite (CaCO <sub>3</sub> )	25.56	3.45
Strontianite (SrCO <sub>3</sub> )	2.59	3.24
Anhydrite (CaSO <sub>4</sub> )	0.29	-1557.07
Gypsum (CaSO <sub>4</sub> *2H <sub>2</sub> O)	0.33	-1520.01
Barite (BaSO <sub>4</sub> )	3.06	1.80
Celestite (SrSO <sub>4</sub> )	0.50	-325.71
Siderite (FeCO <sub>3</sub> )	258.08	4.14
Halite (NaCl)	0.13	-312040.59
Iron sulfide (FeS)	0.00	-0.24

**Interpretation of DHSat Results:**

The **Saturation Index** is calculated for each mineral species independently and is a measure of the degree of supersaturation (driving force for precipitation) under the conditions modeled. This value ranges from 0 to Infinity with 1.0 representing a condition of equilibrium where scale will neither dissolve nor precipitate. Values less than 1.0 are undersaturated and values greater than 1.0 are supersaturated. The scale is logarithmic, i.e. a Saturation Index of 3 is 10 times more saturated than a value of 2.

The **Momentary excess** is a measure of how much scale would have to precipitate to bring the system back to a non-scaling condition. This value ranges from negative (dissolving) to positive (precipitating) values. The **Momentary Excess** represents the amount of scale possible while the **Saturation Level** represents the probability that scale will form.

**Huapache SWD No. 1  
API No. 30-015-21248  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico**

**Offset Operators**

Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227

The Allar Company  
P. O. Box 1567  
Graham, TX 76450-1567

Fasken Oil & Ranch  
303 W. Wall, Suite 1800  
Midland, TX 79701-5116

**Surface and Mineral Owners**

BLM  
620 E. Greene Street  
Carlsbad, NM 88220-6292

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

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 620 E. Greene Street  
 Carlsbad, NM 88220-6292

Postmark Here  
 JAN 12 2010  
 ARTESIA NM  
 USPS 88210

PS Form 3800 August 2006 See Reverse for Instructions

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

BLM  
 620 E. Greene Street  
 Carlsbad, NM 88220-6292

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

*James M. Hill*  
 James M. Hill (Mike)  
 Operations Engineer

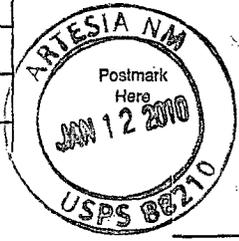
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Restricted Delivery Fee (Endorsement Required)		
To: <i>5.88</i>		
The Allar Company		
P.O. Box 1567		
Graham, TX 76450-1567		



**LEUM  
RATION**  
STREET  
38210-2118  
3-1471

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

MARTIN 191  
FRANK 193  
S.P. 191  
7006 0100 0003 9638 9912

PS Form 3800, June 2002 See Reverse for Instructions

The Allar Company  
P. O. Box 1567  
Graham, TX 76450-1567

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

James M. Hill (Mike)  
Operations Engineer

Enclosure



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171

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7007 2680 0000 0000

MARTIN Y.  
1912-1  
FRANK W.  
1936-1  
S.P. Y.  
1914-2

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

Sent To: Marbob Energy Corporation  
Street, Apt. 1 P.O. Box 227  
or PO Box N  
City, State, Z: Artesia, NM 88211-0227

PS Form 3800, August 2006 See Reverse for Instructions

Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

James M. Hill (Mike)  
Operations Engineer

Enclosure

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
<b>Total</b>		<b>5.88</b>



**PERMUTATION**

STREET  
 38210-2118  
 -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

MARTIN 1912  
 FRANK 1931  
 S.P. 1914  
 6559 9659  
 9638 9659  
 E000 0000  
 0070 9000  
 7006 0100

Sent to State of NM

Street or PO City, State  
 OCD  
 1301 W. Grand  
 Artesia, NM 88210

PS Form 3800, June 2002 See Reverse for Instructions

Randy Dade  
 State of New Mexico  
 OIL CONSERVATION DIVISION  
 1301 W. Grand  
 Artesia, New Mexico 88210

Dear Mr. Dade,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

*J.M. Hill*  
 James M. Hill (Mike)  
 Operations Engineer

Enclosure

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

2010 FEB 4 PM 1 51

JOHN A. YATES  
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.  
PRESIDENT

SCOTT M. YATES  
VICE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

February 2, 2010

New Mexico Energy & Minerals Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-5472,

Re: Huapache SWD #1

Dear Mr. Will Jones;

Enclosed please find a notification that a certified form C-108 on the Huapache SWD #1 located in Unit O, Section 30-25S-25E of Eddy County, New Mexico was sent to Featherstone Development on February 2, 2010.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

  
James M. Hill (Mike)  
Operations Engineer

Enclosure

7007 2680 0000 5028 7482

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5 SOUTH FOURTH STREET  
NEW MEXICO 88210-2118  
TELEPHONE (575) 748-1471

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SCOTT M. YATES  
VICE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

Sent  
Street or P.O. Box  
City

Featherstone Development  
P.O. Box 429  
Roswell, NM 88202-0429

AS Form 3800, August 2006 Instructions

February 2, 2010

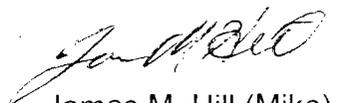
Featherstone Development Corp.  
P.O. Box 429  
Roswell, NM 88202-0429

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

  
James M. Hill (Mike)  
Operations Engineer

Enclosure

## Jones, William V., EMNRD

---

**From:** Jones, William V., EMNRD  
**Sent:** Monday, March 01, 2010 11:22 AM  
**To:** 'Mike Hill'  
**Subject:** RE: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Mike:

Thanks for the diagram and the Lessee info. On SWD applications there is rarely an "Operator of Record" in the zone (Devonian) you will be disposing into, so we ask for the applicant to research and notice those controlling the minerals within the ½ mile AOR. In this case it looks like Aetna Petroleum is the only party you did not notice – but they only are in a sliver of lands in Section 32 – so this is fine.

Just for our records, since the Devonian in this area has not been tested, would you please send a quick discussion about

- a. the possible productivity of this Devonian?
- b. how Yates would know if it could be productive?

I saw where you would log the well after re-entering and deepening.  
Will you scan those logs for Devonian oil potential?

I will draft this up and get it ready today. I wish all were this easy.

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

---

**From:** Mike Hill [mailto:MikeH@yatespetroleum.com]  
**Sent:** Wednesday, January 20, 2010 11:43 AM  
**To:** Jones, William V., EMNRD  
**Subject:** FW: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Will;

I had Janet Richardson in our land department dig up the lease information for you requested.  
I was added below in your original e-mail.

I have included an "after" wellbore sketch that the BLM had requested earlier.  
I had intended to send an "after" sketch in my application, but it was accidentally mailed by my tech before I got it in the package, sorry for any inconvenience.

*Mike Hill*

Office 575-748-4219  
Cell 575-365-8706

-----Original Message-----

**From:** Janet Richardson  
**Sent:** Wednesday, January 20, 2010 10:20 AM  
**To:** Mike Hill  
**Subject:** RE: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Mike, Sorry, I thought we needed offset Operators, which is what I gave you earlier. Here are the **lessees**:

Thanks, Janet

-----Original Message-----

**From:** Mike Hill

**Sent:** Wednesday, January 20, 2010 9:41 AM

**To:** Janet Richardson

**Subject:** Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Janet

-----Original Message-----

**From:** Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]

**Sent:** Tuesday, January 19, 2010 5:08 PM

**To:** Mike Hill

**Subject:** Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Mike:

We got this application today and looked over it quickly – will look it over more after it is logged in.

- a. Please send a “post-conversion” wellbore diagram
- b. Look at the AOR ½ mile circle and let me know who is the lessees (affected parties) in the separate tracts of land.

- a. The E/2 SW/4 of Section 29 –

**Yates Petroleum Corporation**

**Yates Drilling Company**

**Myco Industries, Inc.**

**Abo Petroleum Corporation**

**105 South Fourth Street,**

**Artesia, NM 88210**

- b. The NW/4 NW/4 of Section 32 –

**Aetna Petroleum Corp**

**P. O. Box 17006-GMF**

**Denver, CO 80217**

**Fasken Oil & Ranch**  
**303 W. Wall, Suite 1800**  
**Midland, TX 79701-5116**

**Sharbro Oil Ltd. Co.**  
**105 South Fourth Street**  
**Artesia, NM 88210**

- c. The N/2 of Section 31 –

**Marbob Energy Corporation**

**P. O. Box 227**

**Artesia, NM 88211-0227**

**The Allar Company**  
**EG3, Inc.**  
**P. O. Box 1567**  
**Graham, TX 76450-1567**

- d. And Section 30 lands within the Circle
- SENW and SW expired 8/31/2008 – BLM minerals – not currently leased**  
**E2 30 expired 5/31/2005 – BLM minerals – not currently leased**

**N2NW,SWNW  
Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc  
Abo Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210**

**Marbob Energy Corporation  
Pitch Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227**

**Featherstone Development Corp.  
P. O. Box 429  
Roswell, NM 88202-0429**

Thank You,

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

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# Affidavit of Publication

NO. 20979

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 January 10, 2010

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Fifth Publication \_\_\_\_\_

Subscribed and sworn to before me this 10 Day January 2010



OFFICIAL SEAL  
Jo Morgan  
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 2/26/12

Jo Morgan  
Notary Public, Eddy County, New Mexico

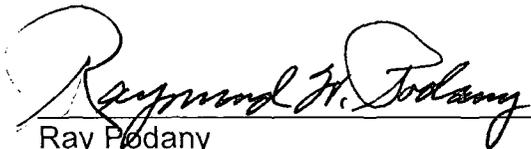
# Copy of Publication:

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 Huapache SWD No. 1 located 660' FSL & 2,245' FEL, Section 30, Township 25 South, Range 25 East, of Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the Delaware Sands and Bone Spring Sand will be re-injected into the Devonian at a depth of approximately 12,850' with a maximum pressure of 8,391 psi and a maximum rate of 7,000 BWP. 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 James Hill at (575) 748-4219.  
Published in the Artesia Daily Press, Artesia, NM January 10, 2010.  
Legal No. 20979

Attachment G

C-108 Application for Authorization to Inject  
Yates Petroleum Corporation  
Huapache SWD No. 1  
API No. 30-015-21248  
Unit O Sec. 30, T25S, R25E  
Eddy 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

1/8/2010  
Date

**Jones, William V., EMNRD**

---

**From:** Mike Hill [MikeH@yatespetroleum.com]  
**Sent:** Monday, March 01, 2010 3:08 PM  
**To:** Jones, William V., EMNRD  
**Subject:** RE: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Will;

Discussion: Devonian potential in Southwestern Eddy County.

In general, in Eddy County, the vugular porosity in the Devonian carbonate is filled with water and has historically provided a good disposal zone across the county. I have looked in T25S R24E and T25S R25E for Devonian test, but I did not find any. The closest well that I found was YPC's Humidor State Unit # 1 and it was 17.9 miles away. The Humidor State Unit # 1 was TD in the Devonian but completed in the Atoka and Strawn. The next closest well is the Cigarillo SWD # 1; at 23.4 miles away and it is a Devonian disposal well.

As stated in our C-108 application we plan on deepening this well to the Devonian carbonate at +/- 13,000'. A full suite of logs would then be pulled and evaluated. If the Devonian looks like it is hydrocarbon bearing, the BLM will then be asked to put this lease up for bid and Yates Petroleum will make a good effort to purchase the lease and convert the wellbore over to a producing well after all of the appropriate paperwork has been filed and approved. If we are unsuccessful in acquiring the lease, the wellbore will be sold to the new owner or plugged.

*Mike Hill*

Office 575-748-4219  
Cell 575-365-8706

-----Original Message-----

**From:** Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]  
**Sent:** Monday, March 01, 2010 11:22 AM  
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Thanks, Janet  
phone 575-748-4353 - fax 575-748-4572

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**Myco Industries, Inc.**

**Abo Petroleum Corporation  
105 South Fourth Street,  
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d. And Section 30 lands within the Circle  
**SE<sup>1</sup>/<sub>4</sub> and SW<sup>1</sup>/<sub>4</sub> expired 8/31/2008 – BLM minerals – not currently leased  
E2 30 expired 5/31/2005 – BLM minerals – not currently leased**

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Thank You,

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Injection Permit Checklist (11/30/09)

Case R- SWD 1204 WFX PMX IPI Permit Date 3/1/10 UIC Qtr (JFM)

# Wells 1 Well Name: HUAPACHE SWD #1

API Num: (30-) 015-21248 Spud Date: 7/4/74 New/Old: 0 (UIC primacy March 7, 1982)

Footages 660FSL/2245FEL Unit 0 Sec 30 Tsp 25S Rge 25E County EDDY

Operator: Yates Petroleum Company Contact MIKE HILL

OGRID: 25575 RULE 5.9 Compliance (Wells) 7/2427 (Finan Assur) OK

Operator Address: 105 S. 4th St / Arbon / NM / 88210-2118

Location and Current Status: PEA

Planned Work to Well:

Planned Tubing Size/Depth: 3 1/2 @ 12800'

	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 7/8</u>	<u>308</u>	<u>350</u>	<u>CIRC</u>
Existing <input checked="" type="checkbox"/> Intermediate	<u>12 1/4 9 5/8</u>	<u>2600</u>	<u>1100</u>	<u>CIRC</u>
New <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Long String	<u>8 3/4 7"</u>			

DV Tool S New Liner Open Hole Total Depth 11233'

Well File Reviewed

Diagrams: Before Conversion  After Conversion  Elogs in Imaging File: Yes Will File New EGS

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)	<u>1112</u>	<u>Top Member</u>	
Above (Name and Top)			
Injection..... Interval TOP:	<u>12800</u>	<u>DEV.</u>	
Injection..... Interval BOTTOM:	<u>13000</u>	<u>DEV.</u>	
Below (Name and Top)			

SOUTHWEST of WHITE CITY

2560 PSI Max. WHIP  
Open Hole (Y/N)  
Deviated Hole?

Sensitive Areas: Capitan Reef Cliff House Salt Depths 150-1360

Rotash Area (R-1-1-1-1) Rotash Lessee Noticed?

Fresh Water: Depths: 0-50' Wells None Analysis? Affirmative Statement

Disposal Fluid Sources: Delaware / B.S. Analysis?

Disposal Interval Production Potential/Testing/Analysis Analysis: not tested yet

Notice: Newspaper (Y/N)  Surface Owner PEM Mineral Owner(s)

RULE 26.7(A) Affected Parties: Featherstone / Marbob / Allen Co. / Fisher Oil & Rich

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

Active Wells 0 Num Repairs 0 Producing in Injection Interval in AOR 0

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

Questions to be Answered:

Required Work on This Well: Request Sent Reply:

AOR Repairs Needed: Request Sent Reply:

Request Sent Reply: