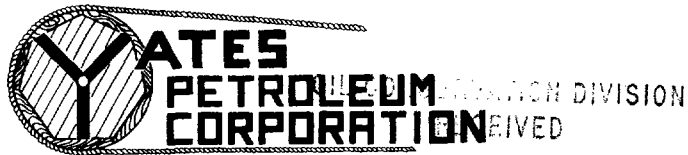


MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

January 19, 1990

NMOCD
P. O. Box 2088
Sante Fe, New Mexico 87501

Attention: David Catanach

RE: Request for Injection Pressure Limit Increase
SWD - Bate Federal #1, I 3-20S-24E Eddy County

Dear Mr. Catanach:

The Bate Federal #1 has been limited to a wellhead injection pressure of 842 psi by Order No. SWD-371. According to rule 704-C, a step-rate test was conducted on January 11, 1990 on the Bate Federal #1 salt water disposal well. The test was witnessed by Johnny Robinson of the Artesia NMOCD office.

John West Engineering of Hobbs, New Mexico conducted the test. The results of the step-rate test are enclosed.

As you know per your conversation with Johnny Robinson of the Artesia NMOCD, we ran out of pump capacity during the test. We could not inject at higher rates than 7 BPM (10,272 BWPD was the last recorded rate). According to the data, we had not yet reached the parting pressure at the time the pumps went down.

Rather than conducting another test at this time, Yates Petroleum respectfully requests an increase of the pressure limit on the Bate Federal #1 to 1255 psi. This is the final recorded pressure with the tool set at 4180 ft. The top perforation is at 4238 ft.

Should you have any questions, please do not hesitate to call. We appreciate your granting us permission to increase the injection pressure.

Sincerely,

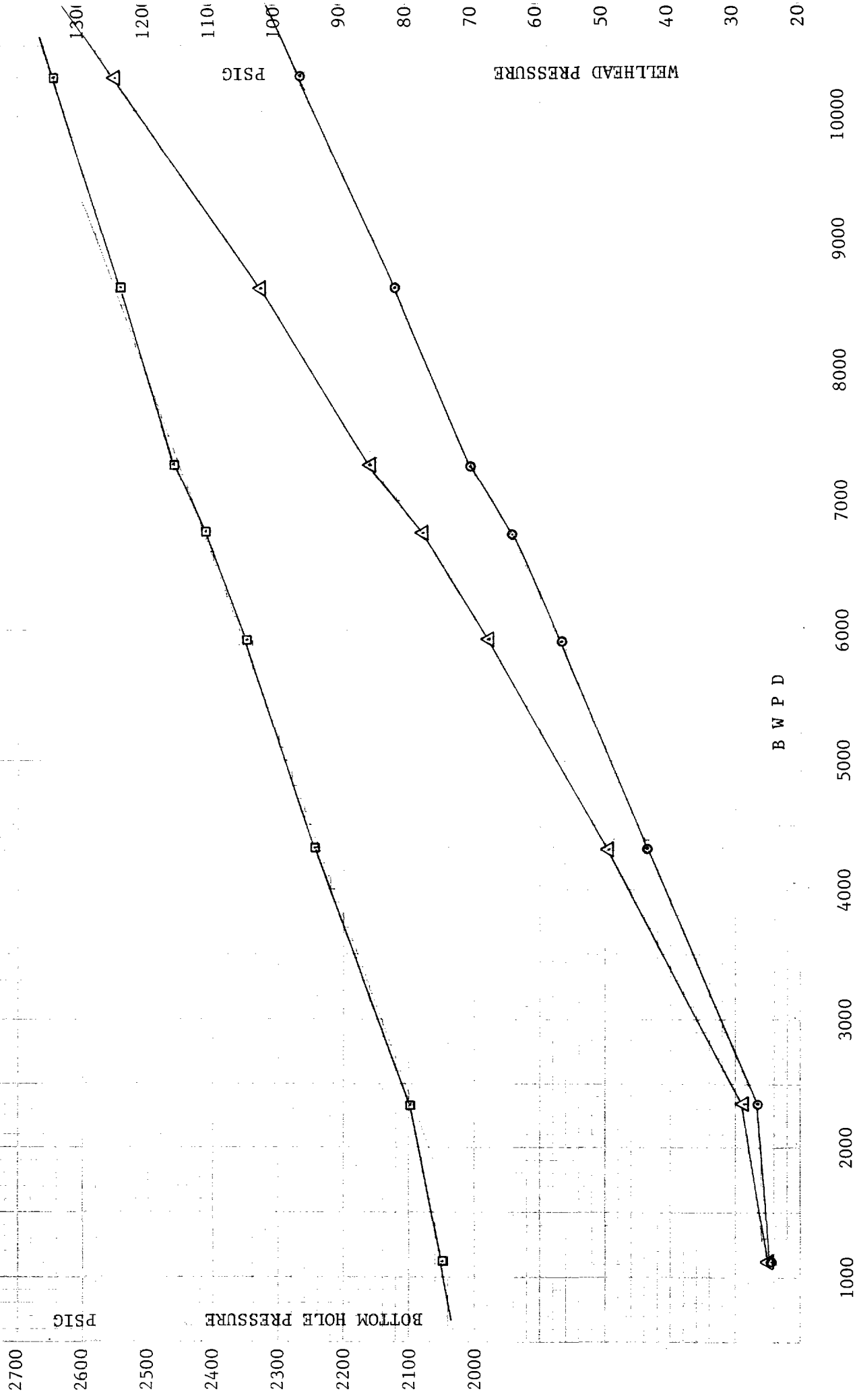
Theresa Padilla
Petroleum Engineer

xc: NMOCD
Artesia, NM 88210

Bottom Hole Pressure @ 4,180 Feet
Recorded Wellhead Pressure

Corrected Wellhead Pressure Based on 3" Tubing

YATES PETROLEUM COMPANY
Bates Federal No. 1
Step-rate Injection Test



JOHN WEST ENGINEERING CO.
Step Rate Injection Test

Well Name Bates Federal No. 1

Date 1-11-90

CO. Name Yates Petroleum Company

Remarks	Time	Tbg. Press.	Rate B P D	Total	B H P	Tbg. Press.	Rate G P M	Total
				BOMB SET @ 4180'				
	11:45			0				
	11:50	235.0	1065.60	3.7	2057.50			
	11:55	238.90	1123.20	7.6	2057.70			
Rate I	12:00	256.80	1152.00	11.6	2055.80	252.08	32.48	4.72
	12:05	263.20	2304.00	19.6	2076.30			
	12:10	277.20	2332.80	27.7	2078.20			
Rate II	12:15	287.40	2390.40	36.0	2099.20	268.7	68.32	18.69
	12:20	455.90	4377.60	51.2	2201.70			
	12:25	484.00	4204.80	65.8	2227.40			
Rate III	12:30	496.70	4348.80	80.9	2241.90	439.0	125.72	57.75
	12:35	647.40	5846.40	101.2	2323.40			
	12:40	663.90	6019.20	122.10	2338.70			
Rate IV	12:45	679.10	5904.00	142.6	2353.20	567.1	172.75	103.96
	12:50	758.30	6796.80	166.20	2392.30			
	12:55	771.00	6739.20	189.6	2408.10			
Rate V	1:00	779.90	6739.20	213.0	2413.90	647.2	197.12	132.70
	1:05	846.30	7286.40	238.3	2444.80			
	1:10	852.50	7286.40	263.6	2454.10			
Rate VI	1:15	860.10	7315.20	289.0	2460.50	707.2	212.8	152.89
	1:20	1027.40	8496.00	318.5	2528.50			
	1:25	1027.20	8697.60	348.7	2531.80			
Rate VII	1:30	1031.00	8697.60	378.9	2541.20	822.4	251.72	208.61
	1:35	1262.80	10310.40	414.7	2629.0			
	1:40	1261.60	10339.20	450.6	2640.50			
Rate VII	1:45	1255.20	10166.40	485.9	2643.90	967.3	299.60	287.90



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

February 6, 1990

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Attention: Theresa Padilla

*RE: Injection Pressure Increase
Bate Federal Well No. 1
Eddy County, New Mexico*

Dear Ms. Padilla:

Reference is made to your request dated January 19, 1990, to increase the surface injection pressure on the Bate Federal SWD Well No. 1. This request is based on a step rate test conducted on the well on January 11, 1990. The results of the test have been reviewed by my staff and we feel an increase in injection pressure on the well is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following well.

WELL AND LOCATION

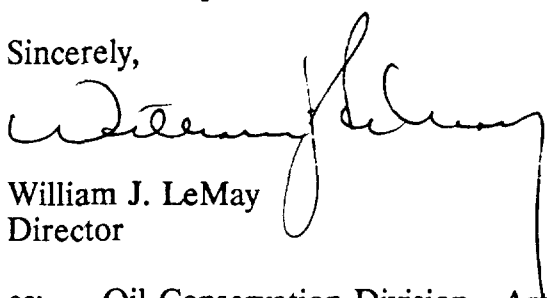
MAXIMUM INJECTION
SURFACE PRESSURE

Bate Federal SWD Well No. 1
Unit I, Section 3, T-20 South,
R-24 East, NMPM, Eddy County,
New Mexico.

1205 PSIG

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,


William J. LeMay
Director

cc: Oil Conservation Division - Artesia
File: SWD-371

T. Gallegos
D. Catanach