

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

NMOCD - ACOI 108-B

IN THE MATTER OF YATES PETROLEUM CORPORATION,

Respondent.

**SECOND AMENDED
AGREED COMPLIANCE ORDER**

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

FINDINGS

1. Agreed Compliance Order 108 (ACOI 108) as amended by Amended Agreed Compliance Order 108-A (ACOI 108-A) requires Yates Petroleum Corporation (Operator) to return to compliance with OCD Rule 201 at least 18 of the wells identified in Exhibit A by August 10, 2006, and file a compliance report by that date.

2. ACOI 108 further provides that if Operator returns to compliance with OCD Rule 201 at least 18 of the wells identified in Exhibit A by August 10, 2006, 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 the following wells identified in Exhibit A to compliance:

1. Chalupa AAD State #001	30-025-28871
2. Chalupa AAD State #002	30-025-29031
3. Chalupa AAD State #003	30-025-29159
4. Chavelea BBL State Com #001	30-005-20566
5. Dove VK State #001	30-025-27993
6. Dove VK State #002	30-025-28138
7. Dove VK State #003	30-025-28150
8. Dove VK State #004	30-025-28564
9. Eidson Ranch AQB State #002	30-025-31272
10. Greasewood BD State Com #001	30-015-20038
11. Hanladdie WR State #002	30-025-28284

12. Hanladdie WR State #003	30-025-28326
13. Iwanaowski MM Federal Com #001	30-005-60645
14. Juandell ALG #001	30-025-31616
15. NIX Curtis BH #004	30-015-21430
16. Quincy AMQ State #014	30-005-63059
17. Sawyer AQN State #002	30-025-33755
18. Snyder AKY #001	30-025-31584
19. Wings AUT State #001	30-025-23639
20. Woodpecker SY State #001	30-025-27712
21. Woodpecker SY State #002	30-025-27811
22. Woodpecker SY State #005	30-025-27963
23. Woodpecker SY State #006	30-025-28172
24. Woodpecker SY State #007	30-025-28262
25. Woodpecker SY State #008	30-025-28529

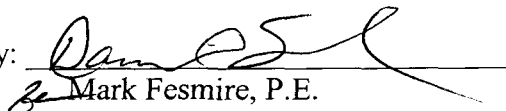
CONCLUSIONS

1. Operator has returned 25 wells identified on Exhibit A to compliance, exceeding its 18-well goal by 7 wells.
2. The OCD should amend ACOI-108 to extend its terms through February 10, 2007.

ORDER

1. Operator shall return to compliance by February 10, 2007 at least 11 of the wells identified in Exhibit A to ACOI 108 as amended by ACOI 108-A not listed in Findings Paragraph 3, above, to meet its 18-well goal for this period.
2. Operator shall file a compliance report as described in ACOI-108 by February 10, 2007 using the Oil Conservation Division's web-based on-line application.
3. The terms of ACOI-108 as amended by ACOI 108-A otherwise remain in effect and are extended through February 10, 2007.

Done at Santa Fe, New Mexico this 20th day of July, 2006

By: 
 Mark Fesmire, P.E.
 Director, Oil Conservation Division