

ABOVE THIS LINE FOR DIVISION USE ONLY

10 24A

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



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 _____
- [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.

Margrethe Hotter

Print or Type Name

Signature

Area Engineer

Title

4/8/08

Date

mhotter@ypcnm.com

e-mail Address

RECEIVED
 2008 APR 21 PM 3 47

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



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

S.P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
FRANK YATES, JR.
PRESIDENT
PEYTON YATES
DIRECTOR
JOHN A. YATES, JR.
DIRECTOR

March 31, 2008

Will Jones
State of New Mexico
OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

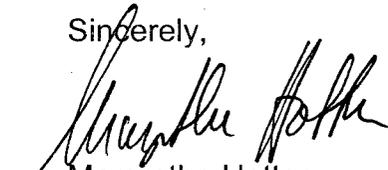
Re: Jester SWD #4

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,



Margrethe Hotter
Area Engineer

Enclosure(s)

2008 APR 21 PM 3 47
RECEIVED

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No

II. OPERATOR: Yates Petroleum Corporation

ADDRESS: 105 South Fourth Street

CONTACT PARTY: Margrethe Hotter PHONE: (575)748-4165

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

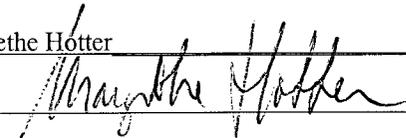
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Margrethe Hotter TITLE: Area Engineer

SIGNATURE:  DATE: 3/21/08

E-MAIL ADDRESS: mhotter@ypcnm.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jester SWD #4
Unit C, 990 FNL & 1650 FWL, Sec.12, T24S, R29E
Eddy 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 drill this well as 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. 1 plugged well within the area of review penetrates the proposed injection zone. (See Attachment C)
- VII. 1. Proposed average daily injection volume approximately 2000 BWPD. Maximum daily injection volume approximately 3500 BWPD.
2. This will be a closed system.
3. Proposed average injection pressure –500 psi.
Proposed maximum injection pressure –656 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 estimated interval depths of 3280’-4250’.

**Application for Authorization to Inject
Jester SWD # 4**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 400' 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 will be filed at your office when the well is drilled.**
- XI. There is one windmill within a one-mile radius of the subject location. Water sample attached (Attachment D).**
- 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
Jester SWD # 4
C-12-T24S-R29E
Eddy County, New Mexico**

Attachment A

III. Well Data

- A.
1. Lease Name/Location
Jester SWD # 4
C-12-T24S-R29E
990' FNL & 1650' FWL
 2. Casing Strings:
 - a. Proposed well condition
13 3/8", 48# H-40 @ 500' w/425 sx (circ)
9 5/8", 36# J-55 @ 3,200' w/1000 sx (circ).
7" 23# J-55 @ 4,300' w/625 sx (circ)
4 1/2" J55 plastic coated injection tubing @ +/- 3,180'
Propose to use Guiberson or Baker plastic coated or nickel plated packer set at 3,180'.
 - b. Present Status:
Well will be drilled after re-approval of C-108.
- B.
1. Injection Formation: Non productive Bell Canyon and U. Cherry Canyon Delaware Sands.
 2. Injection Interval will be through perforations from approximately 3,280'-4,250' gross interval.
 3. This well will be drilled as a disposal well.
 4. Perforations: High porosity sands between 3,280'-4,250'.
 3. 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: Jester SWD #4 FIELD: _____

LOCATION: Unit C, 990' FNL & 1650' FWL of Section 12-24S-29E Eddy County _____

GL: 3090 ZERO: _____ KB: 3109 _____

SPUD DATE: _____ COMPLETION DATE: _____

COMMENTS: _____

CASING PROGRAM

| | |
|----------------------|--------|
| 13-3/8" 48# H40 ST&C | 500' |
| | |
| 9-5/8" 36# J55 ST&C | 3,200' |
| | |
| 7" 23# J55 LT &C | 4,300' |
| | |
| | |
| | |
| | |
| | |

17 1/2" Hole

12 1/4" Hole

9-5/8" @ 3,200'
w/ 1000 sx (Circ)

8 3/4" Hole

TD 4,300'

13-3/8" @ 500'
w/425 sx (Circ.)

+/- 3,180'. Nickel plated injection packer

Perforated interval for injection: Porous sands in the Bell Canyon formation, from top Bell Canyon est @ 3,280' to last porous sand by PBTD @ +/-4,250'

7" @ 4,300'
w/ 625 sxs (circ)

Formation tops:

Rustler 350'
Top of Salt 520'
Base of Salt 3,085'
Bell Canyon 3,280'

Not to Scale

08/18
MMFH

Jester 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 |
|--|----------------------------|----------------------|-----------|-------------|------|-----------|---|--|
| Poche Fed #1 1980' FNL & 660' FEL Sec 11-24S-29E | Devon Energy Production Co | P&A P&A 7/21/1984 | 2/24/1983 | 7,102' | None | productiv | 5836-46, 6582-6616, 5968-6004, 6780-6828 CIBP @ 6,750' + 35 ft cmt CIBP @ 5,930' + 30 ft cmt CIBP @ 5,750' + 35 ft cmt | 13 3/8" @ 630'. Cmtid w/ 500 sx. 8 5/8" @ 3171'. Cmtid w/ 600 sx. 5 1/2" @ 7075'. Cmtid w/ 850 sx. TOC @ 3512' (temp survey) 5 1/2" csg cut at 4,415'. |
| | | | | | | | 4,350'-4,465' - 50 sxs cmt plug 3,075'-3,230' - 50 sxs cmt plug 580'-680' - 30 sxs cmt plug 0'-50' - 10 sxs cmt plug | |

Located \approx 1/2 mile away from Proposed well

WELL NAME: Poche Fed #1 FIELD: _____

LOCATION: Unit H, 1980' FNL & 660' FWL of Section 11-24S-29E Eddy County

GL: 3084' ZERO: _____ KB: _____

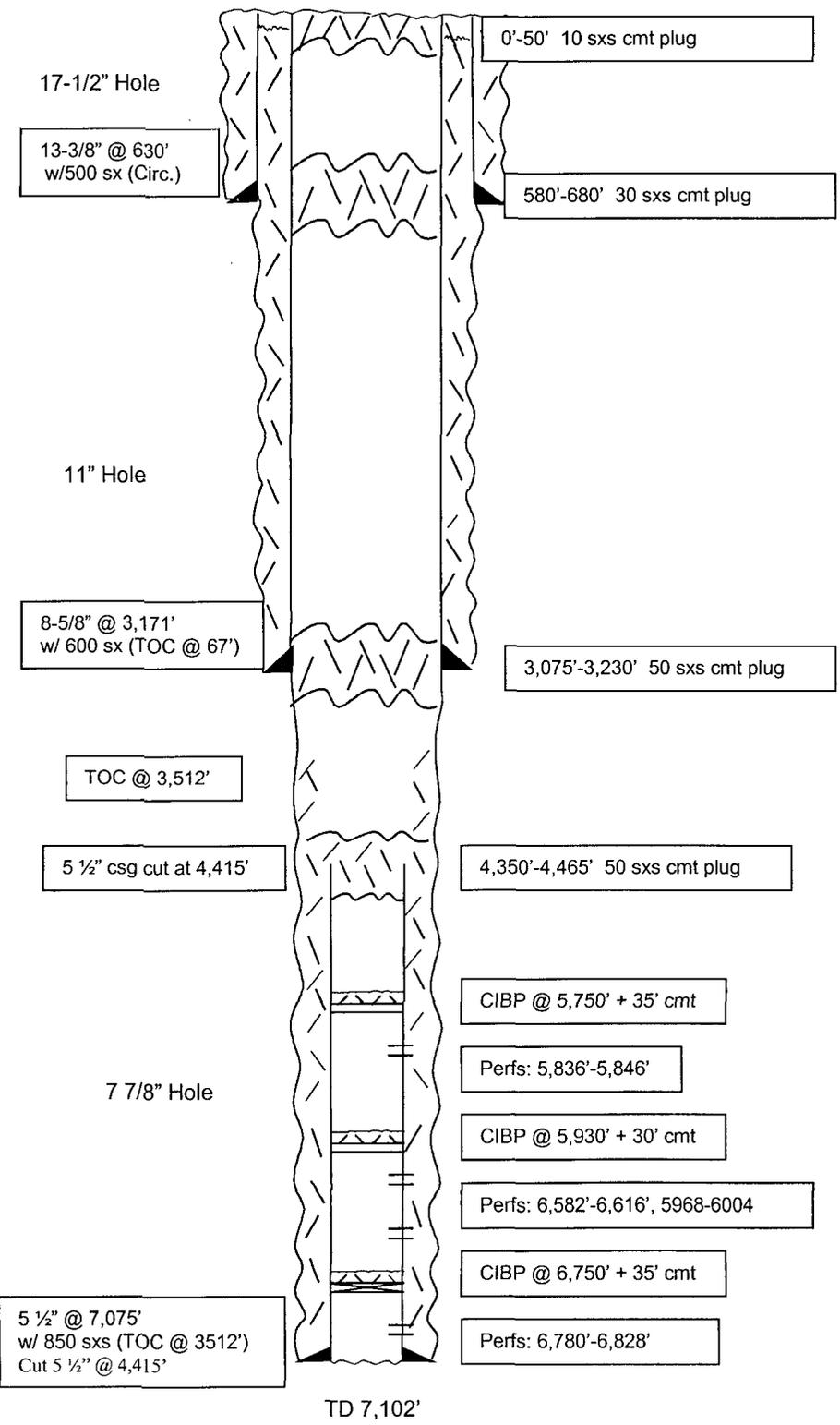
SPUD DATE: 2/24/83 COMPLETION DATE: P&A 7/21/84

COMMENTS: Plugged & abandoned.

Drilled by Exxon Corp. Well now located on lease operated by Devon Energy Corporation. Never produced.

CASING PROGRAM

| | |
|-----------------|--------|
| 13-3/8" 48# | 630' |
| 8-5/8" 24# K55 | 3,171' |
| 5 1/2" 17# K-55 | 7,075' |
| | |
| | |
| | |
| | |



**P&A
Well Bore
Sketch**

Not to Scale
08/06
MMFH



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 4/22/06
 Address : ARTESIA, NM Date Sampled : 4/20/06
 Lease : CORRAL DRAW "AQH" Analysis No. : 00873
 Well : #2
 Sample Pt. : UNKNOWN

| ANALYSIS | mg/L | * meq/L |
|---------------------------------------|-------------|-----------|
| 1. pH | 6.2 | |
| 2. H2S | 2 | |
| 3. Specific Gravity | 1.120 | |
| 4. Total Dissolved Solids | 214093.9 | |
| 5. Suspended Solids | NR | |
| 6. Dissolved Oxygen | NR | |
| 7. Dissolved CO2 | NR | |
| 8. Oil In Water | NR | |
| 9. Phenolphthalein Alkalinity (CaCO3) | | |
| 10. Methyl Orange Alkalinity (CaCO3) | | |
| 11. Bicarbonate | HCO3 732.0 | HCO3 12.0 |
| 12. Chloride | Cl 129930.0 | Cl 3665.2 |
| 13. Sulfate | SO4 500.0 | SO4 10.4 |
| 14. Calcium | Ca 2680.0 | Ca 133.7 |
| 15. Magnesium | Mg 1629.1 | Mg 134.0 |
| 16. Sodium (calculated) | Na 78621.5 | Na 3419.8 |
| 17. Iron | Fe 1.3 | |
| 18. Barium | Ba NR | |
| 19. Strontium | Sr NR | |
| 20. Total Hardness (CaCO3) | 13400.0 | |

PROBABLE MINERAL COMPOSITION

| *milli equivalents per Liter | Compound | Equiv wt X meq/L | = mg/L |
|------------------------------------|-------------|------------------|--------|
| 134 *Ca <----- *HCO3 12 | Ca (HCO3) 2 | 81.0 | 972 |
| ----- /-----> ----- | CaSO4 | 68.1 | 709 |
| 134 *Mg -----> *SO4 10 | CaCl2 | 55.5 | 6177 |
| ----- <-----/ ----- | Mg (HCO3) 2 | 73.2 | |
| 3420 *Na -----> *Cl 3665 | MgSO4 | 60.2 | |
| +-----+ | MgCl2 | 47.6 | 6380 |
| Saturation Values Dist. Water 20 C | NaHCO3 | 84.0 | |
| CaCO3 13 mg/L | Na2SO4 | 71.0 | |
| CaSO4 * 2H2O 2090 mg/L | NaCl | 58.4 | 199854 |
| BaSO4 2.4 mg/L | | | |

REMARKS:

Sample of produced water to be injected into the Jester SWD#



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 5/2/06
 Address : ARTESIA, NM Date Sampled : 4/30/06
 Lease : CORRAL DRAW "AQH" Analysis No. : 00877
 Well : #1
 Sample Pt. : WELLHEAD

| ANALYSIS | | mg/L | | * meq/L | |
|----------|------------------------------------|-------------|------|---------|--|
| 1. | pH | 5.2 | | | |
| 2. | H2S | 0 | | | |
| 3. | Specific Gravity | 1.170 | | | |
| 4. | Total Dissolved Solids | 256386.6 | | | |
| 5. | Suspended Solids | NR | | | |
| 6. | Dissolved Oxygen | NR | | | |
| 7. | Dissolved CO2 | NR | | | |
| 8. | Oil In Water | NR | | | |
| 9. | Phenolphthalein Alkalinity (CaCO3) | | | | |
| 10. | Methyl Orange Alkalinity (CaCO3) | | | | |
| 11. | Bicarbonate | HCO3 207.0 | HCO3 | 3.4 | |
| 12. | Chloride | Cl 159750.0 | Cl | 4506.3 | |
| 13. | Sulfate | SO4 500.0 | SO4 | 10.4 | |
| 14. | Calcium | Ca 44000.0 | Ca | 2195.6 | |
| 15. | Magnesium | Mg 1729.5 | Mg | 142.3 | |
| 16. | Sodium (calculated) | Na 50170.1 | Na | 2182.3 | |
| 17. | Iron | Fe 30.0 | | | |
| 18. | Barium | Ba NR | | | |
| 19. | Strontium | Sr NR | | | |
| 20. | Total Hardness (CaCO3) | 117000.0 | | | |

PROBABLE MINERAL COMPOSITION

| *milli equivalents per Liter | Compound | Equiv wt | X meq/L | = mg/L |
|------------------------------------|-----------|----------|---------|--------|
| 2196 *Ca <----- *HCO3 3 | Ca(HCO3)2 | 81.0 | 3.4 | 275 |
| /-----> | CaSO4 | 68.1 | 10.4 | 709 |
| 142 *Mg -----> *SO4 10 | CaCl2 | 55.5 | 2181.8 | 121068 |
| <-----/ | Mg(HCO3)2 | 73.2 | | |
| 2182 *Na -----> *Cl 4506 | MgSO4 | 60.2 | | |
| +-----+ | MgCl2 | 47.6 | 142.3 | 6774 |
| Saturation Values Dist. Water 20 C | NaHCO3 | 84.0 | | |
| CaCO3 13 mg/L | Na2SO4 | 71.0 | | |
| CaSO4 * 2H2O 2090 mg/L | NaCl | 58.4 | 2182.3 | 127531 |
| BaSO4 2.4 mg/L | | | | |

REMARKS:

Sample of produced water to be injected into the Jesse SWD #4



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 8/21/06
 Address : ARTESIA, NM Date Sampled : 8/21/06
 Lease : 1 MILE SE OF JESTER Analysis No. : 00908
 Well : WINDMILL
 Sample Pt. : UNKNOWN

| ANALYSIS | | mg/L | | * meq/L |
|---------------------------------------|-------|--------|------|---------|
| ----- | | ---- | | ----- |
| 1. pH | 7.4 | | | |
| 2. H2S | 0 | | | |
| 3. Specific Gravity | 1.000 | | | |
| 4. Total Dissolved Solids | | 5249.5 | | |
| 5. Suspended Solids | | NR | | |
| 6. Dissolved Oxygen | | NR | | |
| 7. Dissolved CO2 | | NR | | |
| 8. Oil In Water | | NR | | |
| 9. Phenolphthalein Alkalinity (CaCO3) | | | | |
| 10. Methyl Orange Alkalinity (CaCO3) | | | | |
| 11. Bicarbonate | HCO3 | 281.0 | HCO3 | 4.6 |
| 12. Chloride | Cl | 2769.0 | Cl | 78.1 |
| 13. Sulfate | SO4 | 300.0 | SO4 | 6.2 |
| 14. Calcium | Ca | 400.0 | Ca | 20.0 |
| 15. Magnesium | Mg | 97.4 | Mg | 8.0 |
| 16. Sodium (calculated) | Na | 1402.1 | Na | 61.0 |
| 17. Iron | Fe | 0.0 | | |
| 18. Barium | Ba | NR | | |
| 19. Strontium | Sr | NR | | |
| 20. Total Hardness (CaCO3) | | 1400.0 | | |

PROBABLE MINERAL COMPOSITION

| *milli equivalents per Liter | | Compound | Equiv wt X meq/L | = | mg/L |
|------------------------------------|-----------|-------------|------------------|------|------|
| ----- | | | | | |
| 20 *Ca <----- *HCO3 | 5 | Ca (HCO3) 2 | 81.0 | 4.6 | 373 |
| ----- /-----> | ----- | CaSO4 | 68.1 | 6.2 | 425 |
| 8 *Mg -----> *SO4 | 6 | CaCl2 | 55.5 | 9.1 | 505 |
| ----- <-----/ | ----- | Mg (HCO3) 2 | 73.2 | | |
| 61 *Na -----> *Cl | 78 | MgSO4 | 60.2 | | |
| ----- | ----- | MgCl2 | 47.6 | 8.0 | 382 |
| Saturation Values Dist. Water 20 C | | NaHCO3 | 84.0 | | |
| CaCO3 | 13 mg/L | Na2SO4 | 71.0 | | |
| CaSO4 * 2H2O | 2090 mg/L | NaCl | 58.4 | 61.0 | 3564 |
| BaSO4 | 2.4 mg/L | | | | |

REMARKS:

Water sample from windmill

Letters of notification sent to:

1. BLM (Surface owner) ✓
2. Operators:
 - a. Bepco LP ✓
201 Main St
Forth Worth, TX 76102-3131
 - b. Chesapeake Exploration LP ✓
P.O Box 18496
Oklahoma City, OK 73154-0496
 - c. Chevron Midcontinent LP ✓
P. O. Box 36366
Houston, TX 77236
 - d. Devon Energy Production CO. ✓
20 N Broadway, Suite 1500
Oklahoma City, OK 73101-1678
 - e. Latigo Petroleum Inc ✓
15 W 6th St #1100
Tulsa, OK 74119
 - f. Talus Inc ✓
P.O Box 1210
Graham, TX 76450
 - g. The Allar Co ✓
P.O Box 1567
Graham, TX 76450
 - h. Twin Montana Inc. ✓
P.O Box 1210
Graham, TX 76450
3. Nearest Potash Lease holder:

Western AG-Minerals ✓
Box 511
Carlsbad, NM 88220

MAR 2007 2680 0000 5030 8848

ATTACHMENT E

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required) **5.94**

Total

Sent to

Street, or PO **Chesapeake Energy C
6100 N. Western Ave**

City, State **Oklahoma City, OK**

THIS SECTION

1. Article Addressed to:
**Chesapeake Energy Corporation
6100 N. Western Ave.
Oklahoma City, OK 73118**

2. Article Number
(Transfer from service label) **7007 2680 0000 5030 8848**

3. Also complete every is desired. Address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
X MM

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

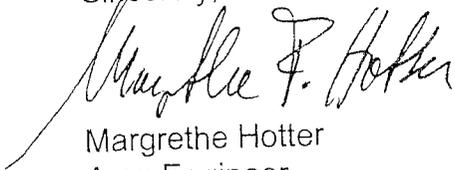
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154

Chesapeake Operating, Inc.
6100 N. Western Ave
Oklahoma City, OK 73118

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

Margrethe Hotter
Area Engineer

Enclosure(s)

MAR 21 2005
FR 7007 2680 0000 5030 8930

U.S. Postal Service
CERTIFIED MAIL
(Domestic Mail Only)
OFFICE
Postage \$
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Extra Fee)
St
or
City

5.
The Allar Company
P.O. Box 1567
Graham, TX 76450

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

2. Article Number
(Transfer from service label)

7007 2680 0000 5030 8930

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Kenne Underwood*
 Agent
 Addressee

B. Received by (Printed Name) *Kenne Underwood*
C. Date of Delivery *3/21/05*

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

March 21, 2005

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

Margrethe Hotter
Margrethe Hotter
Area Engineer

Enclosure(s)

RANDY G. PATTERSON
SECRETARY

DAVID LANNING
CHIEF OPERATING OFFICER

DENNIS G. KINSEY
TREASURER

7007 2680 0000 5030 8916

CERTIFIED MAIL
(Domestic Mail Only) No. _____
For delivery information visit www.usps.com

OFFICE

Postage \$ _____
Certified Fee _____
Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (Endorsement Required) _____
Total 5

Sent To: Latigo Petroleum
Street: 15 West 6th Stre
City, St: Tulsa, OK 741

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Latigo Petroleum Inc.
15 West 6th Street, #1100
Tulsa, OK 74119

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X _____ Agent
 Addressee

B. Received by (Printed Name) _____ C. Date of Delivery _____

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number 7007 2680 0000 5030 8916
(Transfer from service label)

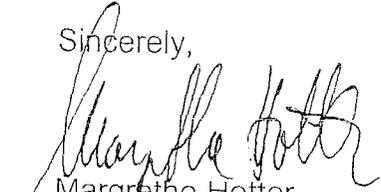
March 21 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Latigo Petroleum Inc.
15 West 6th Street, #1100
Tulsa, OK 74119

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

Margrethe Hotter
Area Engineer

Enclosure(s)

MARTIN YA
1912-15
FRANK W.
1936-15

7007 2680 0000 5030 8893

U.S. POSTAL SERVICE
CERTIFIED MAIL
 Domestic Mail Only
 REGISTERED MAIL
 Restricted Delivery

OFFICE

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____

Total **5.**

Sent **Chevron Midcontinent LP**
P.O. Box 36366
Houston, TX 77236

Street or P.O. _____
 City _____

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Chevron Midcontinent LP
P.O. Box 36366
Houston, TX 77236

2. Article Number
 (Transfer from service label) **7007 2680 0000 5030 8893**

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 x *[Signature]* Agent Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery **3-20**

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

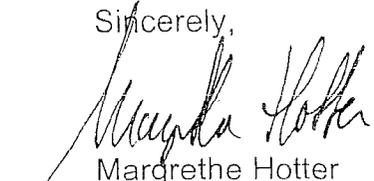
March 21, 2006 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Chevron Midcontinent LP
P.O. Box 36366
Houston, TX 77236

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

 Margrethe Hotter
 Area Engineer

Enclosure(s)

MARTIN Y
1912-1
FRANK W
1936-
7007 2680 0000 5030 8909

| | | | | | |
|--|--|--|--|---|--|
| U.S. Postal Service CERTIFIED MAIL Domestic Mail Only Postage Delivered to Addressee OFFICIAL MAIL | | SENDER: COMPLETE THIS SECTION ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. | | COMPLETE THIS SECTION ON DELIVERY A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No | |
| Postage \$ _____ Certified Fee _____ Return Receipt Fee (Endorsement Required) _____ Restricted Delivery Fee (Endorsement Required) _____ Total Post _____ | 1. Article Addressed to: <div style="text-align: center;"> Devon Energy Production 20 N. Broadway, Suite 1500 Oklahoma City, OK 73101-1678 </div> | | 3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. | | |
| Sent To Street, Apt. or PO Box City, State | 2. Article Number (Transfer from service label) | | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes | | |
| Devon Energy Production 20 N. Broadway Oklahoma | | 7007 2680 0000 5030 8909 | | | |

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

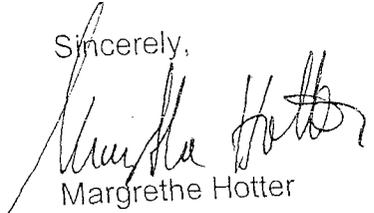
March 21, 2008

Devon Energy Production
20 N. Broadway, Ste 1500
Oklahoma City, OK 73101-1678

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

Margrethe Hotter
Area Engineer

Enclosure(s)

MARTI 15
FRAN 15
7007 2680 0000 5030 8947

CERTIFIED MAIL
(Restrictive Mail Only/No Ins.)

OFFICIAL

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____

To: 5.5
 Twin Montana, Inc.
 P.O. Box 1210
 Graham, TX 76450

Seri. _____
 Str. or P. _____
 City _____

SENDER - COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Twin Montana, Inc.
 P.O. Box 1210
 Graham, TX 76450

2. Article Number
 (Transfer from service label) 7007 2680 0000 5030 8947

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Kay Clayborn Agent Addressee

B. Received by (Printed Name) Kay Clayborn C. Date of Delivery 3/25/08

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

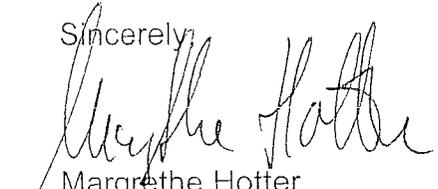
March 21, 2008 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

Margrethe Hotter
Area Engineer

Enclosure(s)

MAF
FR.
7007 2680 0000 5030 8923

U.S. Postal Service
CERTIFIED MAIL
Domestic Mail Only
 No. 115

OFFICE

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total 5.35

Sent Talus Inc.
 P.O. Box 1210
 Street or P.O. Graham, TX 76450
 City

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Talus Inc.
 P.O. Box 1210
 Graham, TX 76450

2. Article Number
 (Transfer from service label) 7007 2680 0000 5030 8923

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Kay Chapman Agent
 Addressee

B. Received by (Printed Name) *Kay Chapman* C. Date of Delivery *3/25/08*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

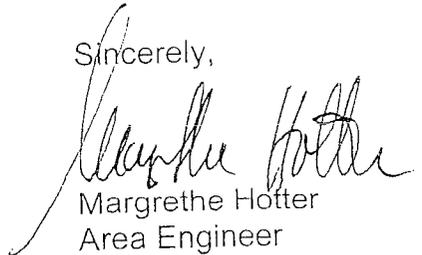
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540
 March 21, 2008

Talus, Inc.
 P.O. Box 1210
 Graham, TX 76450

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

 Margrethe Hotter
 Area Engineer

Enclosure(s)

MAR 25 2008
FRA 7007 2680 0000 5030 8879

CERTIFIED MAIL
Domestic Mail Only No Insur
For Delivery Information Mail Only

OFFICIAL

Postage \$ _____
Certified Fee _____
Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (End) _____

To Bepco LP 5.9
201 Main Street
Fort Worth, TX 76102-3131

Send or P
City, State, ZIP+4

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Bepco LP
201 Main Street
Fort Worth, TX 76102-3131

2. Article Number
(Transfer from service label) 7007 2680 0000 5030 8879

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *[Signature]* Agent Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery
MAR 25 2008

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

March 21, 2008 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Bepco LP
201 Main Street
Fort Worth, TX 76102-3131

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,
[Signature]
Margrethe Hotter
Area Engineer

Enclosure(s)

MARTIN Y
1912-1
FRANK V
1936
7007 2680 0000 5030 8770

CERTIFIED MAIL
(Domestic Mail Only, No
OFFICE
Postage \$
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Western AG-Minerals
P.O. Box 511
Carlsbad, NM 8822

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Western AG-Minerals
P.O. Box 511
Carlsbad, NM 88220

2. Article Number
(Transfer from service label) 7007 2680 0000 5030 8770

COMPLETE THIS SECTION ON DELIVERY

A. Signature
[Signature] Agent Addressee

B. Received by (Printed Name) C. Date of Delivery
[Signature] 3-26-04

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

March 21, 2004 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Western AG-Minerals
Box 511
Carlsbad, NM 88220

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely
[Signature]
Margrethe Hotter
Area Engineer

Enclosure(s)

MAR 2007 2680 0000 5030 8787
FR/ OFFIC

CERTIFIED MAIL
Domestic Mail Only No In

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) 5.5
 Total Pp: _____

Sent To BLM
 Street, Apt. 2902 2nd Street
 or PO Box Roswell, NM 8
 City, State _____

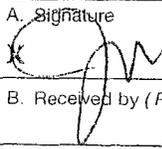
SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
BLM
2902 2nd Street
Roswell, NM 88201

2. Article Number
 (Transfer from service label) _____

COMPLETE THIS SECTION ON DELIVERY

A. Signature  Agent
 Addressee

B. Received by (Printed Name) _____ C. Date of Delivery 3/24/08

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

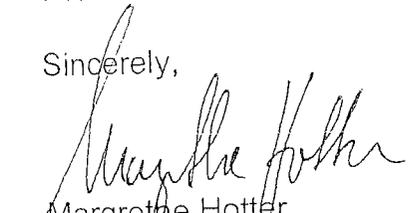
7007 2680 0000 5030 8787 PS Form 3811, February 2004 Domestic Return Receipt 2595-02-M-1540

March 21, 2008
 BLM
 2909 2nd Street
 Roswell, NM 88201

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-T24S-R29E of Eddy County, New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4165

Sincerely,

 Margrethe Hotter
 Area Engineer

Enclosure(s)

Attachment F

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 Jester SWD #4, will be located 990' FNL & 1650' FWL, Unit C, Section 12, Township 24 South, Range 29 East of Eddy 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 3,280'-4,250' with a maximum pressure of 656 psi and a maximum rate of 3500 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 (505) 748-4165.

Affidavit of Publication

NO. 20119

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 March 23, 2008

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____



Subscribed and sworn to before me this

28th Day March 2008

Amanda K. Lamb
Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

Copy of Publication:

LEGAL NOTICE

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 Jester SWD #4, will be located 990' FNL & 1650' FWL, Unit C, Section 12, Township 24 South, Range 29 East of Eddy County, New Mexico, will be used for salt-water disposal. Produced waters from the Delaware Sand will be re-injected into the Delaware Sand at a depth of 3,280'-4,250' with a maximum pressure of 656 psi and a maximum rate of 3500 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 (505) 748-4165.

Published in the Artesia Daily Press, Artesia, N.M. March 23, 2008.

Legal 20119

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jester SWD #4
Unit C, Section 12 T24S-R29E
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

3-18-2008

Date

Jones, William V., EMNRD

From: Margrethe Hotter [mhotter@YPCNM.COM]
Sent: Monday, May 12, 2008 4:12 PM
To: Jones, William V., EMNRD
Subject: RE: SWD Application from Yates Petroleum Corporation: Cigarillo SWD Well No. 1 API No. 30-015-21643

Hello William Jones,

The one well without bond is a well that went back on production (Apparejo) , and I am told it is a timing issue, they cancelled the bond, but had not sent in the production numbers yet. They made sure and sent that in the same day I notified them when I got your email, so it ought to clear very soon. The bond for the Foster well was fed-ex'ed overnight and should have been there Thursday last week. I was told this morning that Dorothy Phillips is out of the office and will not be back until tomorrow (or Wednesday?). I don't know where our bond will be in her inbox, from personal experience those boxes seems to pile up more than normal when taking a day off, but hopefully it will not be too deep down.

Thank you for checking!

Margrethe Hotter

Area Engineer
 Yates Petroleum Corporation
 105 S. 4th St
 Artesia, NM 88210
 Tel.575-748-4165
 Cell.575-706-0749
 Fax. 575-748-4585

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

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, May 12, 2008 1:58 PM
To: Mike Hill; Margrethe Hotter; Phillips, Dorothy, EMNRD
Cc: Ezeanyim, Richard, EMNRD; Macquesten, Gail, EMNRD
Subject: RE: SWD Application from Yates Petroleum Corporation: Cigarillo SWD Well No. 1 API No. 30-015-21643

Hello Mike and Margrethe:

Thought I could release your two SWDs today - but the financial assurance still shows at least two wells without bonds.

I will check again on Friday, or release when Dorothy Phillips assures me this is corrected.

Thanks,

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

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

This inbound email has been scanned by the MessageLabs Email Security System.

5/12/2008

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, May 06, 2008 11:09 AM
To: 'Margrethe Hotter'
Cc: Ezeanyim, Richard, EMNRD; Phillips, Dorothy, EMNRD; 'William Carr'
Subject: SWD Application from Yates Petroleum Corporation: Jester SWD #4 API No. 30-015-35217

Hello Margrethe: (please pass this email on to Mr. Hill, Mr. Pringle, and Mr. Brandon and the Yates' regulatory supervisor):

For your information:

The one P&Aed well in the AOR of your intended injection well is very close to the 1/2 mile limit. If this well were closer, it would likely have to be re-entered and re-plugged with plugs placed so as to isolate the intended injection interval. As you probably know, the Manzano vs Yates hearing order happened after SWD-1044 was issued. The issues in that case were uncemented AOR wells or AOR wells that had cement that did not totally contain the injection to the intended target. This resulted in Mark Fesmire stating to the engineering bureau that any application with AOR wells not wholly containing the injection could no longer be approved administratively allowing the AOR wells to remain un-cemented. If you have that type of application in the future, you may save some time by automatically having your attorney set them to hearing and process them in that manner.

Applications in the past from Yates have simply stated that (for example) the affected parties are all or in part: "Yates companies" and no official notice was given. From now on, our attorney has advised us to require at least signed waivers from each Yates affected entity to be in our files for applications from one Yates entity where there are other Yates entities involved.

Yates Petroleum Corporation shows today to have a few inactive wells needing financial assurance money to be posted with Dorothy Phillips of this Santa Fe OCD office 505-476-3461. You can click on the following link and see the wells needing attention as the "Y" in the far right column.

<http://www.emnrd.state.nm.us/OCD/OCDPermitting/Report/Stats/InactiveWellFinancialAssuranceReport.aspx?Operator=25575>

I am prohibited from releasing this injection permit until the additional bonding is posted - this can be done very rapidly, so I have the order prepared and ready for release. Please let me know when you have this done as I am on to other applications and will not be checking back.

Regards,

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

5/6/2008

Injection Permit Checklist 2/8/07

SWD Order Number 1044-A Dates: Division Approved _____ District Approved _____

Well Name/Num: Jester SWD #4 Date Spudded: New well

API Num: (30-) 015-39217 County: EDDY

UNIT C Footages 990 FWL / 1650 FWL Sec 12 Tsp 24S Rge 29E

Operator Name: Yotr Petr Corp. Contact Margrethe Hutter

Operator Address: 105 SOUTH FOURTH ST.

Current Status of Well: New Drill Planned Work: _____ Inj. Tubing Size: _____

| | Hole/Pipe Sizes | Depths | Cement | Top/Method |
|-----------------|-----------------|------------|--------|------------|
| Surface | 17 1/2 13 3/8 | 500 | 425 | CIRC |
| Intermediate | 12 1/4 9 5/8 | 3200 | 1000 | CIRC |
| Production | 8 3/4 7" | 4300 | 625 | CIRC |
| Last DV Tool | | | | |
| Open Hole/Liner | | | | |
| Plug Back Depth | | (4300' TD) | | |

Diagrams Included (Y/N): Before Conversion _____ After Conversion New Drill

Checks (Y/N): Well File Reviewed _____ ELogs in Imaging New Drill

| Intervals: | Depths TO | Formation | Producing (Yes/No) |
|---------------------|-----------|-----------------|--------------------|
| Salt/Potash | 3085' | | |
| Capitan Reef | | | |
| Cliff House, Etc: | | | |
| Formation Above | | | |
| Top Inj Interval | ~ 3280 | Bell Canyon TOP | |
| Bottom Inj Interval | ~ 4250 | Rel | |
| Formation Below | | | |

near POKER Lake UNIT

was SWD-1044

656 PSI Max. WHIP
 NO Open Hole (Y/N)
 NO Deviated Hole (Y/N)

3/24/07 = OK
 OGRID = 25573
 Rule for some F.A. Problems

Fresh Water: Depths: 0-400' Wells(Y/N) Y Analysis Included (Y/N) Yes Affirmative Statement

Salt Water Analysis: Injection Zone (Y/N/NA) _____ DispWaters (Y/N/NA) _____ Types: Rel

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

Other Affected Parties: (See APP)

AOR/Repairs: NumActiveWells 0 Repairs? _____ Producing in Injection Interval in AOR NO

AOR Num of P&A Wells 1 Repairs? _____ Diagrams Included? Y RBDMS Updated (Y/N) _____

Well Table Adequate (Y/N) Y AOR STRs: Sec _____ Tsp _____ Rge _____ UIC Form Completed (Y/N)

New AOR Table Filename _____ Sec _____ Tsp _____ Rge _____ This Form completed 5/6/08

Conditions of Approval: Sec _____ Tsp _____ Rge _____ Data Request Sent _____

- Send copy of MUDLOG & ELOGS TO OCD
- Send copy of any SWAB Test results

AOR Required Work: _____

Required Work to this Well: _____