

ABOVE THIS LINE FOR DIVISION USE ONLY

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] X Offset Operators, Leaseholders or Surface Owner
- [C] X 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		Area Engineer	4/8/08
Print or Type Name	Signature	Title	Date
		mhotter@ypcnm.com	
		e-mail Address	

RECEIVED
 2008 MAY 13 PM 2 42

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

RECEIVED
2008 MAY 13 PM 2 42

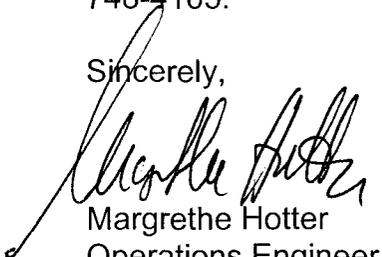
Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, ~~Section 16-T23S-R28E~~ and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

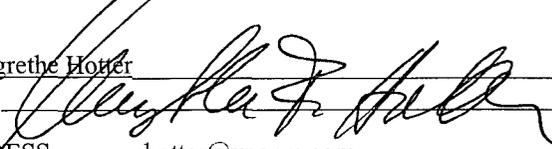
Sincerely,



Margrethe Hotter
Operations Engineer

Enclosures

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) 748-4164
- 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:
- Proposed average and maximum daily rate and volume of fluids to be injected;
 - Whether the system is open or closed;
 - Proposed average and maximum injection pressure;
 - Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 - 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: Operation Engineer
SIGNATURE:  DATE: 3/31/08
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
Loving SWD #2
Unit J, 2080 FSL & 2040 FEL, Sec. 16, T23S, R28E
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 convert this well to a water disposal well into the Delaware Sand.

- II. Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Margrethe Hotter (575) 748-4165**

- III. Well Data: See Attachment A**

- IV. This is not an expansion of an existing project.**

- V. See attached map, Attachment B.**

- VI. There are 4 wells within the area of review that penetrate the proposed injection zone (See Attachment C).**

- VII. 1. Proposed average daily injection volume approximately 1000 BWPD. Maximum daily injection volume approximately 5000 BWPD.**

2. This will be a closed system.

**3. Proposed average injection pressure –unknown.
Proposed maximum injection pressure – 520 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 depths of 2,590'-3,780'.**

**Application for Authorization to Inject
Loving SWD #2**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 400'. There are no fresh water zones underlying the formation.**

- IX. The proposed disposal interval may be acidized with 7-1/2% HCL acid, or proppant fractured.**

- X. Logs were filed at your office when the well was drilled.**

- XI. There is one fresh water wells within a one-mile radius of the subject location (see water sample analysis in 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
Loving SWD #2
J-16-T23S-R28E
Eddy County, New Mexico**

Attachment A

III. Well Data

- A. 1. Lease Name/Location
Loving SWD #2
(prev. Loving AIB St #2)
J-16-T23S-R28E
2080' FSL & 2040' FEL
2. Casing Strings:
- a. Present well condition
9 5/8" 36# J-55 @ 524 w/275 sx (circ)
5 1/2" 15.5# J-55 @ 6225' w/Stage 1: 350sx (circ). Stage 2: 1500
sx. DV toll @ 4240'
TOC @ 2522'
- b. Present Status:
Non-commercial completion in Brushy Canyon Delaware from
5788'-5796', 5816'-5826', 5832'-5838', 5898'-5903', 5914'-5920',
603'2, 6039', 6048', 6054'.
3. Proposed well condition:
Casing same as above. Will circulate cement from 2522' to surface
behind casing. Set a CIBP @ 5738' w/ 35' cmt, above current Brushy
Canyon perforations. 3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated
injection tubing @ 2490'
4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer
set at 2,490'.
- B. 1. Injection Formation: Delaware Sands (Bell Canyon & Upper Cherry
Canyon.)
2. Injection Interval will be through perforations from approximately
2,590'-, 3,780' gross interval.
3. The well is currently an uneconomic Brushy Canyon oil well. Well will be a
Bell Canyon and Upper Cherry Canyon Sand water disposal well (2,590'-
3,780') when work is completed.
4. Perforations: High porosity sands between 2,590'-3,780'.
5. Next higher (shallower) oil or gas zone within 2 miles-None.
Next lower (deeper) oil or gas zone within 2 miles- Brushy Canyon

WELL NAME: Loving SWD #2 FIELD: Loving Delaware
 LOCATION: 2080' FSL & 2040' FEL Sec 16-23S-28E Eddy County

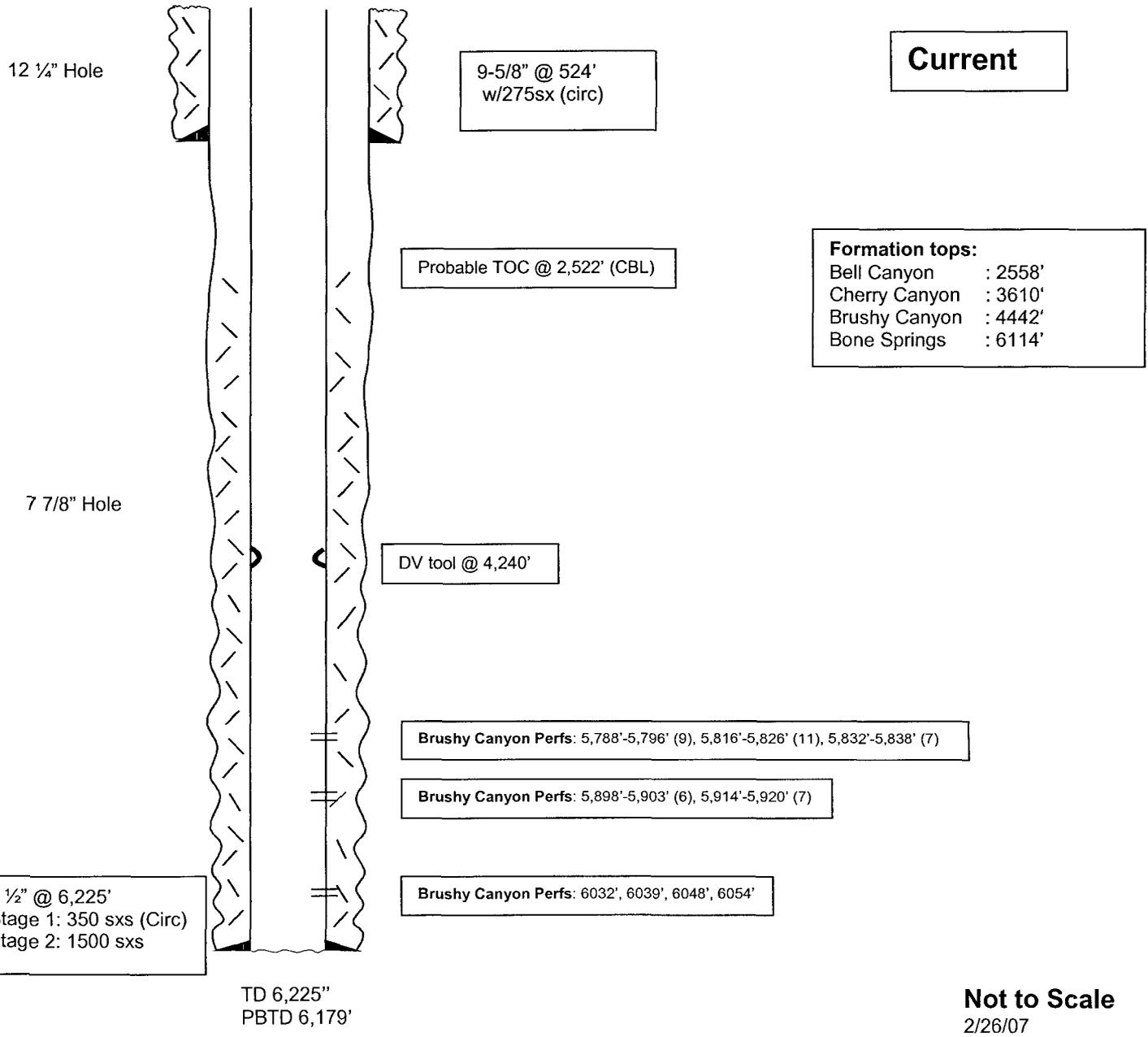
GL: 3,016' ZERO: 8 KB: 3,024'

SPUD DATE: 11/04/90 COMPLETION DATE: 1/18/91

COMMENTS: API No. 30-015-26497

CASING PROGRAM

9-5/8" 36# J-55 ST&C	524'
5 1/2" 15.5# J55 LT &C	6,225'



Current

Formation tops:

Bell Canyon	: 2558'
Cherry Canyon	: 3610'
Brushy Canyon	: 4442'
Bone Springs	: 6114'

5 1/2" @ 6,225'
 Stage 1: 350 sxs (Circ)
 Stage 2: 1500 sxs

TD 6,225'
 PBSD 6,179'

Not to Scale
 2/26/07
 MMFH

WELL NAME: Loving SWD #2 FIELD: Loving Delaware

LOCATION: 2080' FSL & 2040' FEL Sec 16-23S-28E Eddy County

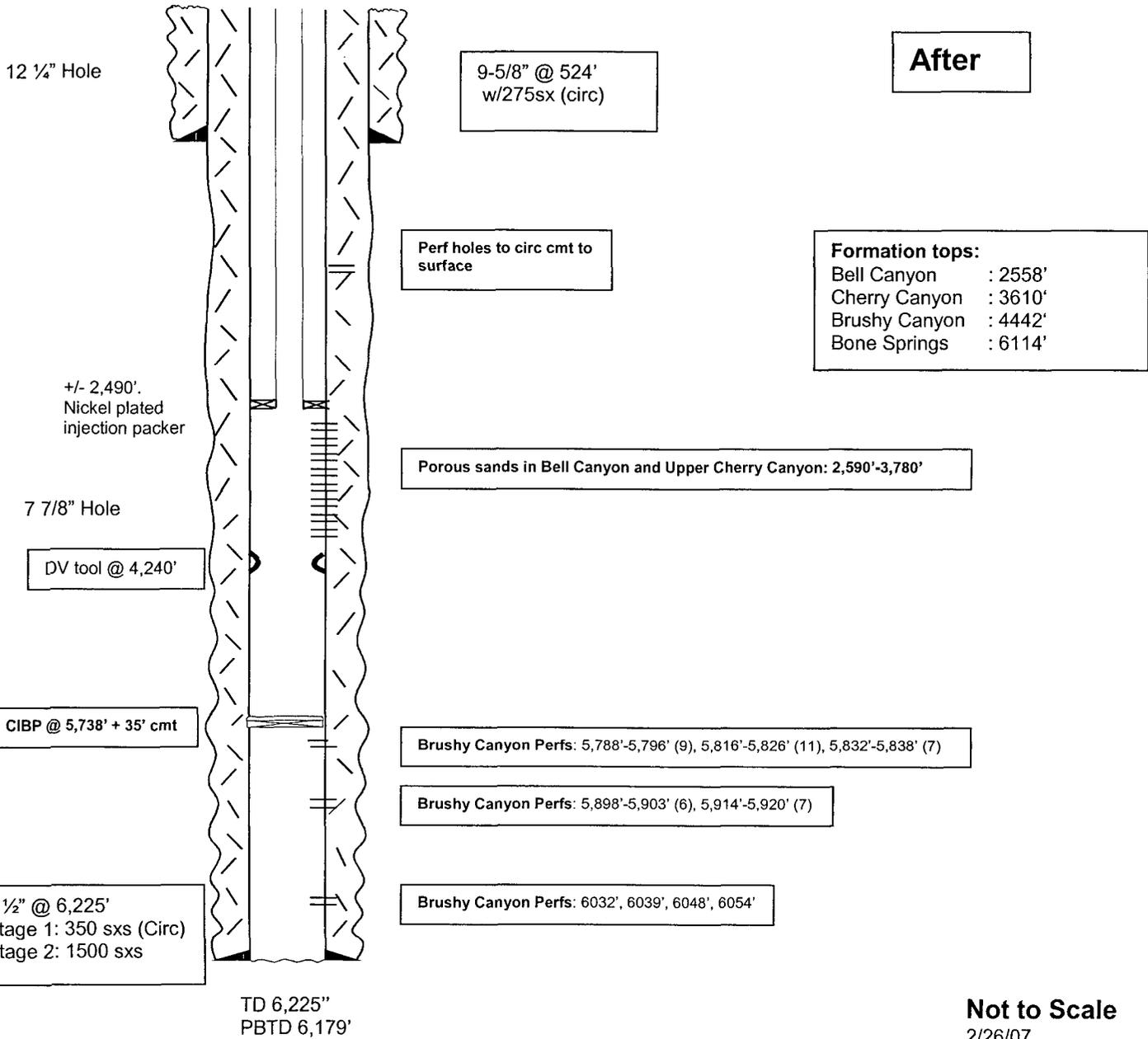
GL: 3,016' ZERO: 8 KB: 3,024'

SPUD DATE: 11/04/90 COMPLETION DATE: 1/18/91

COMMENTS: API No. 30-015-26497

CASING PROGRAM

9-5/8" 36# J-55 ST&C	524'
5 1/2" 15.5# J55 LT &C	6,225'



Not to Scale
2/26/07
MMFH

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

215F
dp

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

RECEIVED

NOV 14 '90

WELL API NO. 30-015-26497
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-3346

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" ARTESIA OFFICE (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Loving AIB State
2. Name of Operator YATES PETROLEUM CORPORATION (505) 748-1471	8. Well No. 2
3. Address of Operator 105 South 4th St., Artesia, New Mexico 88210	9. Pool name or Wildcat South Loving Delaware
4. Well Location Unit Letter <u>J</u> : <u>2080</u> Feet From The <u>South</u> Line and <u>2040</u> Feet From The <u>East</u> Line Section <u>16</u> Township <u>23S</u> Range <u>28E</u> NMPM <u>Eddy</u> County	

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3016' GR
--

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

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

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Spudded 18" hole 10:45 AM 11-4-90. Notified NMOCD, Artesia, of spud. Resumed drilling 12-1/4" hole 11:30 PM 11-5-90. Ran 12 joints 9-5/8" 36# J-55 ST&C casing set 524'. Guide shoe set 524', insert float set 583'. Cemented w/275 sx Class C w/2% CaCl2 (yield 1.32, wt 14.8). PD 10:00 PM 11-6-90. Bumped plug to 500 psi, float held okay. Cement circulated 35 sacks. WOC. NU and tested to 1000 psi for 30 mins. Drilled out 2:45 PM 11-7-90. WOC 16 hrs and 45 minutes. Reduced hole to 7-7/8". Drilled plug and resumed drilling.

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

SIGNATURE Juanita Goodlett TITLE Production Supervisor DATE 11-12-90
 TYPE OR PRINT NAME Juanita Goodlett TELEPHONE NO. 505/748-147

(This space for State Use)

ORIGINAL SIGNED BY
MIKE WILLIAMS
SUPERVISOR, DISTRICT II

APPROVED BY _____ TITLE _____ DATE NOV 16 1990

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

Handwritten initials and date: *clt*
12/7/90

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DEC 11 '90

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
30-015-26497

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
V-3346

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

7. Lease Name or Unit Agreement Name

Loving AIB State

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
YATES PETROLEUM CORPORATION (505) 748-1471

8. Well No.
2

3. Address of Operator
105 South 4th St., Artesia, New Mexico 88210

9. Pool name or Wildcat
South Loving Delaware

4. Well Location
Unit Letter J : 2080 Feet From The South Line and 2040 Feet From The East Line
Section 16 Township 23S Range 28E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3016' GR

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

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

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

TD 6225'. Reached TD 11-20-90. Ran 142 joints 5-1/2" casing as follows: 85 jts 5 1/2" 15.5# J-55 LT&C and 57 jts 5 1/2" 17# J-55 LT&C casing set 6225'. Float shoe set 6225', float collar set 6179'. DV tool set 4240'. Cemented 1st stage w/1000 gals Surebond, followed w/350 sx Class C, 10% Microbond + 2#/salt + 5/10 of 1% Halad 322 (yield 1.48, wt 15.0). PD 12:15 AM 11-22-90. Circulate thru DV tool 2-1/2 hrs. Bumped plug to 1700 psi for 3 mins, float and casing held okay. Stage 2: Cmt'd w/1400 sx Lite "C" with 1/4# Floceal + 15# salt (yield 2.03, wt 12.4). Tailed in w/100 sx Class C + 4# salt + 3/10% Halad 322 (yield 1.32, wt 14.8). PD 4:45 AM 11-22-90. Bumped plug and closed DV tool with 3200 psi. Good returns throughout both stages. WOCU 4 days. Drill out DV tool. Hydrojetted at 6032, 6039, 6048 and 6054' (4 holes each setting). Washed each cut w/250 gals 7 1/2% NEFE acid (total 1000 gals). Swabbed well back - no shows oil or gas. Dumped 500 gals 15% NEFE acid. Swabbed well dry to seating nipple. 12-5-90. Produced 8 BO and 78 BW.

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

SIGNATURE Juanita Goodlett TITLE Production Supervisor DATE 12-7-90
TYPE OR PRINT NAME Juanita Goodlett TELEPHONE NO. 505/748-1471

(This space for State Use)
ORIGINAL SIGNED BY
MIKE WILLIAMS
SUPERVISOR, DISTRICT II
APPROVED BY _____ TITLE _____ DATE DEC 19 1990
CONDITIONS OF APPROVAL, IF ANY:

Loving SWD #2
Form C-108

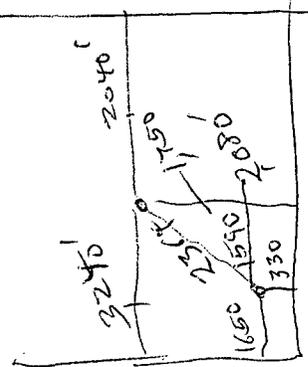
Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Total Depth Zone	Producing	Perforations	Completion Information
Loving AIB St #1 1550' FNL & 1780' FEL Sec 16 23S 28E	Yates Petroleum Corp	Oil	8/24/1990 (re-entry) 4/23/1979 (original hole)	6225'	Brushy Canyon	6,072'-6,090'	16" 65# H-40 @ 418' w/ 600sx (circ) 10 3/4", 5 1/2" & 40.5# K-55 @ 2,710' w/1300 sx (circ) 7 5/8", 29.7# & 26.4# S-95 @ 10,000' w/850 sx. TOC @ 5,300' and cement from 2,700' to surface. 5" 18# S-95 & 15# N-80 @ 12,900' w/500 sx (circ) CIBP @ 6,170' w/20 sx cement plug on top Cmt plug: 9,356'-9,460' w/25 sx Cmt plug: 9,648'-9,758' w/25 sx Cmt plug: 10,748'-10,869' w/10 sx CIBP @ 11,480' w/10' cmt CIBP @ 12,100' w/35' cmt CIBP @ 12,600' w/10' cmt
Loving AIB St #5 330' FSL & 1650' FWL Sec 16 23S 28E	Yates Petroleum Corp	Oil	11/22/2006	6300'	Brushy Canyon	5905'-5909', 5912'-5918', 5948'-5958', 6008'-6018', 6020'-6030', 6033'-6036'	9 5/8" @ 300' Cmtd w/320 sx (circ) 5 1/2" @ 6,300' Cmtd w/ Stage 1: 200 sxs (Circ), Stage 2: 1300 sx TOC @ 2917' (CBL)
Loving AIB St #15 1650' FSL & 2310' FWL Sec 16 23S 28E	Yates Petroleum Corp	Oil	1/10/2008	6300'	Brushy Canyon	5747'-5752', 5776'-5794', 5806'-5810', 5912'-5916', 5948'-5958', 6024'-6028', 6044'-6048'	9 5/8" @ 300' Cmtd w/305 sx (circ) 5 1/2" @ 6,300' Cmtd w/ Stage 1: 514 sxs (Circ), Stage 2: 1375 sx (Circ) TOC @ surface
Loving AIB St #16 1650' FSL & 990' FWL Sec 16 23S 28E	Yates Petroleum Corp	Oil	1/23/2008	6300'	Brushy Canyon	5762'-5766', 5794'-5800', 5818'-5822', 5840'-5,844', 5942'-5952', 6006'-6018', 6120'-6126', 6174'-6180'	9 5/8" @ 335' Cmtd w/305 sx (circ) 5 1/2" @ 6,300' Cmtd w/ Stage 1: 360 sxs (Circ), Stage 2: 684 sx (Circ) TOC @ surface

sqz open interval

*90% of 1/2 mile
2364 away*

*use
3050 - 5780*



16 23S 28E

ATTACHMENT D



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 CORP Date : MARCH 17, 2008
 Address : Date Sampled : MARCH 17, 2008
 Lease : LOVING "AIB" Analysis No. :
 Well : #15
 Sample Pt. : WELLHEAD

ANALYSIS	mg/L	* meq/L
1. pH	6.0	
2. H2S	0	
3. Specific Gravity	1.070	
4. Total Dissolved Solids	304684.9	
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 927.0	HCO3 15.2
12. Chloride	Cl 187440.0	Cl 5287.4
13. Sulfate	SO4 500.0	SO4 10.4
14. Calcium	Ca 37200.0	Ca 1856.3
15. Magnesium	Mg 996.3	Mg 82.0
16. Sodium (calculated)	Na 77586.6	Na 3374.8
17. Iron	Fe 35.0	
18. Barium	Ba NR	
19. Strontium	Sr NR	
20. Total Hardness (CaCO3)	97000.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
1856 *Ca <----- *HCO3 15	Ca (HCO3)2	81.0	15.2 1231
----- /-----> -----	CaSO4	68.1	10.4 709
82 *Mg -----> *SO4 10	CaCl2	55.5	1830.7 101584
----- <-----/ -----	Mg (HCO3)2	73.2	
3375 *Na -----> *Cl 5287	MgSO4	60.2	
+-----+	MgCl2	47.6	82.0 3902
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	3374.8 197223
BaSO4 2.4 mg/L			

REMARKS:

*Sample of water to be
 disposed into SWD
 Attachment D*



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 CORP Date : 3/28/08
 Address : Date Sampled : 3/26/08
 Lease : WATER WELL Analysis No. :
 Well : EAST OF LOVING BATTE
 Sample Pt. :

ANALYSIS	mg/L	* meq/L
1. pH	6.8	
2. H2S	0	
3. Specific Gravity	1.010	
4. Total Dissolved Solids	7475.0	
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 427.0	HCO3 7.0
12. Chloride	Cl 3621.0	Cl 102.1
13. Sulfate	SO4 950.0	SO4 19.8
14. Calcium	Ca 960.0	Ca 47.9
15. Magnesium	Mg 389.3	Mg 32.0
16. Sodium (calculated)	Na 1126.5	Na 49.0
17. Iron	Fe 1.3	
18. Barium	Ba NR	
19. Strontium	Sr NR	
20. Total Hardness (CaCO3)	4000.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
48 *Ca <----- *HCO3 7	Ca (HCO3)2	81.0	7.0 567
----- /-----> -----	CaSO4	68.1	19.8 1346
32 *Mg -----> *SO4 20	CaCl2	55.5	21.1 1172
----- <-----/ -----	Mg (HCO3)2	73.2	
49 *Na -----> *Cl 102	MgSO4	60.2	
+-----+	MgCl2	47.6	32.0 1524
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	49.0 2863
BaSO4 2.4 mg/L			

REMARKS:

*Water sample from waterwell
 Attachment D*



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 CORP Date : 3/28/08
 Address : Date Sampled : 3/26/08
 Lease : IRRIGATION DITCH Analysis No. :
 Well : WEST OF LOVING BATTE
 Sample Pt. :

ANALYSIS		mg/L		* meq/L
1. pH	6.8			
2. H2S	0			
3. Specific Gravity	1.010			
4. Total Dissolved Solids		9665.0		
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	427.0	HCO3	7.0
12. Chloride	Cl	3621.0	Cl	102.1
13. Sulfate	SO4	2250.0	SO4	46.9
14. Calcium	Ca	1200.0	Ca	59.9
15. Magnesium	Mg	49.4	Mg	4.1
16. Sodium (calculated)	Na	2116.4	Na	92.1
17. Iron	Fe	1.3		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		3200.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	=	mg/L
+-----+				
60 *Ca <----- *HCO3 7	Ca (HCO3)2	81.0	7.0	567
----- /-----> -----	CaSO4	68.1	46.9	3189
4 *Mg -----> *SO4 47	CaCl2	55.5	6.0	334
----- <-----/ -----	Mg (HCO3)2	73.2		
92 *Na -----> *Cl 102	MgSO4	60.2		
+-----+	MgCl2	47.6	4.1	193
Saturation Values Dist. Water 20 C	NaHCO3	84.0		
CaCO3 13 mg/L	Na2SO4	71.0		
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	92.1	5380
BaSO4 2.4 mg/L				

REMARKS:

*Water sample irrigation Ditch
 Attachment D*

Notification letters:

1. Surface owner:

- a. New Mexico Interstate Stream Commission
121 Tijeras NE, Ste. 2000
Albuquerque, NM 87102

2. Operators:

- a. BK Exploration Corp.
810 S. Cincinnati, Ste. 208
Tulsa, OK 74119
- b. Chesapeake Energy
5014 Carlsbad Highway
Hobbs, NM 88240
- c. Chevron Mid-Continent
P.O. Box 1949
Eunice, NM 88231
- d. Dakota Resources, Inc.
4914 N. Midkiff Road
Midland, TX 79705
- e. Flare Oil Inc.
202 Hwy. 35 South, PMB 243
Rockport, TX 78382
- f. OXY USA
P.O. Box 4294
Houston, TX 77210
- g. Pennzoil Petroleum Co.
P.O. Box 2967
Houston, TX 77001

ATTACHMENT E

THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

7007 2680 0000 5030 9067

OFFICIAL

Postage \$ _____

Certified Fee _____

Return Receipt Fee (Endorsement Required) _____

Restricted Delivery Fee (Endorsement Required) 6.41

Total _____

Sent Pennzoil Petroleum Co.
 Street P.O. Box 2967
 or P.O. Houston, TX 77252-
 City

nd 3. Also complete delivery 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.

1. Article Addressed to:
 Pennzoil Petroleum Company
 P.O. Box 2967
 Houston, TX 77252-2967

2. Article Number (Transfer from service label) 7007 2680 0000 5030 9067

A. Signature Agent Addressee
X R. Henley

B. Received by (Printed Name) _____ Date of Delivery MAY 2 - 2005

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

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Pennzoil Petroleum Co.
 P.O. Box 2967
 Houston, TX 77001

Re: Loving SWD #1
 Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

 Margrethe Hotter
 Operations Engineer

Enclosures

MARTIN 191
FRANK 193

7007 2680 0000 5030 9074

U.S. Postal Service
CERTIFIED MAIL
 (Domestic Mail Only, No In-
 For delivery information visit:
 OFFICE

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

BK Exploration Co
 10159 E. 11th Street
 Tulsa, OK 74128

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:
 BK Exploration Corporation
 10159 E. 11th Street, Suite 401
 Tulsa, OK 74128-3028

2. Article Number
 (Transfer from service label) 7007 2680 0000 5030 9074

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Bill Buehn* Agent Addressee

B. Received by (Printed Name) *AB* C. Date of Delivery *4/21/08*

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 31, 2008 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

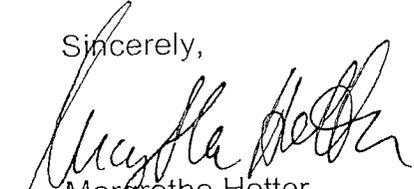
BK Exploration Corporation
 810 S. Cincinnati, Ste 208
 Tulsa, OK 74119

Re: Loving SWD #1
 Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

 Margrethe Hotter
 Operations Engineer

Enclosures

7007 2680 0000 5030 8985
MA
FR

CERTIFIED MAIL, REGISTERED MAIL
(Domestic Mail Only, No Insurance)
For delivery information visit our website
OFFICIAL

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total **6.45**

Sent **Oxy USA**
 Street or P.O. **P.O. Box 4294**
 City **Houston, TX 77210**

March 31, 2006

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:

Oxy USA
P.O. Box 4294
Houston, TX 77210

2. Article Number
 (Transfer from service label) **7007 2680 0000 5030 8985**

COMPLETE THIS SECTION ON DELIVERY

A. Signature
James Brown Agent Addressee

B. Received by (Printed Name) **JAMES BROWN** Date of Delivery **APR 7 2006**

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-15

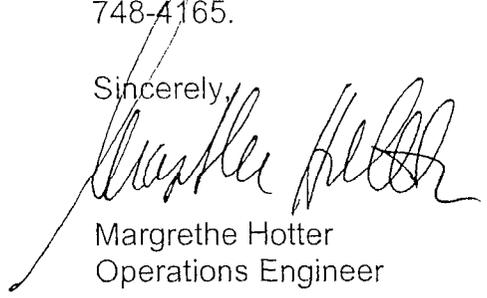
Oxy USA
P.O. Box 4294
Houston, TX 77210

Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

 Margrethe Hotter
 Operations Engineer

Enclosures

MAF
FR/

7007 2680 0000 5030 8992

U.S. Postal Service
CERTIFIED MAIL™
(Domestic Mail Only, No Insurance)
For delivery information, visit our website.

OFFICIAL

Postage \$
Certified Fee _____
Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (Endorsement Required) _____
Total Lo. 45

Sent to
Street or PO
City, State

Flare Oil, Inc.
202 Hwy 35 South, P.
Rockport, TX 78382

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:

Flare Oil, Inc.
202 Hwy 35 South, PMB 243
Rockport, TX 78382

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

X *[Signature]*

B. Received by (Printed Name)
H. T. Cook, PRES

C. Date of Delivery
4-9-08

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

2. Article Number 7007 2680 0000 5030 8992
(Transfer from service label)

March 31, 2008 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154

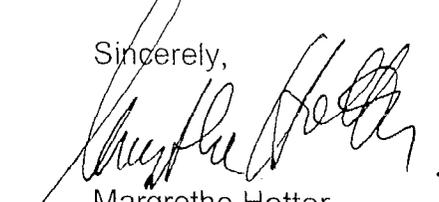
Flare Oil, Inc.
202 Hwy 35 South, PMB 243
Rockport, TX 78382

Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

Margrethe Hotter
Operations Engineer

Enclosures

7007 2680 0000 5030 8831

CERTIFIED MAIL, RETURN RECEIPT
(Domestic Mail Only, No Insurance)
For delivery information visit www.usps.com

Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
To
6.45
Ser.
Chesapeake Energy Corp
6100 N. Western Ave.
Oklahoma City, OK 731

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:
Chesapeake Energy Corporation
6100 N. Western Ave.
Oklahoma City, OK 73118

2. Article Number
(Transfer from service label) 7007 2680 0000 5030 8831

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Mm* 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

PS Form 3811, August 2005

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

YATES PETROLEUM
AIR MAIL

HOBBS, NM

Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

Margrethe Hotter
Margrethe Hotter
Operations Engineer

Enclosures

RANDY G. PATTERSON
SECRETARY

DAVID LANNING
CHIEF OPERATING OFFICER

DENNIS G. KINSEY
TREASURER

MAF 7007 2680 0000 5030 8978
FR, 7007 2680 0000 5030 8978
7007 2680 0000 5030 8978
St
or
C

CERTIFIED MAIL
(Domestic Mail Only - No Insure)
For delivery information visit [our website](#)

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

6.45
Dakota Resources, Inc.
4914 N. Midkiff Road
Midland, TX 79705

PS Form 3811, February 2004

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:
Dakota Resources, Inc.
4914 N. Midkiff Road
Midland, TX 79705

2. Article Number
(Transfer from service label) 7007 2680 0000 5030 8978

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee
[Signature]

B. Received by (Printed Name) *Hugelab No. 1, Inc.* C. Date of Delivery *4-7-08*

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

March 31, 200 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Dakota Resources, Inc.
4914 N. Midkiff Road
Midland, TX 79705

Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

Margrethe Hotter
Operations Engineer
[Signature]
Enclosures

MARTIN 19
FRAN 19

7007 2680 0000 0892 2007

U.S. POSTAL SERVICE
CERTIFIED MAIL
(Parcel Mail Only, No Ins)

For delivery information visit us at usps.com

OFFICE

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

Sent To
Street or P.O. _____
City, S _____

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 Mid-Continent
P.O. Box 1949
Eunice, NM 88231

2. Article Number
(Transfer from service label) **7007 2680 0000 5030 8961**

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Kathryn K. Martin* 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

APR 4 2004
EUNICE, NM 88231

March 31, 2004 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Chevron Mid-Continent
P.O. Box 1949
Eunice, NM 88231

Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,
Margrethe Hotter
Margrethe Hotter
Operations Engineer

Enclosures

MAR 7007 2680 0000 5030 9005
FRA 7007 2680 0000 5030 9005

U.S. Postal Service
CERTIFIED MAIL
(Domestic Mail Only; No Insurance)
For delivery information visit our website
OFFICIAL
Postage \$
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
6.45
NM Interstate Stream Commission
121 Tijeras NE, Ste 2000
Albuquerque, NM 87102

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:
NM Interstate Stream Commission
121 Tijeras NE, Ste 2000
Albuquerque, NM 87102

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X  Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery
Charles E. Palmer 4-3-08

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 9005

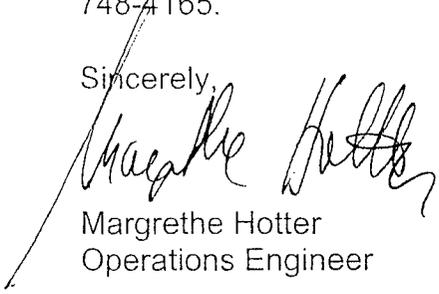
NM Interstate Stream Commission
121 Tijeras NE, Ste 2000
Albuquerque, NM 87102

Re: Loving SWD #1
Loving SWD #2

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Loving SWD #1 located in Unit G, Section 16-T23S-R28E and Loving SWD #2 located in Unit J, Section 16-T23S-28E, Eddy County, New Mexico.

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

Sincerely,

Margrethe Hotter
Operations Engineer

Enclosures

ATTACHMENT F

Affidavit of Publication

NO. 20195

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 Consecutiv week/days on the same

day as follows:

First Publication April 1st 2008

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

12th Day May 2008

Kimberly A. Combs Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

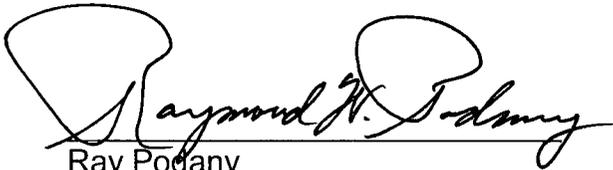
Copy of Publication:

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 Loving SWD #2 located 2080' FSL & 2040' FEL, Unit G, Section 16, Township 23 South, Range 28 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 2,590'-3,780' with a maximum pressure of 520 psi and a maximum rate of 5000 BWPD. All interested parties opposing the aforementioned must file objections or requests for a hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505-5472, within 15 days. Additional information can be obtained by contacting Margrethe Hotter at (575) 748-4165. Published in the Artesia Daily Press, Artesia, N.M. April 1, 2008. Legal 20132

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Loving SWD #2
Unit J, Section 16-T23S-R28E
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

3-28-2008

Date

Jones, William V., EMNRD

From: Margrethe Hotter [mhotter@YPCNM.COM]
Sent: Wednesday, June 04, 2008 5:00 PM
To: Jones, William V., EMNRD
Subject: RE: SWD Application on behalf of YPC: Loving SWD #2 API No. 30-015-26497 Unit J of Sec 16 T23S R28E

Thank you. That sounds very well.

Margrethe Hotter

Area Engineer
Yates Petroleum Corporation
105 S. 4th St
Artesia, NM 88210
Tel. 575-748-4165
Cell. 575-703-0749
Fax. 575-748-4585

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

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Wednesday, June 04, 2008 3:54 PM
To: Margrethe Hotter
Subject: RE: SWD Application on behalf of YPC: Loving SWD #2 API No. 30-015-26497 Unit J of Sec 16 T23S R28E

Margrethe:

Sounds like you definitely need the extra disposal capacity of the upper interval in the #2 well?

How about we write the permit so the lower interval is permitted for injection immediately and then if you need the additional capacity you can perf the upper interval - but only after cementing the offsetting well?

Thanks for your reply.

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

From: Margrethe Hotter [mailto:mhotter@YPCNM.COM]
Sent: Wednesday, June 04, 2008 2:36 PM
To: Jones, William V., EMNRD
Subject: RE: SWD Application on behalf of YPC: Loving SWD #2 API No. 30-015-26497 Unit J of Sec 16 T23S R28E

Hello William,

I am working on answering your question for the Loving #1 well, and I will respond that email shortly.

As for this email and the Loving SWD #2 well:

Would it be possible, instead of limiting the injection interval, to keep the proposed interval as in the application and instead include a stipulation or requirement for us to put cement behind the pipe of Loving AIB St #5 to surface, or to whatever depth you would prefer?

Hope you have a nice day,

6/4/2008

Regards,

Margrethe Hotter

Area Engineer
Yates Petroleum Corporation
105 S. 4th St
Artesia, NM 88210
Tel.575-748-4165
Cell.575-703-0749
Fax. 575-748-4585

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

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

Sent: Tuesday, June 03, 2008 5:23 PM

To: Margrethe Hotter

Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD

Subject: SWD Application on behalf of YPC: Loving SWD #2 API No. 30-015-26497 Unit J of Sec 16 T23S R28E

Hello Margrethe:

This one seems similar to the Loving SWD #1 application, just a little further SW in the same Section.

But it looks like for some reason the newly drilled Loving AIB ST #5 30-015-34733 has a low cement top - maybe a thief zone above the DV tool or problem while cementing?

This well is 2,364 feet away from your #2 well, but only has 300 feet of surface pipe, then the 5-1/2 inch with a cement top at 2917 feet.

Is Yates OK with limiting the injection interval in the proposed injection well to approximately 3050 to 3780 feet?

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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6/4/2008

Injection Permit Checklist 2/8/07

SWD Order Number 1130 Dates: Division Approved _____ District Approved _____

Well Name/Num: LOVING SWD#2 *was LOVING AIB ST #2* Date Spudded: 1/4/90

API Num: (30-) 05-26497 County: EDDY

UNIT

Footages 2080 FSL/2040 FEL Sec 16 Tsp 23S Rge 28E

Operator Name: YPC Contact Moyet

Operator Address: 05 S. 4th St. Artesia NM

Current Status of Well: 5788-6054 Planned Work: PB th complete Inj. Tubing Size: 2 7/8 @ 240'

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface				
Intermediate	<u>9 5/8</u>	<u>524</u>	<u>275</u>	<u>CIRC</u>
Production	<u>5 1/2</u>	<u>6225</u>	<u>350 circ / 1500 SX</u>	<u>2522 TOC (CBL)</u>
Last DV Tool		<u>4240'</u>	<u>→</u>	
Open Hole/Liner				
Plug Back Depth				

Diagrams Included (Y/N): Before Conversion After Conversion

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

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Petash			
Capitan Reef			
Cliff House, Etc.			
Formation Above	<u>2558</u>	<u>Bell C. TOP</u>	
Top Inj Interval	<u>2590</u>	<u>Bell C.</u>	<u>518</u> PSI Max. WHIP
Bottom Inj Interval	<u>3780</u>	<u>Cherry C. (see 3610)</u>	<u>NO</u> Open Hole (Y/N)
Formation Below	<u>6114</u>	<u>Bone S. TOP.</u>	<u>NO</u> Deviated Hole (Y/N)

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

Salt Water Analysis: Injection Zone (Y/N/NA) _____ Disp Waters (Y/N/NA) _____ Types: _____

Notice: Newspaper (Y/N) Surface Owner NM interests for Comm. Mineral Owner(s) _____

Other Affected Parties: BK Exp / Chagn / Chagn / DKTA Res. / Flow oil / OXY / Pumped

AOR/Repairs: Num Active Wells 4 Repairs? maybe Producing in Injection Interval in AOR _____

AOR Num of P&A Wells 0 Repairs? _____ Diagrams Included? _____ RBDMS Updated (Y/N) _____

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

New AOR Table Filename _____ Sec _____ Tsp _____ Rge _____ This Form completed _____

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

perf @ 2522 circ CMT to Surf.
PLUG BACK B.C. + PLUG @ 200' below inj. perf. ~ 4000'
AOR work; MUST CMT LOVING AIB#1 over open interval

AOR Required Work: _____

Required Work to this Well: ENTER confine inj to 3650-3800 or provide BA. of #5 well