



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 2, 2009

Ms. Margrethe Hotter
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

Re: Administrative Order SWD-1130

Loving SWD Well No. 2 (API No. 30-015-26497)
2080 FSL, 2040 FEL, Sec 16, T23S, R28E, NMPM, Eddy County
Injection into the Delaware, permitted Injection Depths: 2590 to 3780

You have submitted a request on behalf of Yates Petroleum Corporation of this well, for an extension of this injection permit beyond the one year deadline to commence injection for the reasons outlined in the attached correspondence.

The Division finds that granting Yates' request to extend this injection permit beyond the normal one year is in the interest of conservation and will prevent waste and protect the environment.

All requirements of the above referenced injection permit remain in full force and effect including the following:

"HOWEVER: Prior to perforating and injecting above 3050 feet in this well, the operator shall provide proof and receive written confirmation from the Division that the following remedial cementing operations were completed on the Loving AIB State Well No. 5 (API No. 30-015-34733). The cement top in the annulus shall be raised from approximately 2,917 feet to at least 2,400 feet with competent cement."

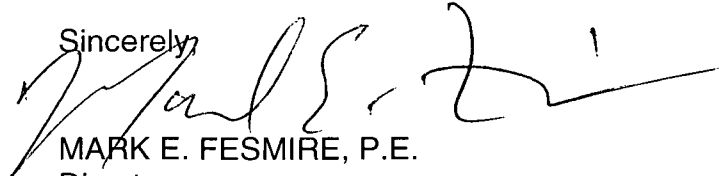
and

"As preparation for injection into this well, the operator shall obtain prior and subsequent approval from the Artesia office of the Division on sundry form(s) to: (i) plug back the existing perforations; (ii) install an additional permanent plug in the casing at a depth of approximately 200 feet below the lowermost permitted injection interval; and (iii) perforate at the cement top (approximately 2522 feet) and pump cement with a design to circulate to the surface."



The deadline to commence injection is hereby extended until June 5, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
File: SWD-1130