

DATE IN 1-20-10	SUSPENSE	ENGINEER Jones	LOGGED IN 1-20-10	TYPE SWD	PTG W' APP NO. 1002030282
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



*Yates Petroleum*  
 25575

*Huapache SWD #1*  
 30-015-21248

**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]

*Federal*  
*Eddy*

[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 X 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.

Mike Hill

Area Engineer

1/11/10

Print or Type Name

Signature

Title

Date

mikeh@yatespetroleum.com  
 e-mail Address

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEYSUBMIT IN THE "CATE"  
(Other instructions on re-  
verse side)Form approved.  
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

NM 0559784

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Huapache Federal

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC., T., R., M., OR BLK. AND  
SURVEY OR AREA

Sec. 30, T25S, R25E

12. COUNTY OR PARISH

Eddy Co.

13. STATE

NM

1. OIL ☐ GAS ☐ OTHER ☒ Dry Hole

2. NAME OF OPERATOR

Mesa Petroleum Co.

3. ADDRESS OF OPERATOR

P. O. Box 2009, Amarillo, Texas 79105

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.  
See also space 17 below.)  
At surface

660' FSL &amp; 2245' FEL of Sec. 30

14. PERMIT NO.

30-01S-21248

15. ELEVATIONS (Show whether OF, RT, GR, etc.)

3688' GL

3701' RKB

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

## NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON\*

CHANGE PLANS

## SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT\*

(Note: Report results of multiple completion on Well  
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Well was drilled to total depth of 11,233 on August 18, 1974. DST results and electric logs did not indicate commercial zones of interest. The rotary was over the hole and verbal approval to plug and abandon was obtained from Mr. R. L. Beekman on August 22, 1974. Weighted brine (10.0#/gal) was left between the following cement (Class H) plugs.

50 sxs 11,037' - 11,157' Across top of Morrow  
50 sxs 9,838' - 9,958' Across top of Atoka  
50 sxs 7,727' - 7,847' Across top of Wolfcamp  
50 sxs 6,181' - 6,301' Stabilizing plug  
50 sxs 4,798' - 4,906' Across top of Bone Springs  
50 sxs 2,544' - 2,644' Across 9 5/8" shoe @ 2600'  
10 sxs 3' BGL - 30' Surface plug

All cement plugs were spotted through drill pipe. No casing was pulled. (13 3/8" @ 308' and 9 5/8" @ 2,600') Dry hole marker was installed and rig released 8:00 pm (MDT) 8-23-74.

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE

Production Engineer

DATE

Sept. 5, 1974

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions on Reverse Side

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S.P. YATES

1914-2008



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (575) 748-4219

RECEIVED

2010 JAN 19 PM 1 58

JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PRESIDENT

JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

January 7, 2010

New Mexico Energy & Minerals Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-5472,

Dear Mr. Will Jones;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Hupache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

James M. Hill (Mike)  
Operations Engineer

Enclosure

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Tuesday, January 19, 2010 5:08 PM  
**To:** 'mikeh@yatespetroleum.com'  
**Subject:** Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Mike:

We got this application today and looked over it quickly – will look it over more after it is logged in.

- a. Please send a "post-conversion" wellbore diagram
- b. Look at the AOR ½ mile circle and let me know who is the lessees (affected parties) in the separate tracts of land.
  - a. The E/2 SW/4 of Section 29
  - b. The NW/4 NW/4 of Section 32
  - c. The N/2 of Section 31
  - d. And Section 30 lands within the Circle

Thank You,

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

*Will, (FYI)  
I looked at The Logs  
D/N shows gas @  $\approx 3510'$  -  $3690'$   
TW.*

**C-108 Application for Authorization to Inject  
Yates Petroleum Corporation  
Huapache SWD No. 1  
(Mesa Petroleum Co. Huapache Federal No. 1)  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico**

- I. The purpose of completing this well is to make a disposal well for produced Delaware Sand and Bone Spring Sand water into the Devonian formation.**

**Yates Petroleum Corporation plans to re-enter, deepen and convert this well to a water disposal well into the Devonian carbonate.**

- II. Operator: Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210  
James M. Hill (575) 748-4219**
- III. Well Data: See Attachment A**
- IV. This is not an expansion of an existing project.**
- V. See attached map, Attachment B.**
- VI. 1 well within the area of review penetrate the proposed injection zone. (See Attachment C)**
- VII. 1. Proposed average daily injection volume approximately 2500 BWPD. Maximum daily injection volume approximately 7000 BWPD.**
- 2. This will be a closed system.**
- 3. Proposed average injection pressure –unknown.  
Proposed maximum injection pressure –8,391 psi.**
- 4. Sources of injected water would be produced water from the Delaware and Bone Spring Sand. (Attachment D)**
- VIII. 1. The proposed injection interval is the portion of the Devonian carbonates consisting of porous dolomite from estimated depth of +/- 12,850'.**

**Application for Authorization to Inject  
Huapache SWD No. 1**

**-2-**

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 50'. There are no fresh water zones underlying the formation.**
- IX. The proposed disposal interval may be acidized with 20% HCL acid or proppant fractured.**
- X. Logs were filed at your office when the well was drilled. New logs will be provided after the well has been deepened.**
- XI. There are no windmills within a one-mile radius of the subject location.**
- 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  
Huapache SWD No. 1  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico**

**Attachment A**

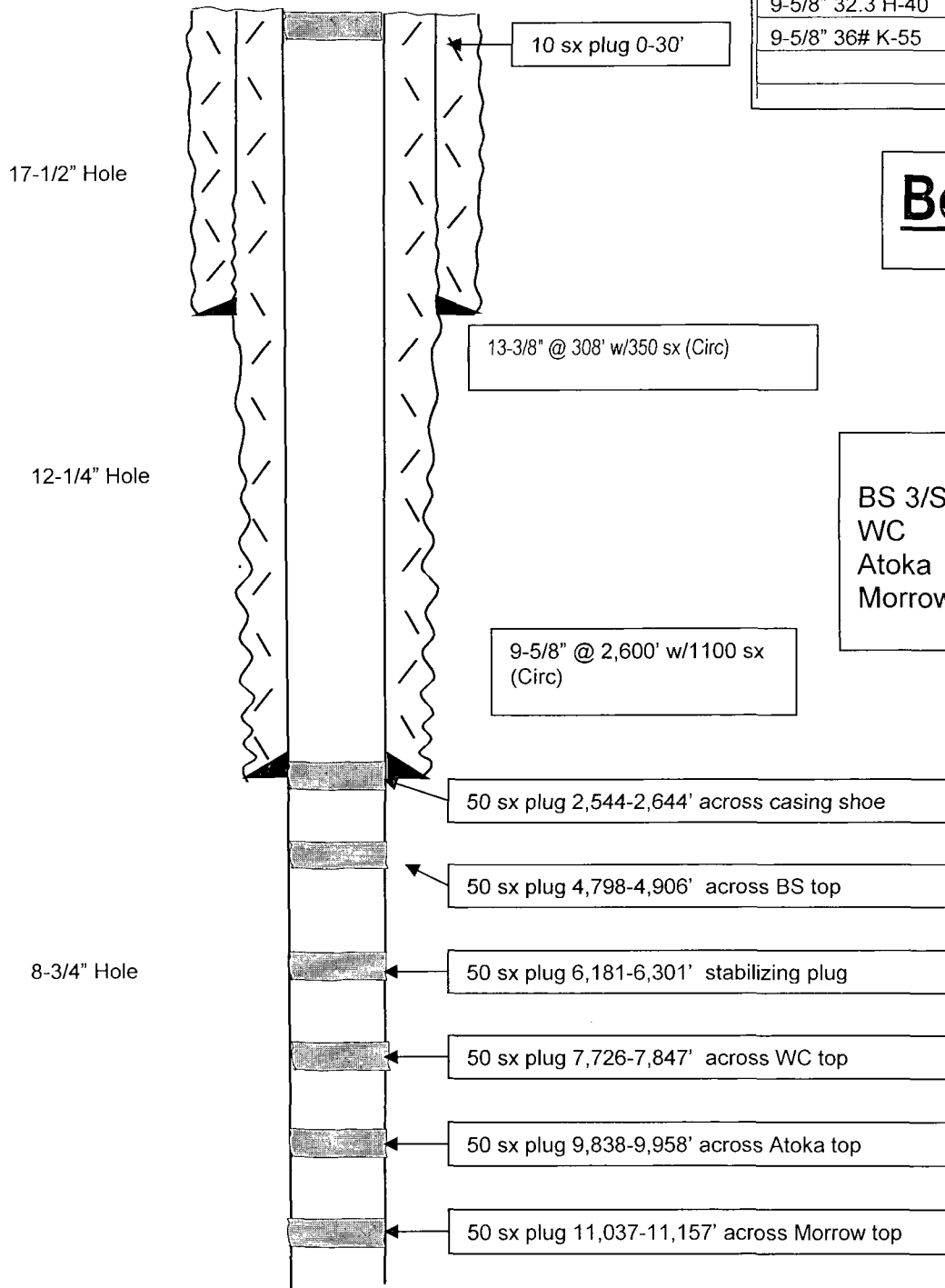
**III. Well Data**

- A.**
1. Lease Name/Location  
Huapache SWD No. 1  
API No. 30-015-21248  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico
  2. Casing Strings:
    - a. Present well condition  
13-3/8", 48# H40 ST&C @ 308' w/350 sx (circ)  
9-5/8", 36 & 32.3# K55 & H40 @ 2,600' w/ 1,100 sx. (circ.)  
8-3/4", Open hole down to 11,233' covered by multiple plugs.
    - b. Present Status:  
Plugged and Abandoned
  3. Proposed well condition:  
Drill out plugs in the 9-5/8" and open hole. The well will then be depend to the Devonian. 7" casing would then be set and cemented in place with the cement circulated to surface. The Devonian porosity will then be perforated and stimulated. The other casing strings same as above.  
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated injection tubing @ +/- 12,800'
  4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at +/- 12,800' or with in 100' of the top perforation.
- B.**
1. Injection Formation: Devonian Carbonate
  2. Injection Interval will be through perforations from approximately 12,800'-13,000' gross interval.
  3. Well was originally drilled as a Morrow Sand gas well. Well will be Delaware and Bone Springs water disposal well (12,800'-13,000') when work is completed.
  4. Perforations: High porosity carbonates be selected between 12,800'-13,000'.
  5. Next higher (shallower) oil or gas zone within 2 miles-Morrow.  
Next lower (deeper) oil or gas zone within 2 miles-None.

**WELL NAME:** Huapache Federal #1 **FIELD:** \_\_\_\_\_  
**LOCATION:** 660' FSL & 2,245' FEL of Section 30-25S-25E Eddy Co., NM  
**GL:** 3,552' **ZERO:** 18' **KB:** 3570'  
**SPUD DATE:** 7/4/74 **COMPLETION DATE:** 8/26/74  
**COMMENTS:** API No.: 30-015-21248  
 Operated by Mesa Petroleum Company

### CASING PROGRAM

13-3/8" 48# H-40 ST&C	<b>308'</b>
9-5/8" 36# K-55 (1,587')	
9-5/8" 32.3 H-40 (126')	
9-5/8" 36# K-55 (906')	<b>2,600'</b>



**Before**

### TOPS

BS 3/Sd	7,400'
WC	7,809'
Atoka	9,894'
Morrow	11,112'

250' 1330'  
 Top Debris

TD: 11,233'

**Not to Scale**

12/22/09  
DC/Hill

**WELL NAME:** Huapache Federal #1 **FIELD:** \_\_\_\_\_  
**LOCATION:** 660' FSL & 2,245' FEL of Section 30-25S-25E Eddy Co., NM

**GL:** 3,552' **ZERO:** 18' **KB:** 3570'  
**SPUD DATE:** 7/4/74 **COMPLETION DATE:** 8/26/74

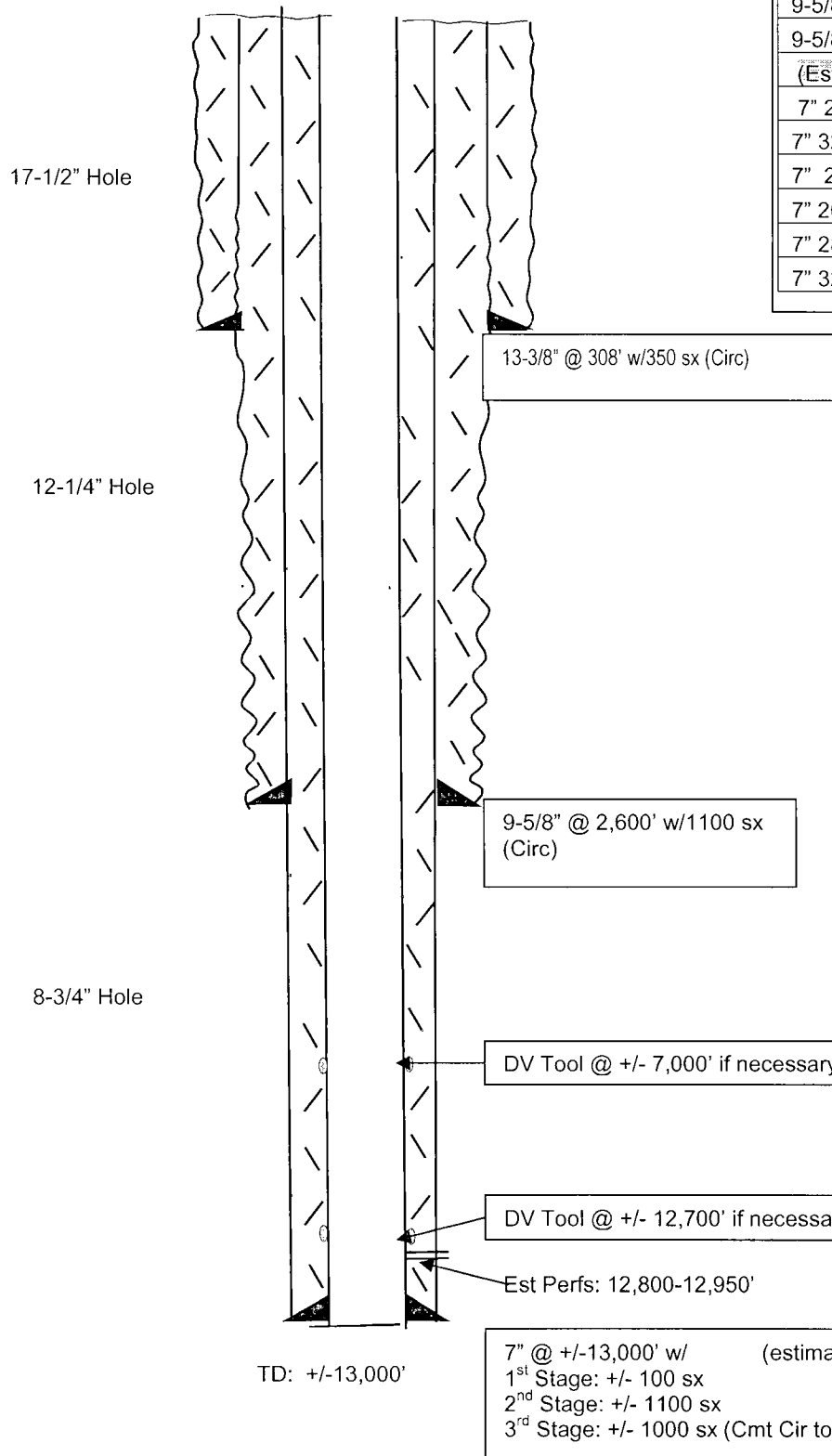
**COMMENTS:** API No.: 30-015-21248

Originally operated by Mesa Petroleum Company P&Aed

Estimated 7" csg design and cement program.

### CASING PROGRAM

13-3/8" 48# H-40 ST&C	<b>308'</b>
9-5/8" 36# K-55 (1,587')	
9-5/8" 32.3 H-40 (126')	
9-5/8" 36# K-55 (906')	<b>2,600'</b>
(Estimated 7" csg. Design)	
7" 28# HCP-110 (275')	
7" 32# N-80 (1,656')	
7" 26# HCP110 (2,080')	
7" 26# L-80 (3,797')	
7" 28# HCP110 (4,384')	
7" 32# N-80 (808')	<b>+/-13,000'</b>



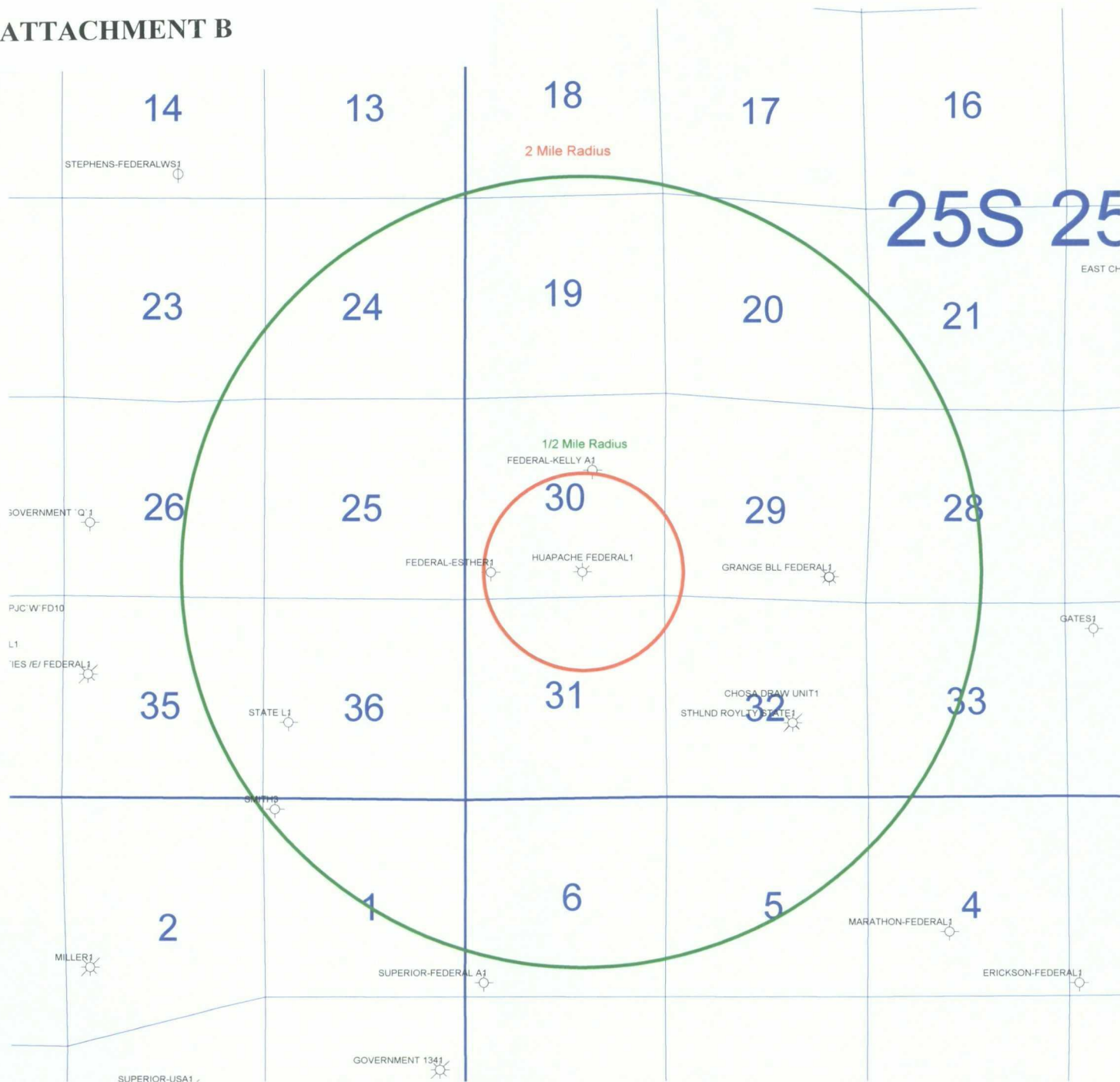
**After**

### TOPS

BS 3/Sd 7,400'  
 WC 7,809'  
 Atoka 9,894'  
 Morrow 11,112'

**Not to Scale**  
 12/22/09  
 DC/Hill

# ATTACHMENT B



## YATES PETROLEUM

### Huapache Federal #1

**Author:**

Debbie Chavez

API No.: 30-015-21248

**Date:**

6 January, 2010

Section 30-25S-25E

660' FSL & 2,245' FEL

Eddy County, NM

Attachment "C"

**Huapache SWD # 1**  
**Form C-108**

Tabulation of data on wells within area of review

Well Name	Operator	API Number	Location	Type	Spud Date	Total Depth	Producing	Perforations	Tubular Information

None no wells have been drilled to the Devonian in the Area of Review.

Analytical Laboratory Report for:

**MARBOB ENERGY CORPORATION**

BJ Chemical Services

Account Representative:

William D Polk

## Production Water Analysis

Listed below please find water analysis report from: Gravy State Corn, 1H

Lab Test No: 2009152762

Sample Date:

11/16/2009

Specific Gravity: 1.122

TDS: 186977

pH: 6.90

Resistivity: .35@70F

ohms/M

Cations:	mg/L	as:
Calcium	2140	(Ca <sup>++</sup> )
Magnesium	356	(Mg <sup>++</sup> )
Sodium	66000	(Na <sup>+</sup> )
Iron	24.00	(Fe <sup>++</sup> )
Potassium	1644.0	(K <sup>+</sup> )
Barium	1.57	(Ba <sup>++</sup> )
Strontium	261.00	(Sr <sup>++</sup> )
Manganese	0.90	(Mn <sup>++</sup> )
Anions:	mg/L	as:
Bicarbonate	3050	(HCO <sub>3</sub> <sup>-</sup> )
Sulfate	1500	(SO <sub>4</sub> <sup>-</sup> )
Chloride	112000	(Cl <sup>-</sup> )
Gases:		
Carbon Dioxide	300	(CO <sub>2</sub> )
Hydrogen Sulfide	0	(H <sub>2</sub> S)

**MARBOB ENERGY  
CORPORATION**

Lab Test No: 2009152762

**DownHole SAT™ Scale Prediction  
@ 100 deg. F****Chemical Services**

Mineral Scale	Saturation Index	Momentary Excess (lbs/1000 bbls)
Calcite (CaCO <sub>3</sub> )	25.56	3.45
Strontianite (SrCO <sub>3</sub> )	2.59	3.24
Anhydrite (CaSO <sub>4</sub> )	0.29	-1557.07
Gypsum (CaSO <sub>4</sub> *2H <sub>2</sub> O)	0.33	-1520.01
Barite (BaSO <sub>4</sub> )	3.06	1.80
Celestite (SrSO <sub>4</sub> )	0.50	-325.71
Siderite (FeCO <sub>3</sub> )	258.08	4.14
Halite (NaCl)	0.13	-312040.59
Iron sulfide (FeS)	0.00	-0.24

**Interpretation of DHSat Results:**

The Saturation Index is calculated for each mineral species independently and is a measure of the degree of supersaturation (driving force for precipitation) under the conditions modeled. This value ranges from 0 to Infinity with 1.0 representing a condition of equilibrium where scale will neither dissolve nor precipitate. Values less than 1.0 are undersaturated and values greater than 1.0 are supersaturated. The scale is logarithmic, i.e. a Saturation Index of 3 is 10 times more saturated than a value of 2.

The Momentary excess is a measure of how much scale would have to precipitate to bring the system back to a non-scaling condition. This value ranges from negative (dissolving) to positive (precipitating) values. The Momentary Excess represents the amount of scale possible while the Saturation Level represents the probability that scale will form.

Huapache SWD No. 1  
API No. 30-015-21248  
Unit O Sec. 30, T25S, R25E  
Eddy County, New Mexico

**Offset Operators**

Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227

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

Fasken Oil & Ranch  
303 W. Wall, Suite 1800  
Midland, TX 79701-5116

**Surface and Mineral Owners**

BLM  
620 E. Greene Street  
Carlsbad, NM 88220-6292

# UM TION

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

DENNIS G. KINSEY  
TREASURER

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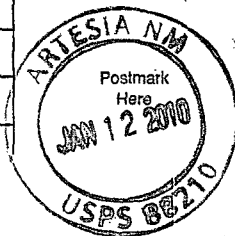
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P.O. Box 1567  
Graham, TX 76450-1567



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RATION**

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38210-2118  
3-1471

JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PRESIDENT

JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

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

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

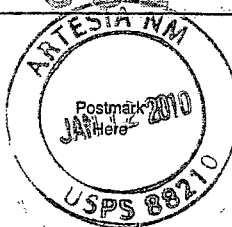
James M. Hill (Mike)  
Operations Engineer

Enclosure

MARTIN YATES  
1912-1985  
FRANK W. YATES  
1936-1986  
S.P. YATES  
1914-2008

509 9E96 E000 0000 0000 9006 7006

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Fasken Oil & Ranch 303 W. Wall, Ste 1800 Midland, TX 79701-5116	
PS Form 3800, June 2002 See Reverse for Instructions	



LM  
TION

10-2118

JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PRESIDENT  
JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT  
JAMES S. BROWN  
CHIEF OPERATING OFFICER  
JOHN D. PERINI  
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Fasken Oil & Ranch  
303 W. Wall, Suite 1800  
Midland, TX 79701-5116

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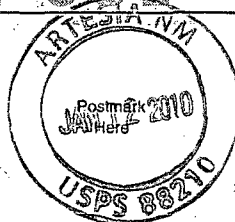
James M. Hill (Mike)  
Operations Engineer

Enclosure

MARTIN Y  
1912-1  
FRANK W.  
1936-1  
S.P. Y  
1914-2

7007 2680 0000 5030 5265

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage	5.88
Sent To: Marbob Energy Corporation Street, Apt. 1 P.O. Box 227 or PO Box N City, State, ZIP+4® Artesia, NM 88211-0227	
PS Form 3800, August 2006 See Reverse for Instructions	



EUM  
ATION

SET  
210-2118  
171

JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PRESIDENT

JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN  
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Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227

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Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

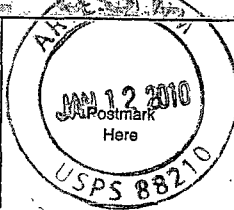
James M. Hill (Mike)  
Operations Engineer

Enclosure

MARTIN  
191  
FRANK  
193  
S.P.  
191

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Total	5.88
Sent to State of NM	
Street or PO OCD	
City, State 1301 W. Grand	
City, State, ZIP+4 Artesia, NM 88210	
PS Form 3800, June 2002 See Reverse for Instructions	



REUM  
RAT  
TION  
STREET  
38210-2118  
-1471

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CHIEF OPERATING OFFICER  
  
JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

Randy Dade  
State of New Mexico  
OIL CONSERVATION DIVISION  
1301 W. Grand  
Artesia, New Mexico 88210

Dear Mr. Dade,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

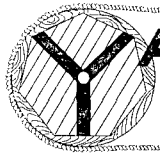
James M. Hill (Mike)  
Operations Engineer

Enclosure

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986

S.P. YATES  
1914-2008



**YATES  
PETROLEUM  
CORPORATION**

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

JOHN A. YATES  
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.  
PRESIDENT

SCOTT M. YATES  
VICE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

2010 FEB 4 PM 1 51

February 2, 2010

New Mexico Energy & Minerals Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-5472,


Re: Huapache SWD #1

Dear Mr. Will Jones;

Enclosed please find a notification that a certified form C-108 on the Huapache SWD #1 located in Unit O, Section 30-25S-25E of Eddy County, New Mexico was sent to Featherstone Development on February 2, 2010.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

  
James M. Hill (Mike)  
Operations Engineer

Enclosure

USPS Postal Service™  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

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Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total		

Sent  
Street or P.O. Box  
City

Featherstone Development  
P.O. Box 429  
Roswell, NM 88202-0429

PS Form 3800, August 2006

**ATES  
PETROLEUM  
CORPORATION**

5 SOUTH FOURTH STREET  
NEW MEXICO 88210-2118  
TELEPHONE (575) 748-1471

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JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

February 2, 2010


Featherstone Development Corp.  
P.O. Box 429  
Roswell, NM 88202-0429

Gentlemen;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Huapache SWD No. 1 located in Unit O, Section 30-T25S-R25E of Eddy County New Mexico.

Should you have any questions, please feel free to contact me at (575) 748-4219.

Sincerely,

  
James M. Hill (Mike)  
Operations Engineer

Enclosure

## Jones, William V., EMNRD

---

**From:** Jones, William V., EMNRD  
**Sent:** Monday, March 01, 2010 11:22 AM  
**To:** 'Mike Hill'  
**Subject:** RE: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Mike:

Thanks for the diagram and the Lessee info. On SWD applications there is rarely an "Operator of Record" in the zone (Devonian) you will be disposing into, so we ask for the applicant to research and notice those controlling the minerals within the ½ mile AOR. In this case it looks like Aetna Petroleum is the only party you did not noticed – but they only are in a sliver of lands in Section 32 – so this is fine.

Just for our records, since the Devonian in this area has not been tested, would you please send a quick discussion about

- a. the possible productivity of this Devonian?
- b. how Yates would know if it could be productive?

I saw where you would log the well after re-entering and deepening.  
Will you scan those logs for Devonian oil potential?

I will draft this up and get it ready today. I wish all were this easy.

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

---

**From:** Mike Hill [mailto:MikeH@yatespetroleum.com]  
**Sent:** Wednesday, January 20, 2010 11:43 AM  
**To:** Jones, William V., EMNRD  
**Subject:** FW: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Will;

I had Janet Richardson In our land department dig up the lease information for you requested.  
I was added below in your original e-mail.

I have included an "after" wellbore sketch that the BLM had requested earlier.  
I had intended to send an "after" sketch in my application, but it was accidentally mailed by my tech before I got it in the package, sorry for any inconvenience.

*Mike Hill*

Office 575-748-4219  
Cell 575-365-8706

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

**From:** Janet Richardson  
**Sent:** Wednesday, January 20, 2010 10:20 AM  
**To:** Mike Hill  
**Subject:** RE: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Mike, Sorry, I thought we needed offset Operators, which is what I gave you earlier. Here are the **lessees**:

Thanks, Janet

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

**From:** Mike Hill

**Sent:** Wednesday, January 20, 2010 9:41 AM

**To:** Janet Richardson

**Subject:** Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Janet

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

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

**Sent:** Tuesday, January 19, 2010 5:08 PM

**To:** Mike Hill

**Subject:** Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Mike:

We got this application today and looked over it quickly – will look it over more after it is logged in.

- a. Please send a “post-conversion” wellbore diagram
- b. Look at the AOR ½ mile circle and let me know who is the lessees (affected parties) in the separate tracts of land.

- a. The E/2 SW/4 of Section 29 –

**Yates Petroleum Corporation**

**Yates Drilling Company**

**Myco Industries, Inc.**

**Abo Petroleum Corporation**

**105 South Fourth Street,**

**Artesia, NM 88210**

- b. The NW/4 NW/4 of Section 32 –

**Aetna Petroleum Corp**

**P. O. Box 17006-GMF**

**Denver, CO 80217**

**Fasken Oil & Ranch**

**303 W. Wall, Suite 1800**

**Midland, TX 79701-5116**

**Sharbro Oil Ltd. Co.**

**105 South Fourth Street**

**Artesia, NM 88210**

- c. The N/2 of Section 31 –

**Marbob Energy Corporation**

**P. O. Box 227**

**Artesia, NM 88211-0227**

**The Allar Company**

**EG3, Inc.**

**P. O. Box 1567**

**Graham, TX 76450-1567**

- d. And Section 30 lands within the Circle

**SENW and SW expired 8/31/2008 – BLM minerals – not currently leased**

**E2 30 expired 5/31/2005 – BLM minerals – not currently leased**

**N2NW,SWNW**  
**Yates Petroleum Corporation**  
**Yates Drilling Company**  
**Myco Industries, Inc**  
**Abo Petroleum Corporation**  
**105 South Fourth Street**  
**Artesia, NM 88210**

**Marbob Energy Corporation**  
**Pitch Energy Corporation**  
**P. O. Box 227**  
**Artesia, NM 88211-0227**

**Featherstone Development Corp.**  
**P. O. Box 429**  
**Roswell, NM 88202-0429**

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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# Affidavit of Publication

NO. 20979

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 January 10, 2010

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Fifth Publication \_\_\_\_\_

Subscribed and sworn to before me this

10 Day

January

2010



OFFICIAL SEAL  
Jo Morgan  
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 6/6/2012

*Jo Morgan*

Notary Public, Eddy County, New Mexico

# Copy of Publication:

## 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

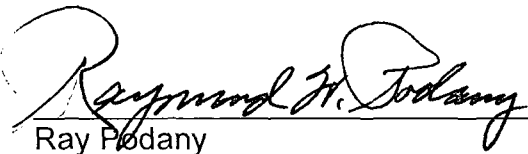
Conservation Division seeking administrative approval for an injection well. The proposed well the Huapache SWD No. 1 located 660' FSL & 2,245' FEL, Section 30, Township 25 South, Range 25 East of Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the Delaware Sands and Bone Spring Sand will be re-injected into the Devonian at a depth of approximately 12,850' with a maximum pressure of 8,391 psi and a maximum rate of 7,000 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 James Hill at (575) 748-4219.

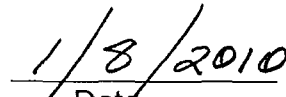
Published in the Artesia Daily Press, Artesia, NM January 10, 2010.  
Legal No. 20979

**Attachment G**

C-108 Application for Authorization to Inject  
Yates Petroleum Corporation  
Huapache SWD No. 1  
API No. 30-015-21248  
Unit O Sec. 30, T25S, R25E  
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

  
Date

**Jones, William V., EMNRD**

---

**From:** Mike Hill [MikeH@yatespetroleum.com]  
**Sent:** Monday, March 01, 2010 3:08 PM  
**To:** Jones, William V., EMNRD  
**Subject:** RE: Disposal application from Yates: Hupache SWD No. 1 30-015-21248

Hello Will;

Discussion: Devonian potential in Southwestern Eddy County.

In general, in Eddy County, the vugular porosity in the Devonian carbonate is filled with water and has historically provided a good disposal zone across the county. I have looked in T25S R24E and T25S R25E for Devonian test, but I did not find any. The closest well that I found was YPC's Humidor State Unit # 1 and it was 17.9 miles away. The Humidor State Unit # 1 was TD in the Devonian but completed in the Atoka and Strawn. The next closest well is the Cigarillo SWD # 1; at 23.4 miles away and it is a Devonian disposal well.

As stated in our C-108 application we plan on deepening this well to the Devonian carbonate at +/- 13,000'. A full suite of logs would then be pulled and evaluated. If the Devonian looks like it is hydrocarbon bearing, the BLM will then be asked to put this lease up for bid and Yates Petroleum will make a good effort to purchase the lease and convert the wellbore over to a producing well after all of the appropriate paperwork has been filed and approved. If we are unsuccessful in acquiring the lease, the wellbore will be sold to the new owner or plugged.

*Mike Hill*

Office 575-748-4219  
Cell 575-365-8706

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

**From:** Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]  
**Sent:** Monday, March 01, 2010 11:22 AM  
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Thanks, Janet  
phone 575-748-4353 - fax 575-748-4572

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**Yates Drilling Company**  
**Myco Industries, Inc.**

**Abo Petroleum Corporation  
105 South Fourth Street,  
Artesia, NM 88210**

b. The NW/4 NW/4 of Section 32 –  
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Denver, CO 80217**

**Fasken Oil & Ranch  
303 W. Wall, Suite 1800  
Midland, TX 79701-5116**

**Sharbro Oil Ltd. Co.  
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c. The N/2 of Section 31 –  
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P. O. Box 227  
Artesia, NM 88211-0227**

**The Allar Company  
EG3, Inc.  
P. O. Box 1567  
Graham, TX 76450-1567**

d. And Section 30 lands within the Circle  
**SE<sup>1</sup>/<sub>4</sub> and SW<sup>1</sup>/<sub>4</sub> expired 8/31/2008 – BLM minerals – not currently leased  
E<sup>2</sup>/<sub>3</sub> 30 expired 5/31/2005 – BLM minerals – not currently leased**

**N<sup>2</sup>/<sub>4</sub> NW, SW<sup>1</sup>/<sub>4</sub> NW  
Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc  
Abo Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210**

**Marbob Energy Corporation  
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# Injection Permit Checklist (11/30/09)

Case \_\_\_\_\_ R- SWD 1204 WFX \_\_\_\_\_ PMX \_\_\_\_\_ IPI \_\_\_\_\_ Permit Date 3/1/10 UIC Qtr (J/F/M)

# Wells 1 Well Name: HUAPACHE SWD #1

API Num: (30-) 015-21248 Spud Date: 7/4/74 New/Old: 0 (UIC primacy March 7, 1982)

Footages 660FSL/2245FEL Unit 0 Sec 30 Tsp 25S Rge 25E County COOY

Operator: Xator Petroleum Company Contact MIKE HILL

OGRID: 25575 RULE 5.9 Compliance (Wells) 7/2427 (Finan Assur) — OK

Operator Address: 105 S. 4th St / Arbon / NM / 88210-2118

Location and Current Status: P&A

Planned Work to Well:

Planned Tubing Size/Depth: 3 1/2" @ 12800'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2" 13 1/8"</u>	<u>308</u>	<u>350</u>	<u>CIRC</u>
Existing <input checked="" type="checkbox"/> Intermediate	<u>12 1/4" 9 5/8"</u>	<u>2600</u>	<u>1100</u>	<u>CIRC</u>
New <input checked="" type="checkbox"/> Long String	<u>8 3/4" 7"</u>			

DV Tool S New Liner \_\_\_\_\_ Open Hole \_\_\_\_\_ Total Depth 11,233'

Well File Reviewed ☒

Diagrams: Before Conversion ☒ After Conversion \_\_\_\_\_ Elogs in Imaging File: Yes Will File New Logs

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)	<u>1112</u>	<u>Top Monitor</u>	
Above (Name and Top)			
Injection.....			
Interval TOP:	<u>12800</u>	<u>DEV.</u>	
Injection.....			
Interval BOTTOM:	<u>13000</u>	<u>DEV.</u>	
Below (Name and Top)			

SOUTHWEST of  
WHITE CITY

2560 PSI Max. WHIP  
Open Hole (Y/N) \_\_\_\_\_  
Deviated Hole? \_\_\_\_\_

Sensitive Areas: Capitan Reef \_\_\_\_\_ Cliff House \_\_\_\_\_ Salt Depths 1250-1360

.....Relish Area (B-1111-B) \_\_\_\_\_ Relish Lessee \_\_\_\_\_ Noticed? \_\_\_\_\_

Fresh Water: Depths: 0-50' Wells None Analysis? \_\_\_\_\_ Affirmative Statement ☒

Disposal Fluid Sources: Delaware / B.S. Analysis? \_\_\_\_\_

Disposal Interval Production Potential/Testing/Analysis Analysis: not tested yet

Notice: Newspaper(Y/N) \_\_\_\_\_ Surface Owner B.M. Mineral Owner(s) \_\_\_\_\_

RULE 26.7(A) Affected Parties: Fatherstone / Marbob / Alter Co. / Fisher Oil & Rich

Area of Review: Adequate Map (Y/N) ☒ and Well List (Y/N) ☒

Active Wells 0 Num Repairs \_\_\_\_\_ Producing in Injection Interval in AOR \_\_\_\_\_

P&A Wells 0 Num Repairs \_\_\_\_\_ All Wellbore Diagrams Included? \_\_\_\_\_

Questions to be Answered:

Required Work on This Well: \_\_\_\_\_ Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_

AOR Repairs Needed: \_\_\_\_\_ Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_

\_\_\_\_\_ Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_