

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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March 1, 2004

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Yates Petroleum Corporation for Enhanced Oil Recovery
Project Qualification for the Recovered Oil Tax Rate for the North Dagger
Draw Upper Pennsylvanian Unit Area, Eddy County, New Mexico

Dear Ms. Wrotenbery:

Yates Petroleum Corporation hereby makes application to qualify the North Dagger Draw Upper Pennsylvanian Unit for the recovered oil tax rate as authorized by the Enhanced Oil Recovery act. Yates Petroleum Corporation proposes to commence the recompletion and/or conversion of wells to implement a waterflood project in this unit and is making application pursuant to the rules promulgated by Commission Order No. R-9708 entered on August 27, 1992.

In accordance with Order No. R-9708, Yates Petroleum Corporation provides the following information:

A. Operator's name and address:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 13227/13228 Exhibit No. 21
Submitted by:
Yates Petroleum Corporation
Hearing Date: March 4, 2004

B. Description of Project Area:

1. A plat showing the project area is attached hereto as Exhibit "A".
2. Description of Project Area:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Sections 16 and 17:	All.
Section 18:	S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4
Section 19 through 21:	All
Sections 28 through 30:	All

The proposed project will impact the entire Unit Area and is more accurately identified as the injection well patterns shown on Exhibit "A" that includes the wells listed on Exhibit "B".

3. Total Acres in project area:

The North Dagger Draw Upper Pennsylvanian Unit contains a total of 5612.95 acres, more or less, of federal, state and fee lands. The project area is shown on Exhibit "A".

4. Name of the subject pool and formation:

The North Dagger Draw Upper Pennsylvanian Unit is within the North Dagger Draw Upper Pennsylvanian Pool. The unit includes the Canyon Carbonate formation. Exhibit "C" is the type log identified in the Unit Agreement.

C. Status of operations in the project area:

1. The area which is the subject of this application is currently being developed with primary production operations.

D. Method of recovery to be used:

1. Injection fluids: Produced water

E. Description of project:

1. Exhibit "B", attached hereto, lists all producing wells within the project area and provides the section, township, range and footage location of each.

2. Exhibit "B" also identifies all injection wells in the project area. An application for Authorization to Inject will be filed for each proposed new injection well on Division Form C-108.
3. Capital costs of additional facilities: Approximately \$ 1,340,000.
4. Total project costs: Approximately \$ 7,301,200.
5. Estimated total value of additional production that will be recovered as a result of this project:
An additional 2.2 MMBbls and 4.4 BCF at an average price of \$26.00 per bbl and \$4.33 per Mcf = \$76 Million.
6. Anticipated date for commencement of injection: July, 2004.
7. Type of fluid to be injected and anticipated volume:

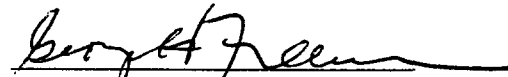
Water will be injected at an anticipated daily rate of 2500 BPD per injection well in the project area.

F. Project history and Forecast:

See production curve marked as Exhibit "D" which shows the production history and forecast, respectively, for the project area.

Yates Petroleum Corporation requests that this application be set for hearing and, if no objections are received, that it be approved.

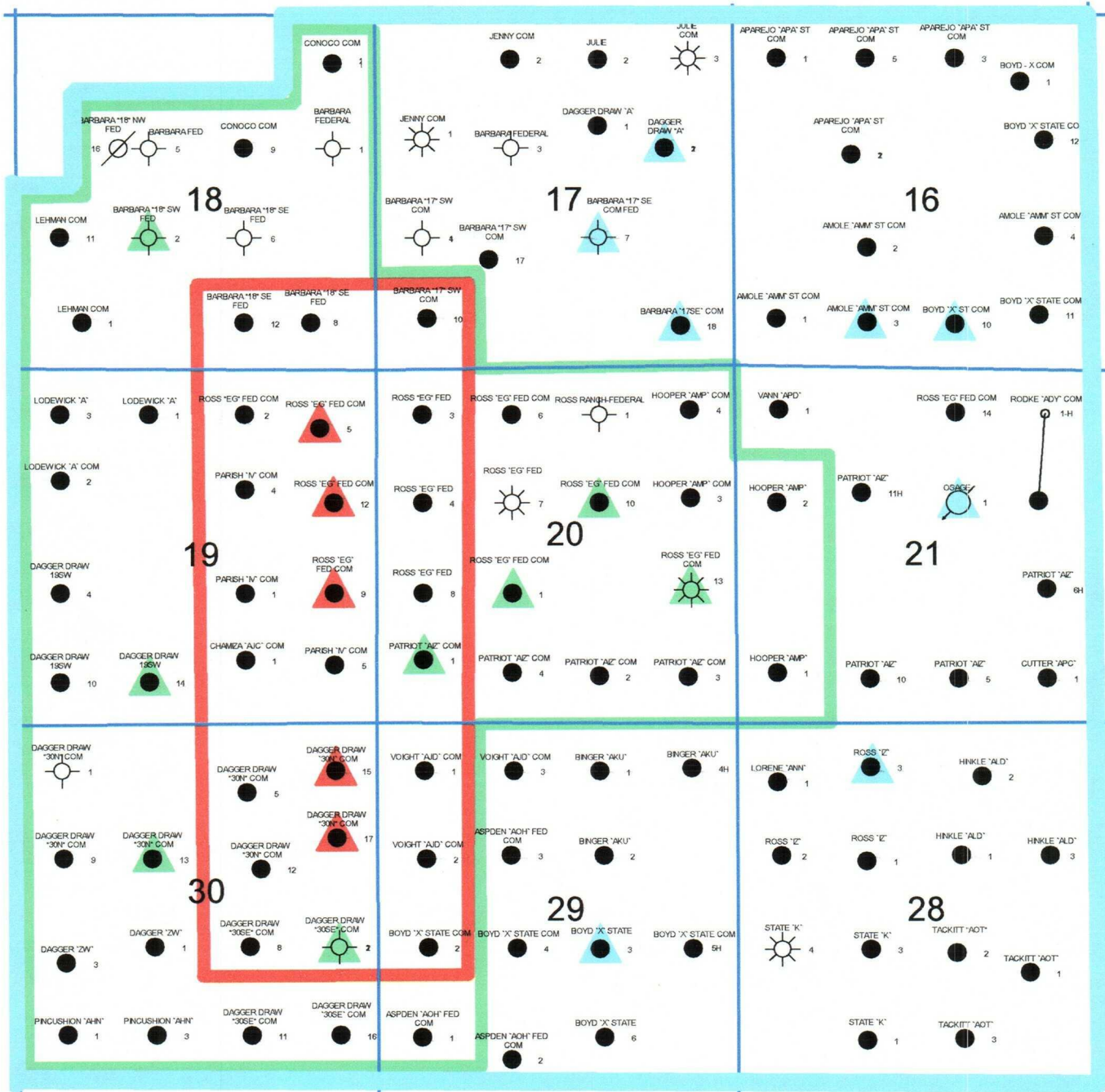
Very truly yours,


Yates Petroleum Corporation

- Exhibit A: Plat of Project Area
Exhibit B: Table of Wells in the Project Area
Exhibit C: Type Log
Exhibit D: Historical Production Curve and Production Forecast

6 121
7 301200
1 340000
5 961200

Yates Petroleum Corporation North Dagger Draw Upper Pennsylvanian Unit



Proposed Unit Boundary

- ▲ Phase 1A Injection Well
- ▲ Phase 1B Injection Well
- ▲ Phase 2 Injection Well

Well Status

- ⊕ D&A
- P&A
- ☀ GAS
- ⊗ INJ
- OIL
- ⊗ TA

1320 0 1320 2640 3960 ft



Exhibit A

EXHIBIT B
YATES PETROLEUM CORPORATION
NORTH DAGGER DRAW UPPER PENNSYLVANIAN UNIT

API	Well Name	Current Status	Proposed Status	Section	Township	Range	Footage North/South	Footage East/West
PHASE IA								
3001526570	BARBARA 17 SW COM 10	PRODUCING	PRODUCING	17	19S	25E	780' FSL	730' FWL
3001526106	BARBARA 18 SE FEDERAL 8	PRODUCING	PRODUCING	18	19S	25E	710' FSL	990' FEL
3001526739	BARBARA 18 SE FEDERAL 12	PRODUCING	PRODUCING	18	19S	25E	710' FSL	1980' FEL
3001525903	ROSS EG FEDERAL 3	PRODUCING	PRODUCING	20	19S	25E	660' FNL	660' FWL
3001525645	ROSS EG FEDERAL COM 2	PRODUCING	PRODUCING	19	19S	25E	660' FNL	1980' FEL
3001526937	ROSS EG FEDERAL COM 5	PRODUCING	INJECTION	19	19S	25E	860' FNL	860' FEL
3001527053	ROSS EG FEDERAL COM 12	PRODUCING	INJECTION	19	19S	25E	1980' FNL	660' FEL
3001526719	PARISH IV COM 4	PRODUCING	PRODUCING	19	19S	25E	1780' FNL	1980' FEL
3001526770	ROSS EG FEDERAL COM 4	PRODUCING	PRODUCING	20	19S	25E	1980' FNL	660' FWL
3001526949	ROSS EG FEDERAL COM 9	PRODUCING	INJECTION	19	19S	25E	1980' FSL	660' FEL
3001525732	PARISH IV COM 1	PRODUCING	PRODUCING	19	19S	25E	1980' FSL	1980' FEL
3001526948	ROSS EG FEDERAL COM 8	PRODUCING	PRODUCING	20	19S	25E	1980' FSL	660' FWL
3001526692	CHAMIZA AJC COM 1	PRODUCING	PRODUCING	19	19S	25E	990' FSL	1980' FEL
3001526826	PARISH IV COM 5	PRODUCING	PRODUCING	19	19S	25E	915' FSL	660' FEL
3001526674	PATRIOT AIZ COM 1	PRODUCING	PRODUCING PHASE IA	20	19S	25E	990' FSL	660' FWL
INJECTION PHASE IB								
3001526821	VOIGHT AJD COM 1	PRODUCING	PRODUCING	29	19S	25E	660' FNL	660' FWL
3001527689	DAGGER DRAW 30 N COM 15	PRODUCING	INJECTION	30	19S	25E	660' FNL	660' FEL
3001525809	DAGGER DRAW 30 N COM 5	SHUT IN	PRODUCING	30	19S	25E	990' FNL	1980' FEL
3001527088	VOIGHT AJD COM 2	PRODUCING	PRODUCING	29	19S	25E	1980' FNL	660' FWL
3001527378	DAGGER DRAW 30 N COM 17	PRODUCING	INJECTION	30	19S	25E	1665' FNL	660' FEL
3001527012	DAGGER DRAW 30 N COM 12	PRODUCING	PRODUCING	30	19S	25E	2130' FNL	1800' FEL
3001527098	BOYD X STATE COM 2	PRODUCING	PRODUCING	29	19S	25E	1980' FSL	660' FWL
3001525833	DAGGER DRAW 30 SE COM 8	PRODUCING	PRODUCING	30	19S	25E	1980' FSL	1980' FEL
3001500116	DAGGER DRAW 30 SE COM 2	P&A	P&A PHASE IA	30	19S	25E	1969' FSL	629' FEL
INJECTION PHASE IB								
PHASE IB								
3001526672	CONOCO COM 1	PRODUCING	PRODUCING	18	19S	25E	710' FNL	660' FEL
3001520441	BARBARA FEDERAL 1	P&A	PRODUCING	18	19S	25E	1980' FNL	660' FEL
3001526292	CONOCO COM 9	PRODUCING	PRODUCING	18	19S	25E	1980' FNL	1980' FEL
3001527342	BARBARA 18 NW FEDERAL 16	TA	PRODUCING	18	19S	25E	1980' FNL	1530' FWL
3001526711	LEHMAN COM 11	PRODUCING	PRODUCING	18	19S	25E	1980' FSL	660' FWL
3001520690	BARBARA 18 SW FEDERAL 2	P&A	INJECTION	18	19S	25E	1980' FSL	1980' FWL

EXHIBIT B
YATES PETROLEUM CORPORATION
NORTH DAGGER DRAW UPPER PENNSYLVANIAN UNIT

API	Well Name	Current Status	Proposed Status	Section	Township	Range	Footage North/South	Footage East/West
3001521794	BARBARA 18 SE FEDERAL 6	P&A	PRODUCING	18	19S	25E	1980' FSL	1980' FEL
3001526013	LEHMAN COM 1	PRODUCING	PRODUCING	18	19S	25E	710' FSL	990' FWL
3001523960	LODEWICK A 1	PRODUCING	PRODUCING	19	19S	25E	660' FNL	1980' FWL
3001526673	LODEWICK A 3	PRODUCING	PRODUCING	19	19S	25E	660' FNL	660' FWL
3001526635	LODEWICK A COM 2	PRODUCING	PRODUCING	19	19S	25E	1650' FNL	660' FWL
3001524284	DAGGER DRAW 19 SW 4	SHUT IN	PRODUCING	19	19S	25E	1980' FSL	660' FWL
3001526662	DAGGER DRAW 19 SW 10	PRODUCING	PRODUCING	19	19S	25E	660' FSL	660' FWL
3001527137	DAGGER DRAW 19 SW 14	PRODUCING	INJECTION	19	19S	25E	660' FSL	660' FWL
3001526489	DAGGER DRAW 30 N COM 9	PRODUCING	PRODUCING	30	19S	25E	1980' FNL	660' FWL
3001527179	DAGGER DRAW 30 N COM 13	PRODUCING	INJECTION	30	19S	25E	1980' FNL	660' FWL
3001520305	DAGGER DRAW 30 N COM 1	P&A	PRODUCING	30	19S	25E	660' FNL	660' FWL
3001525787	DAGGER ZW 1	PRODUCING	PRODUCING	30	19S	25E	1980' FSL	1980' FWL
3001526921	DAGGER ZW 3	PRODUCING	PRODUCING	30	19S	25E	1730' FSL	660' FWL
3001526364	PINCUSHION AHN 1	PRODUCING	PRODUCING	30	19S	25E	660' FSL	660' FWL
3001526827	PINCUSHION AHN 3	PRODUCING	PRODUCING	30	19S	25E	660' FSL	1980' FWL
3001526763	DAGGER DRAW 30 SE COM 11	PRODUCING	PRODUCING	30	19S	25E	660' FSL	1980' FEL
3001527900	DAGGER DRAW 30 SE COM 16	PRODUCING	PRODUCING	30	19S	25E	660' FSL	660' FEL
3001528050	ASPDEN AOH FEDERAL COM 1	PRODUCING	PRODUCING	29	19S	25E	660' FSL	660' FWL
3001526938	ROSS EG FEDERAL 6	PRODUCING	PRODUCING	20	19S	25E	660' FNL	1980' FWL
3001528374	HOOPER AMP COM 4	PRODUCING	PRODUCING	20	19S	25E	660' FNL	660' FEL
3001526945	ROSS EG FEDERAL 7	PRODUCING	RECOMPLETE TO UPPER PENN	20	19S	25E	1980' FNL	1980' FWL
3001526997	ROSS EG FEDERAL COM 10	PRODUCING	INJECTION	20	19S	25E	1980' FNL	1980' FEL
3001528188	HOOPER AMP COM 3	PRODUCING	PRODUCING	20	19S	25E	1980' FNL	660' FEL
3001527356	HOOPER AMP 2	PRODUCING	PRODUCING	21	19S	25E	1980' FNL	660' FWL
3001528128	ROSS EG FEDERAL COM 13	PRODUCING	INJECTION	20	19S	25E	1980' FSL	660' FEL
3001521523	ROSS EG FEDERAL COM 1	PRODUCING	INJECTION	20	19S	25E	1980' FSL	1980' FWL
3001527335	HOOPER AMP 1	PRODUCING	PRODUCING	21	19S	25E	820' FSL	660' FWL
3001527777	PATRIOT AIZ COM 4	PRODUCING	PRODUCING	20	19S	25E	810' FSL	1980' FWL
3001527189	PATRIOT AIZ COM 2	PRODUCING	PRODUCING	20	19S	25E	760' FSL	1980' FEL
3001527633	PATRIOT AIZ COM 3	PRODUCING	PRODUCING	20	19S	25E	760' FSL	660' FEL

EXHIBIT B
YATES PETROLEUM CORPORATION
NORTH DAGGER DRAW UPPER PENNSYLVANIAN UNIT

API	Well Name	Current Status	Proposed Status	Section	Township	Range	Footage North/South	Footage East/West
PHASE II								
3001528327	APAREJO APA STATE COM 1	PRODUCING	PRODUCING	16	19S	25E	660' FNL	660' FWL
3001528629	APAREJO APA STATE COM 5	PRODUCING	PRODUCING	16	19S	25E	660' FNL	1980' FWL
3001520680	APAREJO APA STATE COM 2	PRODUCING	PRODUCING	16	19S	25E	2080' FNL	1780' FWL
3001528413	APAREJO APA STATE COM 3	PRODUCING	PRODUCING	16	19S	25E	660' FNL	1980' FEL
3001521044	BOYD X COM 1	PRODUCING	PRODUCING	16	19S	25E	990' FNL	990' FEL
3001528738	BOYD X STATE COM 12	PRODUCING	PRODUCING	16	19S	25E	1880' FNL	660' FEL
3001527314	AMOLE AMM STATE COM 1	PRODUCING	PRODUCING	16	19S	25E	760' FSL	660' FWL
3001528424	AMOLE AMM STATE COM 2	PRODUCING	PRODUCING	16	19S	25E	1780' FSL	1980' FWL
3001528552	AMOLE AMM STATE COM 3	PRODUCING	INJECTION	16	19S	25E	660' FSL	1980' FWL
3001528542	AMOLE AMM STATE COM 4	PRODUCING	PRODUCING	16	19S	25E	1980' FSL	660' FEL
3001528541	BOYD X STATE COM 10	PRODUCING	INJECTION	16	19S	25E	660' FSL	1980' FEL
3001528557	BOYD X STATE COM 11	PRODUCING	PRODUCING	16	19S	25E	810' FSL	730' FEL
3001526469	JENNY COM 1	PRODUCING	RECOMPLETE TO FROM MORROW	17	19S	25E	1750' FNL	660' FWL
3001527165	JENNY COM 2	PRODUCING	PRODUCING	17	19S	25E	660' FNL	1980' FWL
3001520817	BARBARA FED 3	P&A	PRODUCING	17	19S	25E	1980' FNL	1980' FWL
3001527047	JULIE 2	PRODUCING	PRODUCING	17	19S	25E	660' FNL	1980' FEL
3001528489	JULIE COM 3	PRODUCING	RECOMPLETE TO FROM MORROW	17	19S	25E	660' FNL	660' FEL
3001527159	DAGGER DRAW A 1	PRODUCING	PRODUCING	17	19S	25E	1650' FNL	1980' FEL
3001521863	DAGGER DRAW A 2	PRODUCING	INJECTION	17	19S	25E	1980' FNL	990' FEL
3001527417	BARBARA 17 SW COM 17	PRODUCING	PRODUCING	17	19S	25E	1650' FSL	1650' FWL
3001510761	BARBARA 17 SW COM 4	P&A	PRODUCING	17	19S	25E	1980' FSL	660' FWL
3001527631	BARBARA 17 SE COM 18	PRODUCING	INJECTION	17	19S	25E	660' FSL	760' FEL
3001521816	BARBARA 17 SE COM 7	P&A	INJECTION	17	19S	25E	1980' FSL	1980' FEL
3001528414	VANN APD 1	PRODUCING	INJECTION	17	19S	25E	660' FNL	660' FWL
3001528410	PATRIOT AIZ 11-H	PRODUCING	PRODUCING	21	19S	25E	1880' FNL	1880' FWL
3001528501	ROSS EG FEDERAL COM 14	PRODUCING	PRODUCING	21	19S	25E	660' FNL	1980' FEL
3001528404	RODKE ADY COM 1	PRODUCING	PRODUCING	21	19S	25E	660' FNL	660' FEL
3001520890	OSAGE SWD 1	SWD	INJECTION	21	19S	25E	1980' FNL	1980' FEL
3001528409	PATRIOT AIZ 10	PRODUCING	PRODUCING	21	19S	25E	660' FSL	1980' FWL
3001528148	PATRIOT AIZ 5	PRODUCING	PRODUCING	21	19S	25E	660' FSL	1980' FEL
3001528405	PATRIOT AIZ 6-H	PRODUCING	PRODUCING	21	19S	25E	1980' FSL	660' FEL
3001528397	CUTTER APC 1	PRODUCING	PRODUCING	21	19S	25E	660' FSL	660' FEL

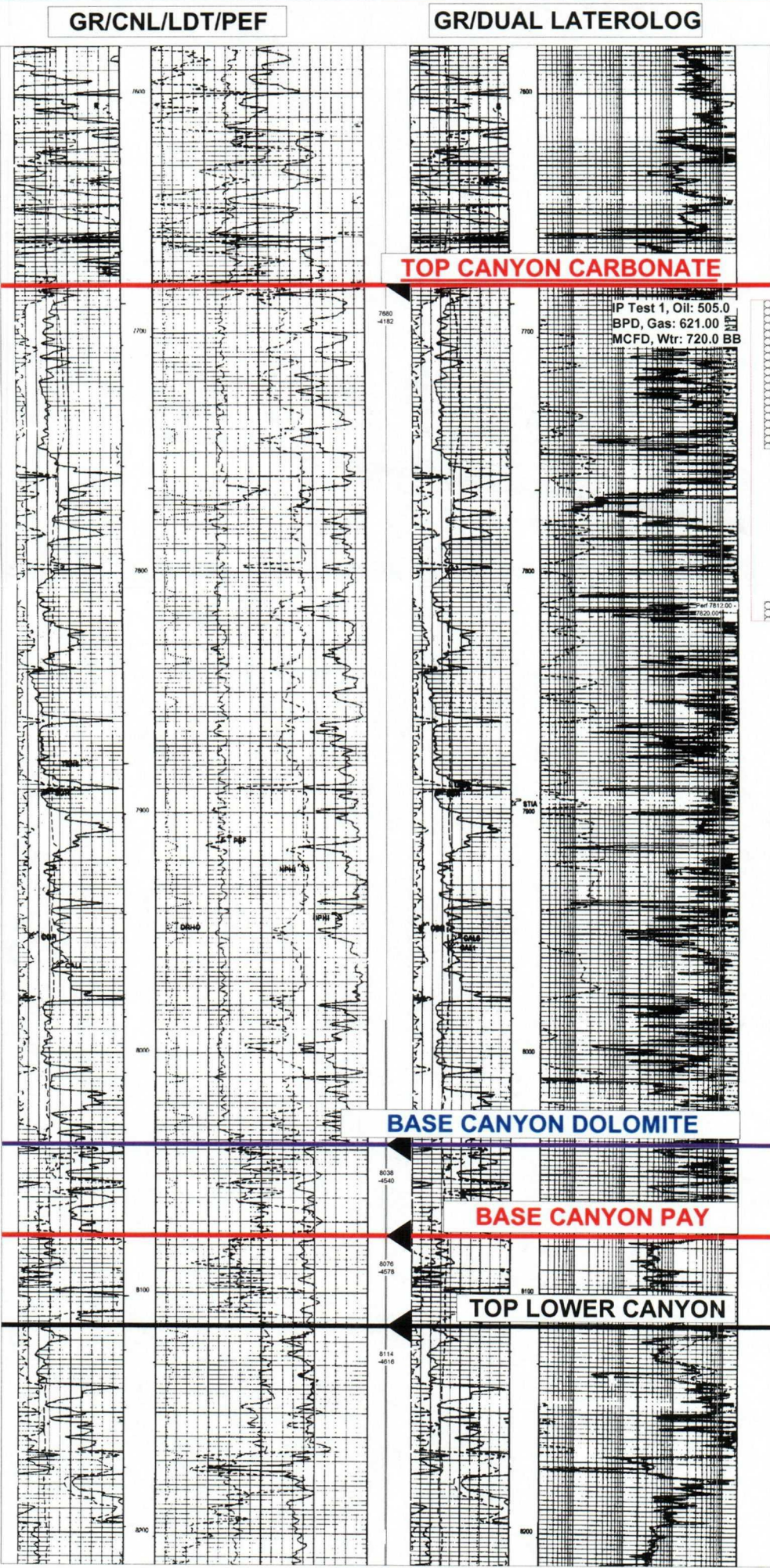
EXHIBIT B
YATES PETROLEUM CORPORATION
NORTH DAGGER DRAW UPPER PENNSYLVANIAN UNIT

API	Well Name	Current Status	Proposed Status	Section	Township	Range	Footage North/South	Footage East/West
3001527640	LORENE ANN 1	PRODUCING	PRODUCING	28	19S	25E	810' FNL	660' FWL
3001529968	ROSS IZ 2	PRODUCING	PRODUCING	28	19S	25E	1980' FNL	660' FWL
3001530880	ROSS IZ 3	PRODUCING	INJECTION	28	19S	25E	660' FNL	1980' FWL
3001522435	ROSS IZ 1	PRODUCING	PRODUCING	28	19S	25E	1980' FNL	1980' FWL
3001528033	HINKLE ALD 1	PRODUCING	PRODUCING	28	19S	25E	1980' FNL	1980' FEL
3001528345	HINKLE ALD 2	PRODUCING	PRODUCING	28	19S	25E	800' FNL	1650' FEL
3001528415	HINKLE ALD 3	PRODUCING	PRODUCING	28	19S	25E	1980' FNL	660' FEL
3001521478	STATE K 1	PRODUCING	PRODUCING	28	19S	25E	660' FSL	1980' FWL
3001528053	STATE K 3	PRODUCING	PRODUCING	28	19S	25E	1980' FSL	1980' FWL
3001528103	STATE K 4	PRODUCING	RECOMPLETE TO FROM MORROW	28	19S	25E	1980' FSL	660' FWL
3001528150	TACKITT AOT 1	PRODUCING	PRODUCING	28	19S	25E	1650' FSL	990' FEL
3001528003	TACKITT AOT 2	PRODUCING	PRODUCING	28	19S	25E	1980' FSL	1980' FEL
3001528372	TACKITT AOT 3	PRODUCING	PRODUCING	28	19S	25E	660' FSL	1980' FEL
3001527641	VOIGHT AJD COM 3	PRODUCING	PRODUCING	29	19S	25E	660' FNL	1980' FWL
3001528502	ASPDEN AOH FEDERAL COM 3	PRODUCING	PRODUCING	29	19S	25E	1980' FNL	1990' FWL
3001526976	BINGER AKU 1	PRODUCING	PRODUCING	29	19S	25E	660' FNL	1980' FEL
3001528669	BINGER AKU 2	PRODUCING	PRODUCING	29	19S	25E	1980' FNL	1980' FEL
3001530881	BINGER AKU 4-H	PRODUCING	PRODUCING	29	19S	25E	660' FNL	660' FEL
3001527355	BOYD X STATE COM 4	PRODUCING	PRODUCING	29	19S	25E	1980' FEL	1980' FWL
3001528346	ASPDEN AOH FEDERAL COM 2	PRODUCING	PRODUCING	29	19S	25E	330' FSL	1980' FWL
3001527099	BOYD X STATE 3	PRODUCING	INJECTION	29	19S	25E	1980' FSL	1980' FEL
3001528370	BOYD X STATE 6	PRODUCING	PRODUCING	29	19S	25E	660' FSL	1980' FEL
3001528269	BOYD X STATE COM 5-H	PRODUCING	PRODUCING	29	19S	25E	1980' FSL	660' FEL

TYPE LOG- CANYON CARBONATE PAY
NORTH DAGGER DRAW PROPOSED UNIT AREA
EDDY COUNTY, NEW MEXICO

30015284140000

YATES PETROLEUM CORP
VANN 'APD' 1
660 FNL/660 FWL
TWP: 19 S - Range: 25 E - Sec. 21
Cum Oil All Zones: 455371 bbls
Cum Gas All Zones: 549296 MCF
Cum Water All Zones: 640689 bbls



PROPOSED
UNITIZATION
INTERVAL
CANYON
7680-8076'

NORTH DAGGER DRAW UPPER PENNSYLVANIAN UNIT
 EDDY COUNTY, NEW MEXICO
 HISTORICAL PRODUCTION CURVE
 AND PRODUCTION FORECAST

