



MODRALL SPERLING  
2006 SEP 29 AM 10 41  
LAWYERS

September 28, 2006

Adam H. Greenwood  
505.848.9727  
Fax: 505.848.9710  
ahg@modrall.com

Ms. Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

*Case 13817*

Dear Ms. Davidson:

Enclosed for filing are an original and one copy of an application for exemption from Oil Conservation Commission Rule 19.15.250(A), together with a proposed advertisement, filed on behalf of Harvey E. Yates Company. Please set this matter for the November 9, 2006, Examiner hearing. Thank you.

Very truly yours,

Adam H. Greenwood

AHG/ssc  
Enclosures

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**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF HARVEY E. YATES  
COMPANY FOR AN EXEMPTION TO  
COMMISSION RULE 19.15.2.50(A)**

**CASE NO.** 13817

2006 SEP 29 AM 10:42

**APPLICATION**

Harvey E. Yates Co. ("HEYCO") applies for an exemption to Oil Conservation Commission Rule 19.15.2.50(A) NMAC to allow the use of a reserve pit in the Bennett Ranch Federal Exploratory Unit (BRU) as part of an underbalanced (air drill) system for the proposed BRU #6 exploratory well in Section 24, Township 26-South, Range 12-East, Otero County, New Mexico ("Section 24"), and in support thereof states as follows:

1. HEYCO is the operator of the BRU and the oil and gas lessee in Section 24, T26S-R12E, Otero County, New Mexico under federal Lease No. NM-71526. The land in Section 24 is owned by the United States and administered by the U.S. Bureau of Land Management (BLM).
2. HEYCO desires to drill an exploratory well to test the Undesignated Mississippian Pool discovered by the BRU #1Y well in 1997, and to test with additional footage deeper wildcat objectives that could contain hydrocarbons within the underground anticline structure.
3. On September 14, 2006, HEYCO filed an Application for Permit to Drill the BRU #6 well with the BLM for this exploratory well. The Application is attached as exhibit 1.
4. HEYCO's drilling experience within the BRU and the known subsurface geology of the Otero Mesa target drilling area has shown that oil and gas reservoirs significantly underpressured with respect to hydrostatic gradient are likely to be encountered in drilling the well.
5. An under-balanced (air drill) system that would require the use of a reserve pit is necessary to adequately test the presence of these underpressured reservoirs within the BRU. Air drilling will promote the orderly and efficient exploration and development of the Section 24 Federal lease and maximize the ultimate recovery of federal oil and gas resources if present.
6. A closed-loop, conventional high-pressure overbalanced mud system is the theoretical alternative to an under-balanced (air drill) system that would require the use of a reserve pit.

7. A closed-loop, conventional high-pressure overbalanced mud system will not provide HEYCO the very information that exploratory wells are designed to produce. Shows (indications of commercial natural gas reserves) will be masked or missed; reservoirs will be damaged by severe invasion and loss of expensive mud; shales will be hydrated, causing expansion, sticking, and sloughing that could mechanically jeopardize the drilling of the well; lost circulation, if encountered in combination with high volume gas zones, could lead to a sudden blowout, creating safety and environmental problems in a remote area.

8. In the area of HEYCO's BRU and the proposed Section 24 exploratory well, Rule 19.15.1.21(B) prevents the Oil Conservation Division (the "Division") from issuing permits for a reserve pit under 19.15.2.50 NMAC.

9. Rule 19.15.2.50(A) NMAC allows for an exemption from the permit requirements of Rule 19.15.2.50, when "the operator demonstrates that the granting of such exemption will not endanger fresh water, public health or the environment." See Rule 19.15.2.50(G) NMAC (2006).

10. HEYCO requests an exemption allowing the use of a reserve pit in drilling of the BRU # 6 well since, as explained below, the proposed reserve pit does not endanger fresh water, the public health or the environment.

11. The proposed reserve pit does not endanger fresh water:

A. HEYCO plans to construct the pit in accordance with applicable OCD regulations, e.g., 19.15.2.50(C) NMAC.

B. The reserve pit will primarily contain only local ground water, produced water, well-bore cuttings, and drilling mud additives.

C. HEYCO will line the pit with 12-mil plastic to prevent leakage. HEYCO is experienced with pit linings and has never had a significant leak.

D. Local groundwater in the vicinity of proposed well is not generally potable (usually classified as slightly saline with TDS up to 3000ppm) and in any case is not at risk from the pit; in addition to the pit lining, groundwater is protected from the reserve pit by ~ 250+ feet of Yeso formation stratum. The Yeso formation in the Bennett Ranch area consists of buff to tan chalky limestones/dolostones interbedded with red and yellow mudstones (shales) and minor sandstones. Bedded gypsum/anhydrite occurs in the lowermost strata above the Abo and Hueco formations. The interbedded shales in this stratum would not be conducive to fracturing and would act as barriers (aquatards or aquacludes) to any vertical migration of fluids.

E. The proposed pit site is away from any significant or high-risk portion of the drainage pattern for the Salt Basin closed watershed. It is also away from any significant source of fresh surface water (the closest surface water is the Sacramento River more than (30) thirty miles to the north, which goes underground into the San

Andres formation (a stratum that is younger than the Yeso, above the Yeso, and not present at the BRU due to erosion)). In addition, HEYCO will emplace berms around the reserve pit to protect against possible contamination of surface water runoff.

F. The reserve pit will be in use for a maximum of 180 days. After the drilling and testing is completed, the contents of the pit will be allowed to air dry, and the remaining solid waste will be properly disposed of in accordance with applicable Federal and State Regulations. The site will then be reclaimed and re-vegetated.

12. The proposed reserve pit does not endanger public health. The reserve pit will be remote from human habitation and will not be open to the public. HEYCO's efforts to prevent any possible contamination of fresh water will ensure no public exposure.

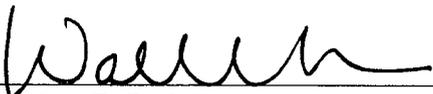
13. The proposed reserve pit does not endanger the environment. The reserve pit will be properly monitored during drilling and testing operations and appropriately fenced and netted to ensure birds and other fauna do not come into contact with its contents. The reserve pit will have a "footprint" of approximately 0.4 acres or 17,000 sq. feet. As HEYCO proposes drilling with an air system, upward migration of salts from a leaky brine contaminated pit is not likely to occur, as ground water with TDS/Chlorides in excess of 20,000 ppm has not been encountered in the area and brine would not be used as a drilling fluid.

14. HEYCO will comply with all statewide Division pit regulations in drilling the BRU #6 well.

15. The granting of this exemption will prevent waste and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and a hearing, the Division enter its order granting the relief requested above.<sup>1</sup>

Respectfully Submitted,

By:   
Earl E. DeBrine  
Walter E. Stern  
Pat Rogers  
Adam Greenwood  
Modrall, Sperling, Roehl, Harris, & Sisk, P.A.

<sup>1</sup> In making this request, HEYCO does not waive any argument that the aforementioned regulations are preempted by federal law.

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Email: eed@modrall.com

ATTORNEYS FOR HARVEY E. YATES COMPANY

W0632561.DOC



# HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

September 14, 2006

**VIA FEDERAL EXPRESS**

Bureau of Land Management  
Las Cruces District Office  
1800 Marquess  
Las Cruces, New Mexico 88005

Attention: John Besse

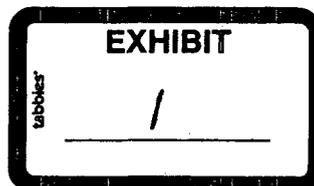
Re: Bennett Ranch Unit #6  
Otero County, New Mexico  
Application for Permit To Drill

Ladies & Gentlemen:

Attached please find Harvey E. Yates Co.'s ("HEYCO's") Application to Drill ("APD") for a location on Section 24, Township 26-South, Range 12-East. While the APD stands on its own merits, this letter addresses associated issues that may be pertinent in the current circumstances. The first section of the letter addresses the environmental and practical undesirability of an alternate drilling site. The second section of the letter addresses recent regulation from the New Mexico Oil Conservation Division ("OCD") that may limit or foreclose HEYCO's plan to air drill with a standard lined open pit system.

**No Feasible Alternate Sites**

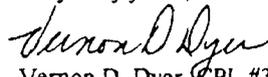
HEYCO decided on this proposed drilling site, based on its geological and geophysical interpretation and evaluation of the area, because a reasonable alternative was not feasible from an exploration perspective. HEYCO is attempting to explore an underground anticline structure, and seeks to drill at its apex within a seismically identified fault block. From an exploration standpoint, drilling to the highpoint of this geological feature has the highest likelihood of returning positive results. HEYCO's proposed drilling site does just that; other alternative locations in Section 24 do not meet HEYCO's current exploration purposes and needs. Further, as it turns out from surface inspection, HEYCO's proposed drilling site is optimal from an environmental standpoint. The Bureau of Land Management ("BLM") has designated the Butterfield Stage Trail as an important cultural resource that should be avoided. Although HEYCO's lease does not include the new RMP lease stipulations covering the BLM's recent Butterfield Stage Trail, 1/2 mile wide, NSO Corridor designation, HEYCO's proposed location is well hidden by local topography and causes no direct visual impairment to the Butterfield Stage Trail. HEYCO's chosen site will also minimize rangeland degradation, being close to an existing road and approved pipeline ROW. HEYCO's site, although not flat, is in an area with top soil cover and gentle slope angles which should provide good reclamation conditions, and is away from any problem drainage situation. Close by, but less geologically-attractive sites to the north and northwest are also less attractive from environmental and cultural standpoints. Given these restraints, the proposed drilling site is the only good feasible alternative from an exploration and an environmental perspective.



**Recent OCD Regulation Restricting Pits in the Otero Mesa Area**

As the BLM knows, the OCD seeks to regulate operations conducted on leased federal BLM land. The OCD has recently promulgated a rule specifically applicable just to the Otero Mesa area, called "Rule 21," *see* NMAC 19.15.1.21 (B), that prevents the OCD from issuing permits for pits under NMAC 19.15.2.50. Given the local geology, HEYCO must conduct its exploratory drill with an underbalanced (air-drill) system that requires a reserve pit. OCD regulations appear to provide an opportunity to obtain an exemption from Rule 21's pit prohibition. Therefore, HEYCO plans to apply for an exemption as soon as possible and will keep the BLM fully informed of the progress of its application.

Very truly yours,



Vernon D. Dyer, CPL #3174  
Senior Landman

VDD/dlm  
Enclosures

BRU#6APDCoverLetter092006.doc/Land:BennettRanch#3

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

|  |  |  |
|--|--|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |  | 5. Lease Serial No.<br><b>NMNM-71526</b>                                   |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone |  | 6. If Indian, Allottee or Tribe Name                                       |
| 2. Name of Operator<br><b>HARVEY E. YATES COMPANY</b>  |  | 7. If Unit or CA Agreement, Name and No.<br><b>BENNETT RANCH UNIT</b>      |
| 3a. Address <b>PO BOX 1933<br/>ROSWELL, NM 88202-1933</b>  |  | 8. Lease Name and Well No.<br><b>BENNETT RANCH UNIT #06</b>                |
| 3b. Phone No. (include area code)<br><b>505.623.6601</b>   |  | 9. API Well No.  |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *)<br>At surface <b>660' FWL &amp; 2130' FSL (Unit 1) NW¼SW¼</b><br>At proposed prod. zone                                 |  | 10. Field and Pool, or Exploratory<br><b>UNDES. MISSISSIPPIAN</b>          |
| 14. Distance in miles and direction from nearest town or post office*<br><b>53 miles to El Paso</b>  |  | 11. Sec., T. R. M. or Blk. and Survey or Area<br><b>SEC 24, T26S, R12E</b> |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drng. unit line, if any) <b>660'</b>  | 16. No. of acres in lease<br><b>2,360 Acres</b>      | 12. County or Parish<br><b>OTERO</b>                                       |
| 17. Spacing Unit dedicated to this well<br><b>640 acres, all of Section 24</b>   | 13. State<br><b>NM</b>                               |  |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>7920'</b>  | 19. Proposed Depth<br><b>6100'</b>                   | 20. BLM/BIA Bond No. on file<br><b>NM-B000317</b>                          |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br><b>5,106' GR</b>  | 22. Approximate date work will start*<br><b>ASAP</b> | 23. Estimated duration<br><b>60 DAYS</b>                                   |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

|                                      |   |                           |
|--------------------------------------|---|---------------------------|
| 25. Signature<br><i>Bob Williams</i> | Name (Printed/Typed)<br><b>Bob Williams</b> | Date<br><b>09/12/2006</b> |
|--------------------------------------|---|---------------------------|

Title  
**Operations Manager**

|                         |                      |      |
|-------------------------|----------------------|------|
| Approved by (Signature) | Name (Printed/Typed) | Date |
|-------------------------|----------------------|------|

|       |        |
|-------|--------|
| Title | Office |
|-------|--------|

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

Application  
 Harvey E. Yates Company  
**Bennett Ranch Unit # 6**  
**660'FWL & 2130' FSL**  
**Sec 24, T26S, R12E**  
 Otero County, New Mexico

In conjunction with Form 3160-3, Application For Permit To Drill Or Deepen subject well, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 10.

1. Geologic Name of Surface Formation:  
**YESO**

2. Estimated Tops of Significant Geologic Markers:

| <u>Formation</u> | <u>Depth</u> |
|------------------|--------------|
| <b>YESO</b>      | SURFACE      |
| ABO              | <b>300'</b>  |
| HUECO            | <b>600'</b>  |
| POWWOW           | <b>2100'</b> |
| PENN SHALE       | <b>2400'</b> |
| CANYON1U. STRAWN | <b>3200'</b> |
| PENN Ls          | <b>3400'</b> |
| ATOKA            | <b>3800'</b> |
| MORROW Ls        | <b>4050'</b> |
| MORROW CLASTIC   | <b>4200'</b> |
| UPPER MISS       | <b>4300'</b> |
| IGNEOUS SILL PAY |              |
| PERCHA           | <b>4775'</b> |
| FUSSELMAN        | <b>4850'</b> |
| EL PASO          | <b>5600'</b> |
| PTD              | <b>6100'</b> |

3. Estimated Depths at which Water, Oil, or Gas Formations are expected:

| <u>Formation</u> | <u>Depth</u> | <u>Remarks</u>          |
|------------------|--------------|-------------------------|
| ABO              | 300'         | WATER                   |
| POWWOW           | 2100'        | WATER & GAS             |
| CANYON           | 2400'        | GAS                     |
| U. MISS          | 4300'        | GAS - PRIMARY OBJECTIVE |
| FUSSELMAN        | 4850'        | OIL                     |

4. Proposed Casing Program:

| Hole size    | Grade, size Csg          | Wt/ft        | Depth  | Quantity of cement    |
|--------------|--------------------------|--------------|--------|-----------------------|
| 17 1/2"      | 13 3/8 5-55              | <b>54.5#</b> | 900'   | circ to surface       |
| 12 1/4"      | 9 5/8" J-55              | <b>32.0#</b> | 3,100' | circ to surface       |
| <b>77/8"</b> | <b>5 1/2" J-55 &amp;</b> | <b>17.0#</b> | 6,100' | cmt up into 9 5/8 csg |

5. Pressure Control Equipment:

This well will be 2 M BOP. Rig equipment is rated as 3M

6. Drilling Fluid Program:

**0** - ? Air drill until hole dictates otherwise  
 ? - 6100 Fresh water system w/ shale guard, ammonia nitrate  
 Sweep to clean hole. Should mud up be required, drispac and  
 Shale guard. MW 8.6-8.8, 32-40 vis. 12-15 WL. 2000 - 3000 CL.

7. Auxiliary Equipment:

NIA

8. Testing, Logging, & Coring Program:

Mud **log,1** DST- Strawn, Platform Express **w/HALS**, BHC Sonic and Rotary sidewall coring.

**9. Abnormal Conditions, Pressures, Temperature, or Potential Hazards:**

No abnormal conditions are anticipated in this well bore.

BHST-131 deg F

BHP – 1,300 psi

**9. Anticipated Starting Date & Duration of Operation:**

The anticipated starting date is set for as soon as possible after examination and approval of all drilling requirements.

Duration of this project will be approximately 60 days from start of

Construction of drilling pad until finish of completion operations

**Surface Use Plan**  
Harvey E. Yates Company  
BENNETT RANCH UNIT #6  
660' FWL & 2130 FSL  
Sec 24, T1826S, R12E  
Otero County, New Mexico

1. **Existing Roads:**

Exhibit A is a portion of a New Mexico map showing the location of the proposed location. The location is approximately 2 miles north west of Alamo Mountain.

Direction: From El Paso TX, Go approximately 25 miles east on 62/180. Just west of the Border Patrol check station, Turn left at Hueco Ranch sign. This is Otero Co road F1. Go 25.2 miles and turn right. Go 1.6 miles and turn left. Go 1.4 miles and turn right. Go 0.4 miles in to location.

2. **Planned Access Roads:**

No new road will be built to access this location.

3. **Location of Existing Wells:**

See EXHIBIT B From the surveying company / vicinity map

4. **Location of Tank Batteries, Electric Lines, Etc:**

In the event a producing well is drilled, a tank battery will be built on the location.

5. **Location and Type of Water Supply:**

Water will be obtained from commercial sources.

6. **Source of Construction Material:**

We will use materials from reserve pit to build the location.

7. **Methods of Handling Waste Disposal:**

Waste will be handled in an approved manner. The wellsite will be cleaned of all waste within 30 days of final completion of the well.

8. **Ancillary Facilities:**

N/A

9. **Wellsite Layout:**

a. EXHIBIT D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.

b. The land is relatively flat with sandy soil and sand dunes.

c. The pad and pit area have been staked.

10. **Plan for Restoration of the Surface:**

a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. Pits will be back filled and the location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.

11. **Other Information:**

a. The mineral and surface owner is the Federal Government, Land and Grazing leasing Thomas Cooper has been contacted.

b. The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.

c. There are no ponds, lakes, or rivers in this area.

d. An Archaeological Survey has been made and a copy has been sent to the Carlsbad BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.

e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

**12. Operator's Representative:**

I certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; that the work associated with operations proposed herein will be performed by Harvey E. Yates Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Bob Williams  
Harvey E. Yates Company  
P.O. Box 1933  
Roswell, NM  
505-623-6601

*Bob Williams*

September 12, 2006

United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Roswell Resource Area  
P.O. Drawer 1857  
Roswell, New Mexico 88202-1857

Statement Accepting Responsibilities for Operations

Operator Name: Harvey E. Yates Company  
Street or Box: P.O. Box 1933  
City, State: Roswell, New Mexico  
Zip Code: 88202

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No.:

Lease Name: Bennett Ranch Unit #6  
Legal description of land: Sec 24, T26S, R12E, Otero County, New Mexico

Formation(s) (if applicable): U. Miss

Bond Coverage: Statewide Bond

BLM Bond File No.: NM-B000317

Authorized Signature: Bob Willison

Title: Operations Manager

Date: September 12, 2006

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 58240

Form C-102

Revised October 12, 2005

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

1220 SOUTH ST. FRANCIS DR.

State Lease - 4 Copies

Santa Fe, New Mexico 87505

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

|                        |  |                       |
|------------------------|--|-----------------------|
| API Number             | Pool Code                                | Pool Name             |
|                        |  | WILDCAT MISSISSIPPIAN |
| Property Code<br>19008 | Property Name<br>BENNETT RANCH UNIT      | Well Number<br>6      |
| OGRID No.<br>10179     | Operator Name<br>HARVEY E. YATES COMPANY | Elevation<br>5106'    |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 24      | 26-S     | 12-E  |         | 2130          | SOUTH            | 660           | WEST           | OTERO  |

Bottom Hole Location If Different From Surface

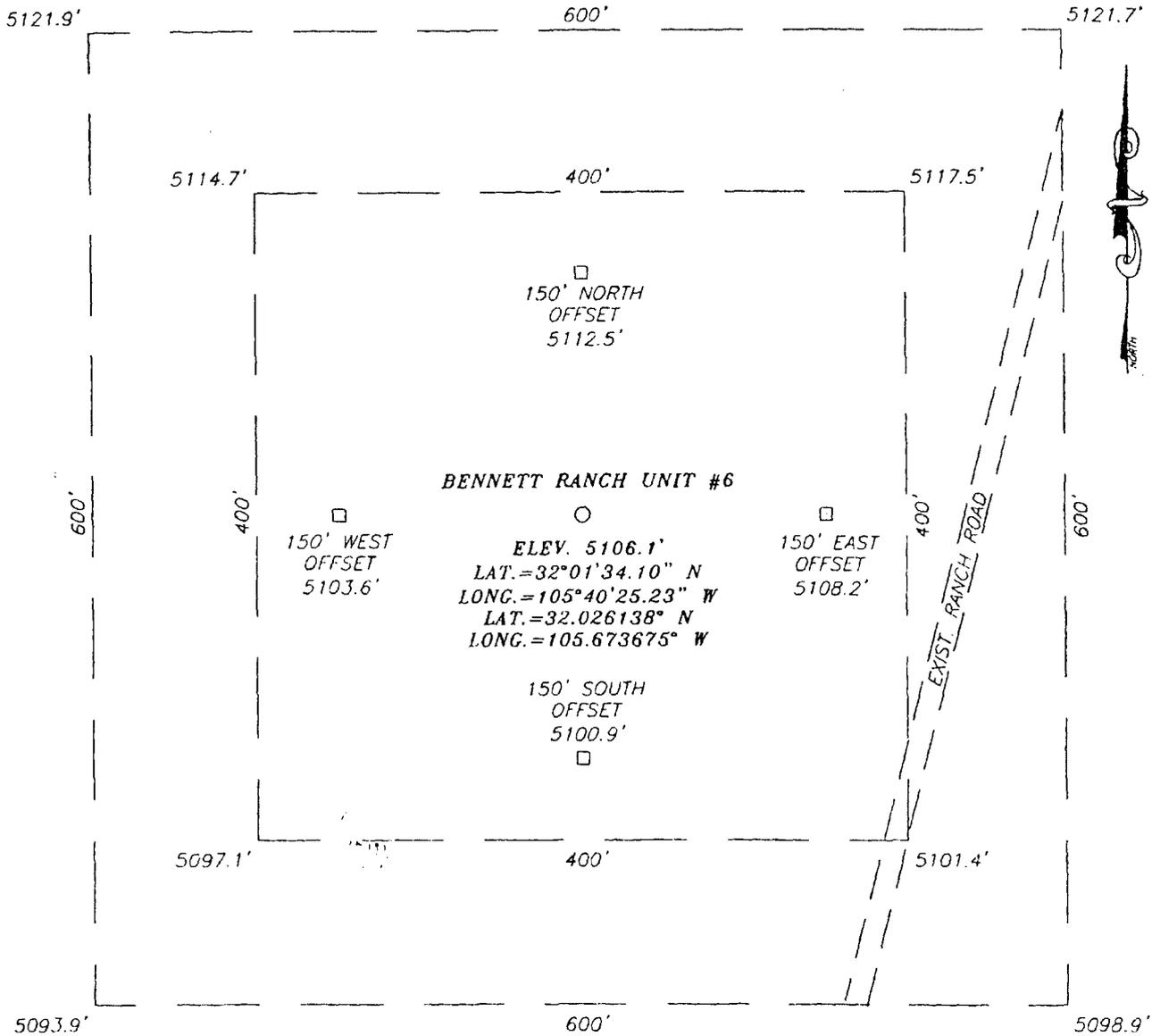
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                           |                 |                                |           |
|---------------------------|-----------------|--------------------------------|-----------|
| Dedicated Acres<br>640.00 | Joint or Infill | Consolidation Code<br>UNITIZED | Order No. |
|---------------------------|-----------------|--------------------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

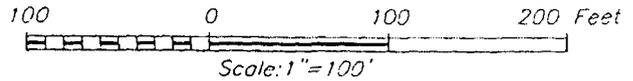
|   |  |
|---|--|
| <p>SEE DETAIL</p> <p>660'</p> <p>2130'</p> <p>DETAIL</p> <p>5121.9' 5121.7'</p> <p>600' 600'</p> <p>5093.9' 5098.9'</p> <p>DETAIL</p> <p>5114.7' 5117.5'</p> <p>400' 400'</p> <p>5097.1' 5101.4'</p> <p>GEODETTIC COORDINATES<br/>NAD 27 NMC</p> <p>Y=373708.4 N<br/>X=678606.6 E<br/>LAT.=32°01'34.10" N<br/>LONG.=105°40'25.23" W<br/>LAT.=32.026138° N<br/>LONG.=105.673675° W</p> | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jen Serrano</i> 9-22-06<br/>Signature Date</p> <p>JEN SERRANO<br/>Printed Name</p> |
|   | <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 15, 2006</p> <p>Date Surveyed LA REV: 9/20/06</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p><i>Gary E. Eason</i> 9/20/06<br/>06.11.13085</p> <p>Certificate No. GARY EASON 12641</p>   |

**SECTION 24, TOWNSHIP 26 SOUTH, RANGE 12 EAST, N.M.P.M.,**  
 OTERO COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #62-180 & HUECO RANCH ROAD (BEING APPROX. 34 MILES WEST OF CORNUDAS, TEXAS) GO NORTH ON HUECO RANCH ROAD APPROX. 15.8 MILES. VEER RIGHT AND CONTINUE NORTHEAST APPROX. 10.0 MILES ON CO. RD. F001. TURN RIGHT @ BENNETT RANCH SIGN. GO SOUTH APPROX. 3.0 MILES. FOLLOW RANCH ROAD SOUTH AND EAST AROUND RANCH HOUSE. CONTINUE ON EAST APPROX. 2.9 MILES THRU CATTLE GUARD. TURN RIGHT AND GO SOUTHEAST ON RANCH ROAD APPROX. 1.1 MILES. THIS LOCATION IS APPROX. 250 FEET WEST IN PASTURE.



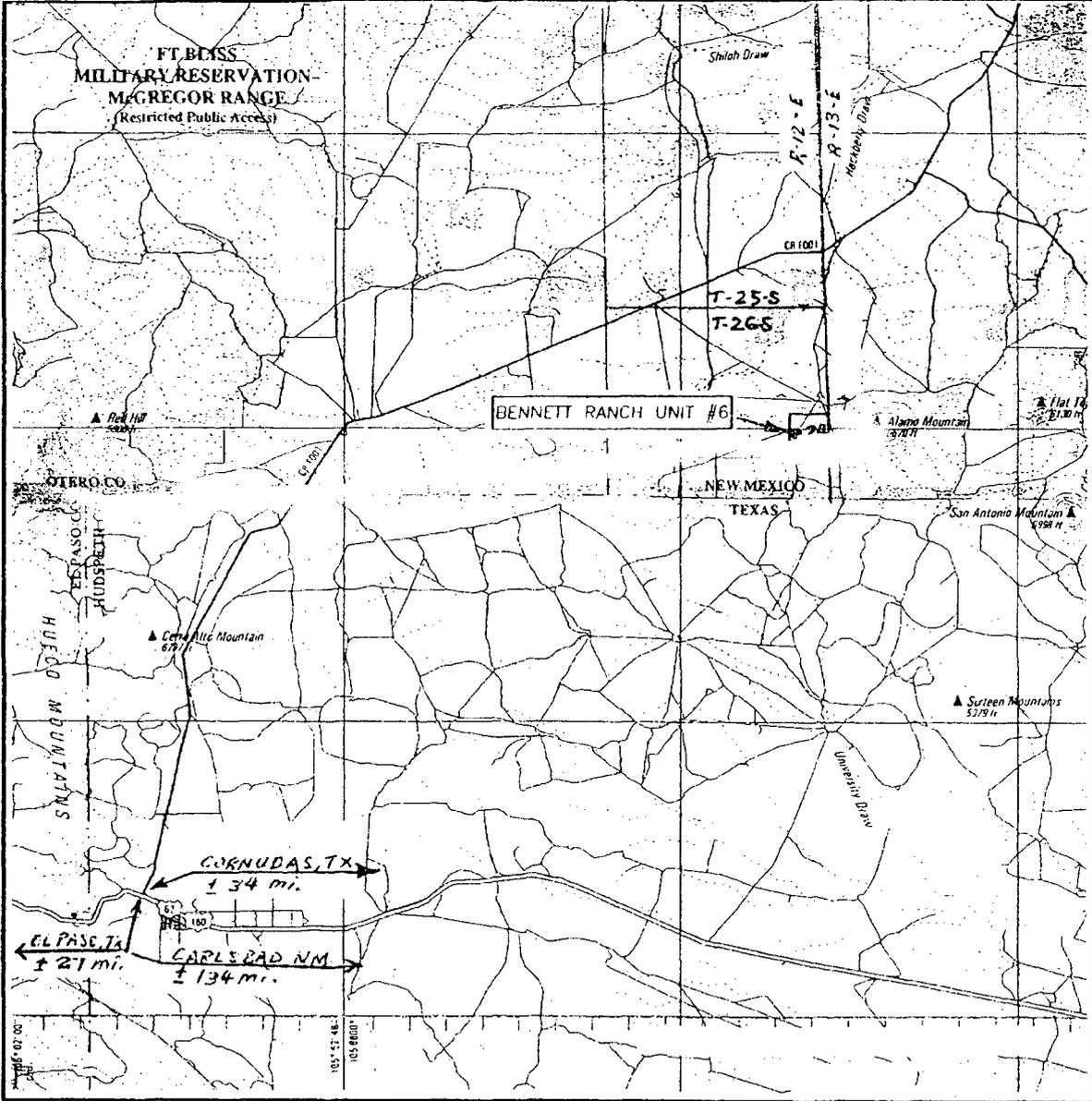
**HARVEY E. YATES COMPANY**

BENNETT RANCH UNIT #6 WELL  
 LOCATED 2130 FEET FROM THE SOUTH LINE  
 AND 660 FEET FROM THE WEST LINE OF SECTION 24,  
 TOWNSHIP 26 SOUTH, RANGE 12 EAST, N.M.P.M.,  
 OTERO COUNTY, NEW MEXICO.

PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117

|                         |                     |
|-------------------------|---------------------|
| Survey Date: 8/15/06    | Sheet 1 of 1 Sheets |
| W.O. Number: 06.11.1308 | Dr By: LA           |
| Date: 8/21/06           | Rev 1:9/20/06       |
| Disk: CD#5              | 06111308            |
|                         | Scale: 1" = 100'    |

# VICINITY MAP



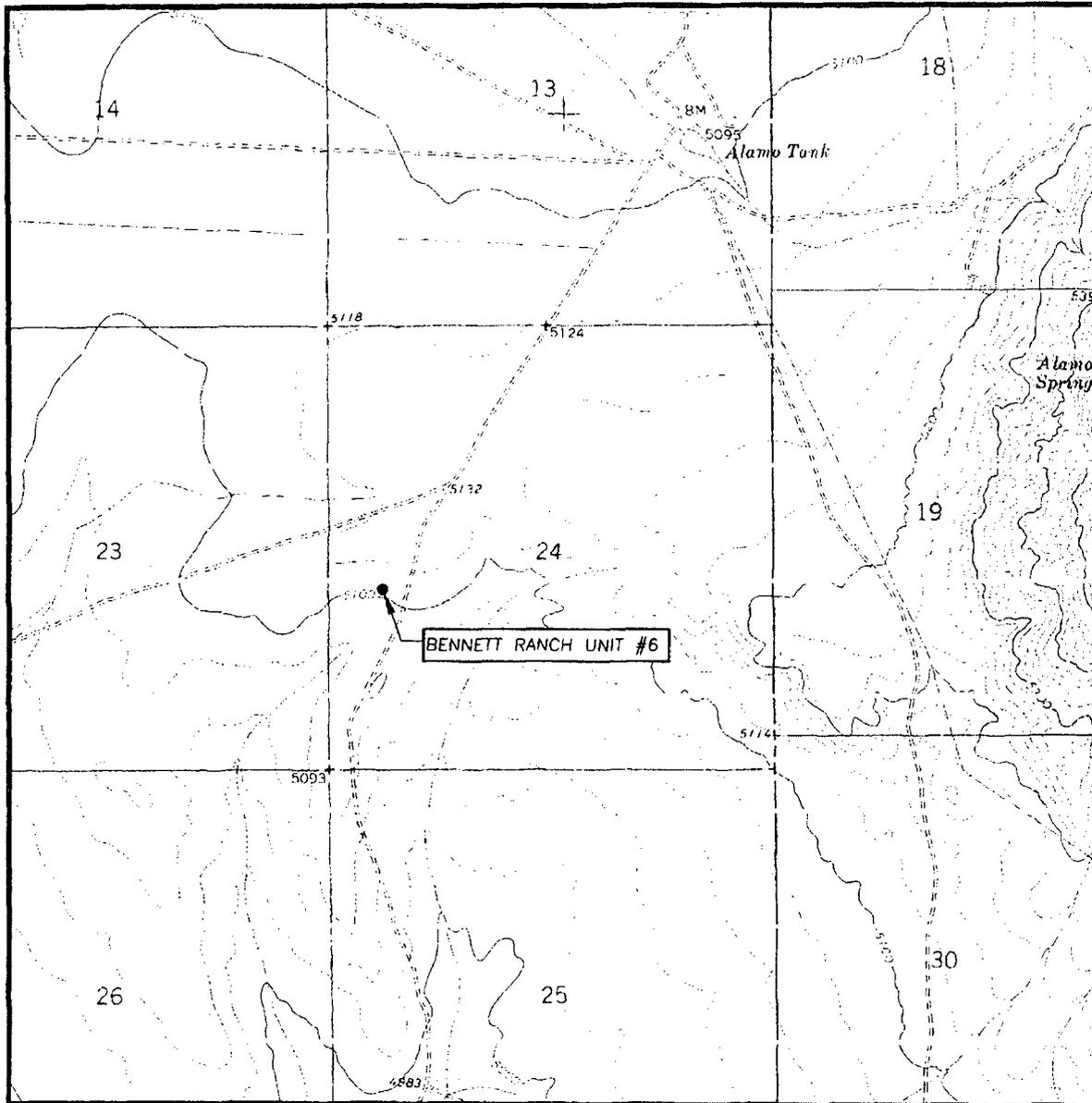
SCALE: 1" = 4.5 MILES

SEC. 24 TWP. 26-S RGE. 12-E  
 SURVEY N.M.P.M.  
 COUNTY OTERO STATE NEW MEXICO  
 DESCRIPTION 2130' FSL & 650' FWL  
 ELEVATION 5106'  
 OPERATOR HARVEY E. YATES COMPANY  
 LEASE BENNETT RANCH UNIT



PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 333-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
ALAMO MOUNTAIN, N.M. - 10'

SEC. 24 TWP. 26-S RGE. 12-E

SURVEY N.M.P.M.

COUNTY OTERO STATE NEW MEXICO

DESCRIPTION 2130' FSL & 660' FWL

ELEVATION 5106'

OPERATOR HARVEY E. YATES COMPANY

LEASE BENNETT RANCH UNIT

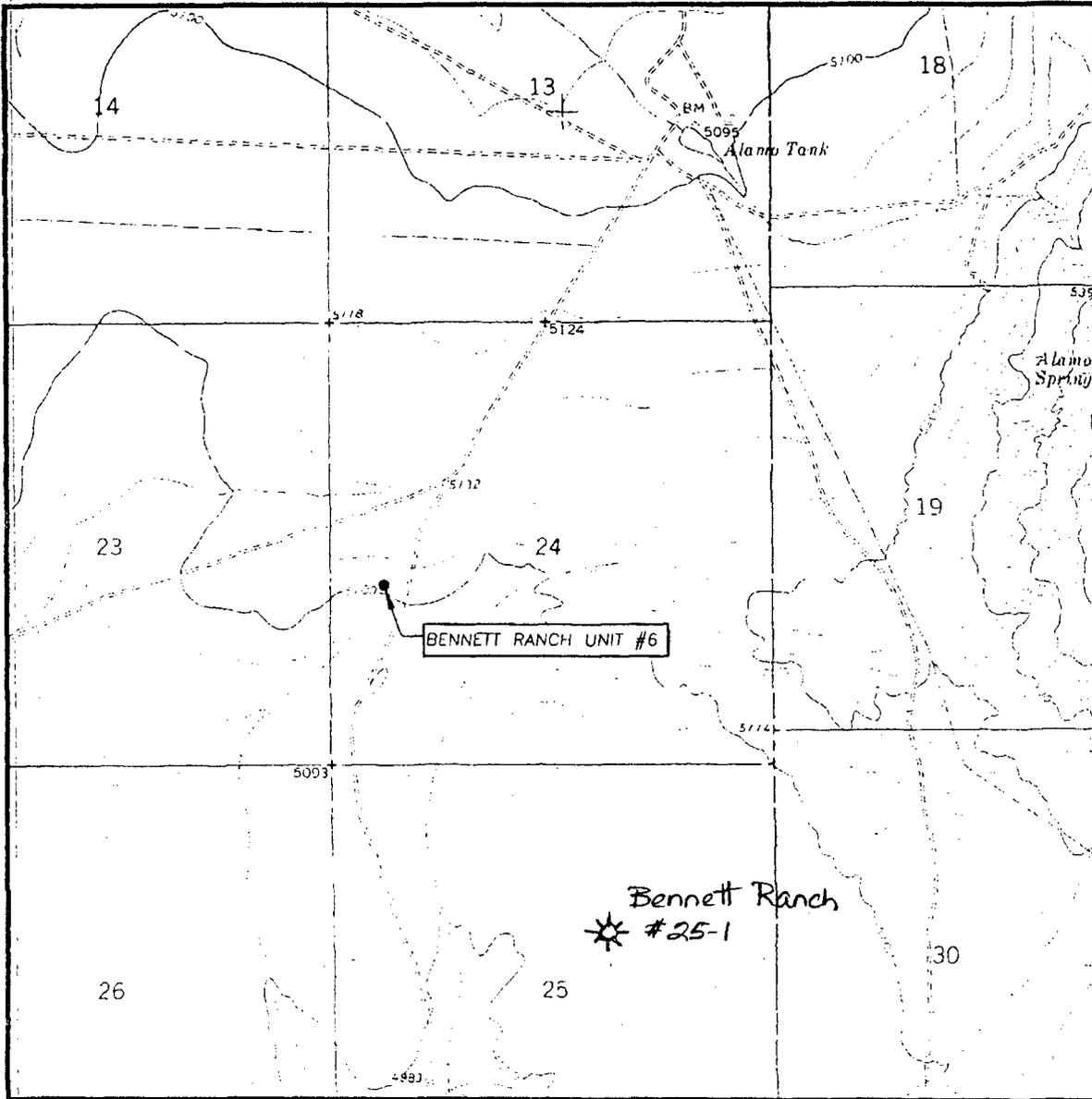
U.S.G.S. TOPOGRAPHIC MAP  
ALAMO MOUNTAIN, N.M.



**PROVIDING SURVEYING SERVICES**  
SINCE 1948  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117

# LOCATION VERIFICATION MAP

\* Bennett Ranch #1-Y



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
ALAMO MOUNTAIN, N.M. - 10'

SEC. 24 TWP. 26-S RGE. 12-E

SURVEY N.M.P.M.

COUNTY OTERO STATE NEW MEXICO

DESCRIPTION 2130' FSL & 660' FWL

ELEVATION 5106'

OPERATOR HARVEY E. YATES COMPANY

LEASE BENNETT RANCH UNIT

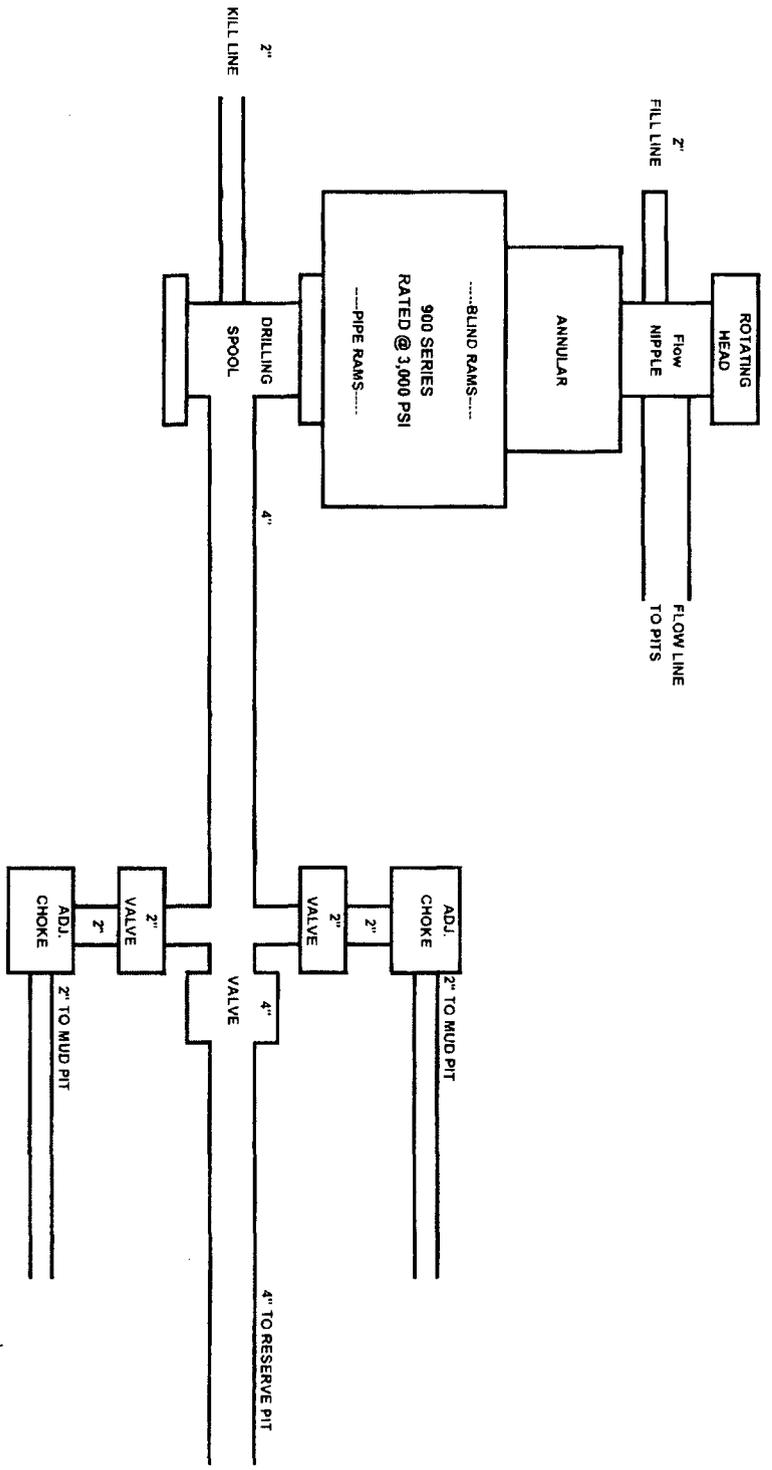
U.S.G.S. TOPOGRAPHIC MAP  
ALAMO MOUNTAIN, N.M.

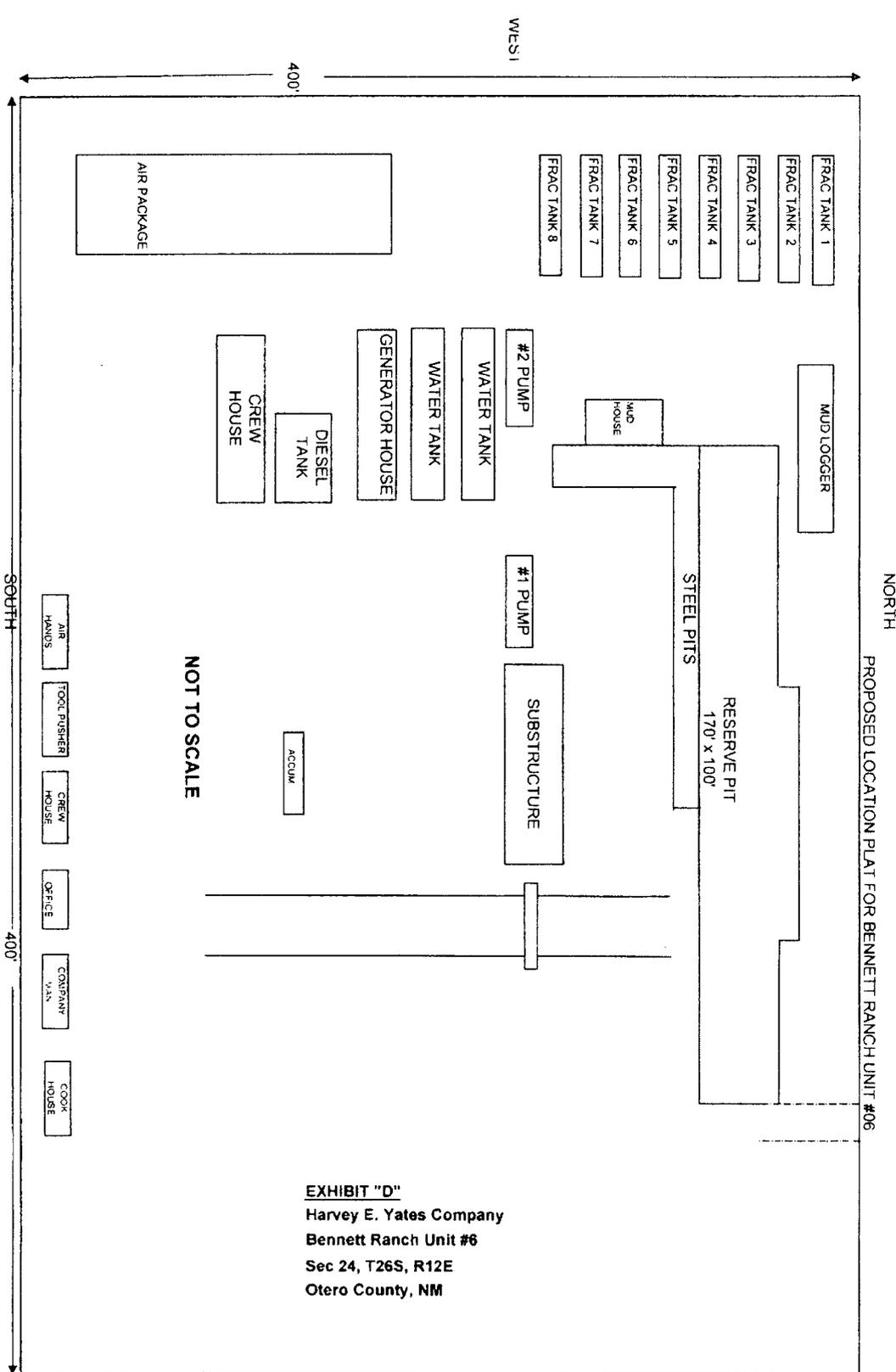


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 SINCE 1948  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 383-3117

EXHIBIT "C" BOP STACK  
BENNETT RANCH UNIT #6  
660' FWL & 2130' FSL  
SEC 24, T28S, R12E  
OTERO CO. N.M.

Although rig equipment is rated at 30000 lbs well be 2m

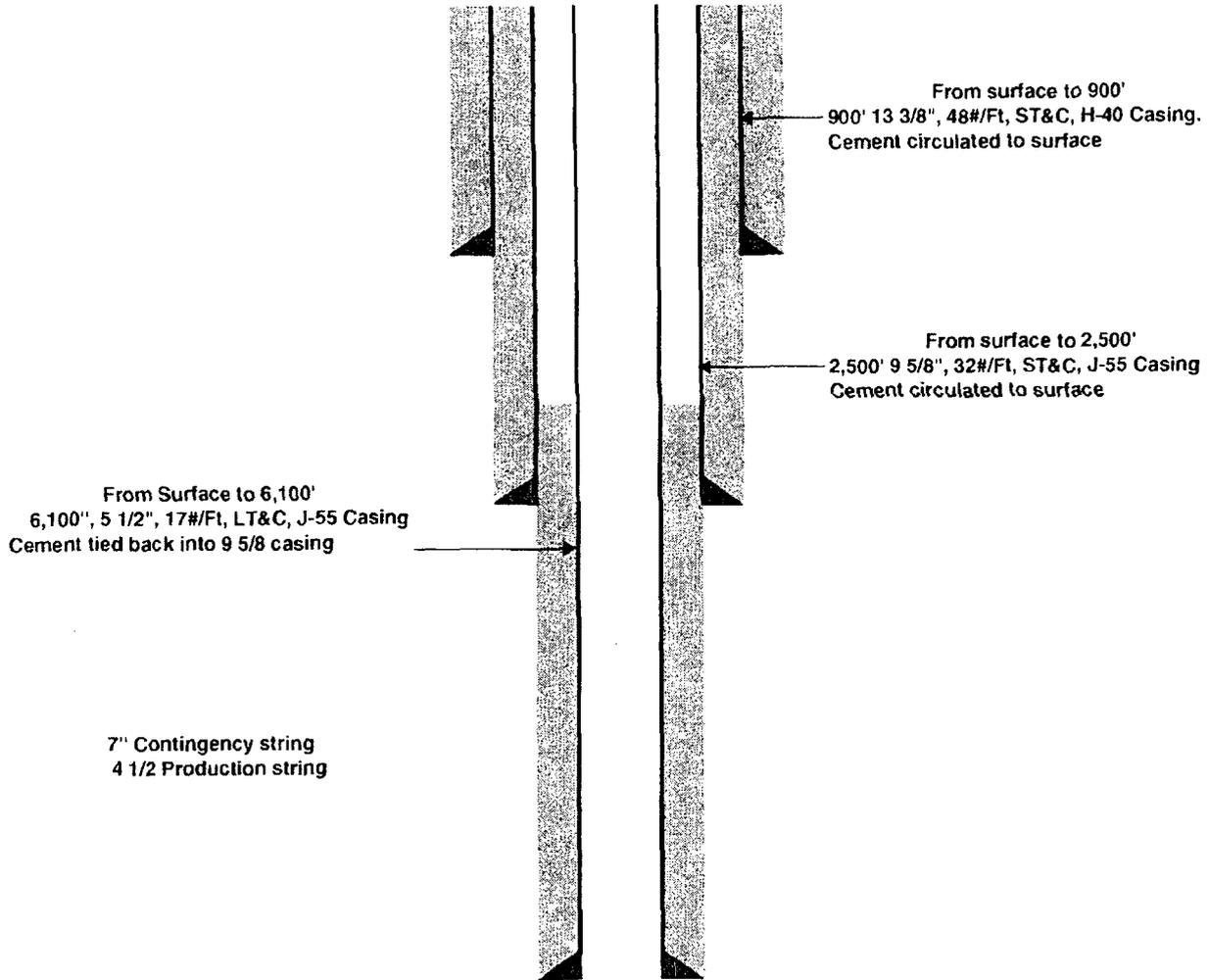




**EXHIBIT "D"**  
 Harvey E. Yates Company  
 Bennett Ranch Unit #6  
 Sec 24, T26S, R12E  
 Otero County, NM

**EXHIBIT "E" CASING DESIGN**

**Bennett Ranch Unit #6  
660' FWL & 2130' FSL  
SEC 24, T26S, R12E  
Otero County, NM**



2006 SEP 29 AM 10 41

PROPOSED ADVERTISEMENT

Case 13817: Application of Harvey E. Yates Company for an exemption from Oil Conservation Commission Rule 19.15.2.50(A) NMAC to allow the use of a reserve pit (of which permission to use may otherwise be unavailable due to the application of Oil Conservation Commission Rule 19.15.1.21(B)) in the Bennett Ranch Federal Exploratory Unit (BRU) as part of an underbalanced (air drill) system for the proposed BRU #6 exploratory well in Section 24, Township 26-South, Range 12-East, Otero County, New Mexico.