



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

February 29, 2008

Ms. Ocean Munds-Dry
Holland & Hart
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Ms. Munds-Dry:

Based upon the reasons stated in your letter of February 26, 2008, and in accordance with the provisions of Division Order No. R-12904, Yates Petroleum Corporation is hereby granted an extension of time until July 30, 2008 in which to commence drilling the well pooled by this order.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

Mark E. Fesmire, P.E.
Director

fd/

cc: Case No. 14058
OCD - Hobbs

HOLLAND & HART^{LLP}



RECEIVED
Ocean Munds-Dry

omundsdry@hollandhart.com

2008 FEB 26 PM 3 31

February 26, 2008

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Oil Conservation Division Case No. 14058: Application of Yates Petroleum Corporation, for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire;

On February 4th, 2008, the Division entered Order No. R-12904 which granted the application of Yates Petroleum Corporation in the above-referenced case pooling all uncommitted interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 30, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico.

Order R-12904 provides that in the event Yates "does not commence drilling the proposed well on or before April 30, 2008" the Order "shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause."

Yates plans to drill the Amazing BAZ Federal Well No. 3 but has been informed by its regulatory department that the well location is subject to the Lesser Prairie Chicken stipulation imposed by the Bureau of Land Management. Since it will be unable to commence drilling prior to the current deadline set by this pooling order, Yates hereby requests an extension of Order No. R-12904 from April 30, 2008 until July 30, 2008. Your attention to this request is appreciated.

Sincerely,


Ocean Munds-Dry

cc: Mr. Robert Bullock

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻️

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

T. 22 S., R. 32 E.
Section 30: ALL

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

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OPERATOR'S COPY

Form 3160-3
(April 2004)

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM-90
6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Amazing BAZ Federal #3 30801

9. API Well No.

1a. Type of Work: DRILL REENTER
1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
Yates Petroleum Corporation 25575

3a. Address
105 South Fourth Street, Artesia New Mexico 88210

3b. Phone No. (include area code)
(505) 748-1471

10. Field and Pool, or Exploratory
Livingston Ridge, Delaware SE 39380

4. Location of well (Report location clearly and in accordance with any State requirements. *)
At surface
330' FSL and 330' FEL, Unit P
At proposed prod. zone
same as above

11. Sec., T., R., M., or Blk. And Survey or Area
Section 30, T22S-R32E

14. Distance in miles and direction from the nearest town or post office*

12. County or Parish
Lea County

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft.
(Also to nearest drlg. unit line, if any) **330'**

16. No. of acres in lease
1760.00

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth
8600'

20. BLM/ BIA Bond No. on file
NATIONWIDE BOND #NMB000434

21. Elevations (Show whether DF, RT, GR, etc.)
3540' GL

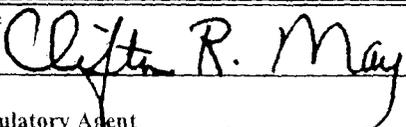
22. Approximate date work will start*
ASAP

23. Estimated duration

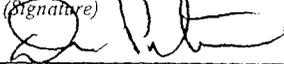
24. Attachments

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.
- 2. A Drilling Plan.
- 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).
- 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above).
- 5. Operator certification.
- 6. Such other site specific information and/ or plans as may be required by the authorized officer.

25. Signature  Name (Printed/ Typed) **Clifton R. May** Date **5/25/2007**

Title **Regulatory Agent**

Approved By (Signature)  Name (Printed/ Typed) **IS/ DON PETERSON** Date **6/25/07**

Title **FIELD MANAGER** Office **CARLSBAD FIELD 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 cc operations thereon.

Conditions of approval, if any, are attached. **APPROVAL FOR TWO YEARS**

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)
SEE ATTACHED FOR CONDITIONS OF APPROVAL
CARLSBAD CONTROLLED WATER BASIN
APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED