

6/15/05 6/20/05

SWD-982

PWT 0517161837

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: Secondary Recovery Pressure Maintenance ☒ Disposal Storage
Application qualifies for administrative approval? Yes No

II. OPERATOR: Yates Petroleum Corporation

ADDRESS: 105 South Forth Street Artesia, NM 88210

CONTACT PARTY: James M. Hill (Mike) PHONE: 505-748-4219

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? Yes ☒ No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: James M. Hill TITLE: Operations Engineer

SIGNATURE: [Signature] DATE: 4-19-05

E-MAIL ADDRESS: mhill@ypcnm.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Humidor SWD No. 1
(Originally Pogo Producing MAW No. 1)
Unit E Sec. 14, T24S, R27E
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 Delaware Sand formation.**

Yates Petroleum Corporation plans to re-enter and convert this well to a water disposal well into the Delaware Sand.

- II. Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
James M. Hill (505) 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 2000 BWPD. Maximum daily injection volume approximately 5000 BWPD.**
- 2. This will be a closed system.**
- 3. Proposed average injection pressure –unknown.
Proposed maximum injection pressure –1,729 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 Delaware Sand formation consisting of porous Sandstone from estimated depths of 2,660' - 3,190'.**

**Application for Authorization to Inject
Humidor 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 7-1/2% HCL acid or proppant fractured.
- X. Logs were filed at your office when the well was drilled.
- 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
Humidor SWD No. 1
Unit E Sec. 14, T24S, R27E
Eddy County, New Mexico**

Attachment A

III. Well Data

- A. 1. Lease Name/Location
Humidor SWD No. 1
API No. 30-015-23599
Unit E Sec. 14, T24S, R27E
Eddy County, New Mexico
2. Casing Strings:
- a. Present well condition
13-3/8", 54.5# K55 ST&C @ 519' w/525 sx (circ)
10-3/4", 40.5# K55 ST&C @ 2400' w/ 1,350 sx. (circ.)
7-5/8", 26.4 & 29.7#, LT&C @ 10,200' w/ 975 sx (TOC= 5,100' by
TS. Cut and pulled @ 4,860' to surface. CMT plug from 4,788' -
4,966' in open hole across 7-5/8" stub.
5" 18# N80 & C75 liner from 9,775' - 12,875' covered by multiple
plugs.
- b. Present Status:
Plugged and Abandoned
3. Proposed well condition:
Splice 7-5/8" casing back to gather and cement to surface.
Other casing strings same as above.
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated injection tubing @ 2,610'
4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer
set at 2,610'.
- B. 1. Injection Formation: Upper Delaware Sands
2. Injection Interval will be through perforations from approximately
2,660'-3,190' gross interval.
3. Well was originally drilled as a Morrow Sand gas well. Well will be
Delaware Sand water disposal well (2,660'-3,190') when work is
completed.
4. Perforations: High porosity sands to be selected between 2,660'- 3,190'.
5. Next higher (shallower) oil or gas zone within 2 miles-None.
Next lower (deeper) oil or gas zone within 2 miles-Brushy Canyon (Lower
Delaware).

WELL NAME: Pogo Producing Co's MAW State No. 1 FIELD: Wildcat Morrow
LOCATION: Unit Letter E, 1,980' FNL & 960' FWL Sec 14 - T24S - R27E Eddy County New Mexico
GL: 3,165' ZERO: KB: 3,187'
SPUD DATE: 01/29/81 COMPLETION DATE: P&A 05/02/89
COMMENTS: 30-015-23599
WH cut off and Dry hole marker installed 5/2/89
Attachment A part II

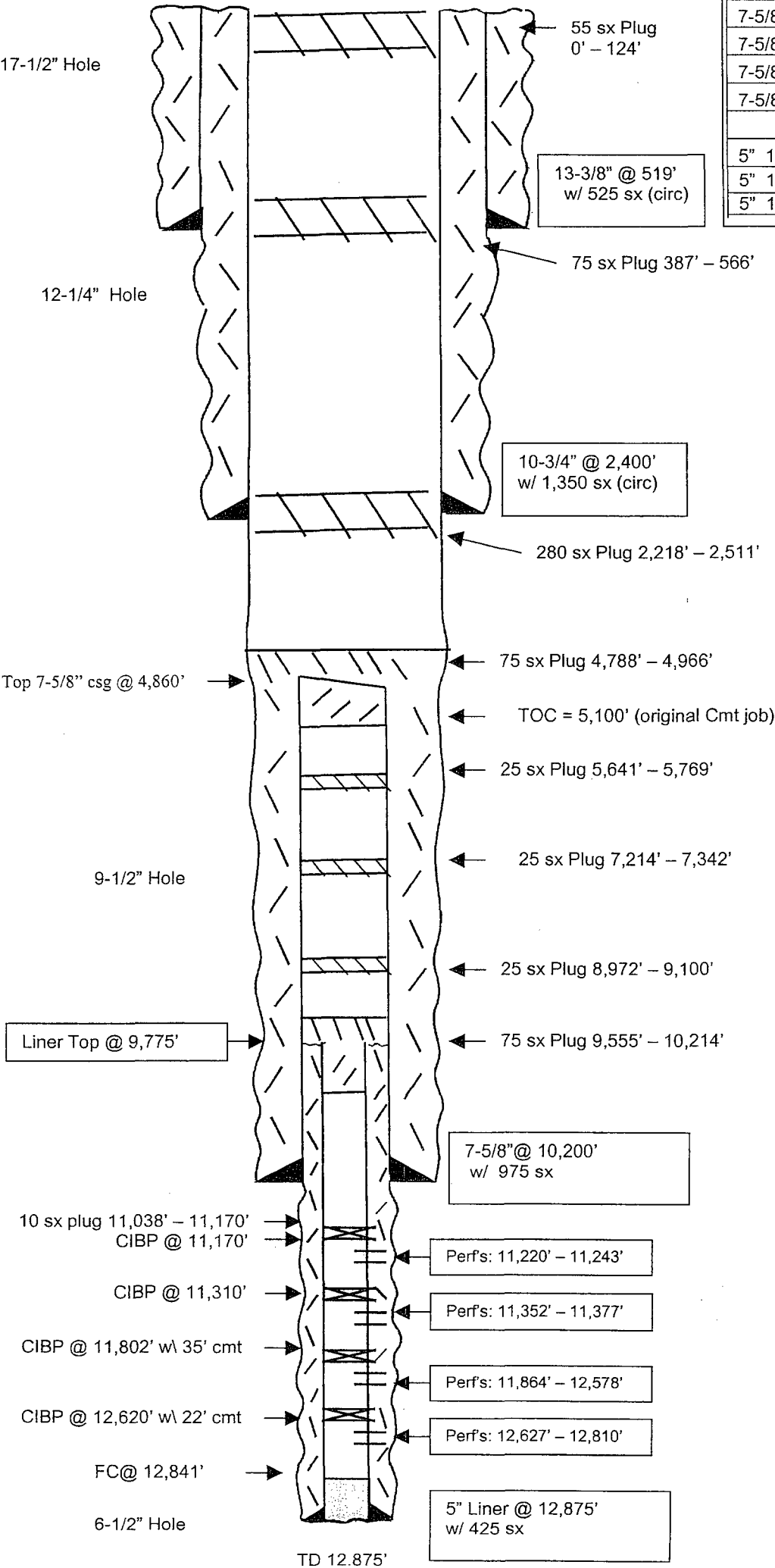
CASING PROGRAM

13-3/8" 54.5# K55 ST&C	519'
10-3/4" 40.5# K55# ST&C	2400'
7-5/8" csg stub top @ +/- 4,860'	
7-5/8" 26.4# N-80 504'	
7-5/8" 29.7# N80 1,094'	
7-5/8" 26.4# S95 1,602'	
7-5/8" 29.7# S95 2,152'	10,200'
5" 18# Liner Top = 9,775'	
5" 18# LT&C N-80 2,493.50'	
5" 18# LT&C C-75 606.01'	12,875'

Before

TOPS:

Castel	652'
Lamar	2,290'
Delaware	2,339'
Bell CN	2,350'
Cherry CN	3,110'
Brushy CN	4,242'
BS	5,758'
2 nd BS	7,340'
WC	9,066'
Atoka	11,148'
Morrow	11,776'



Not To Scale
4-18-05
JMH

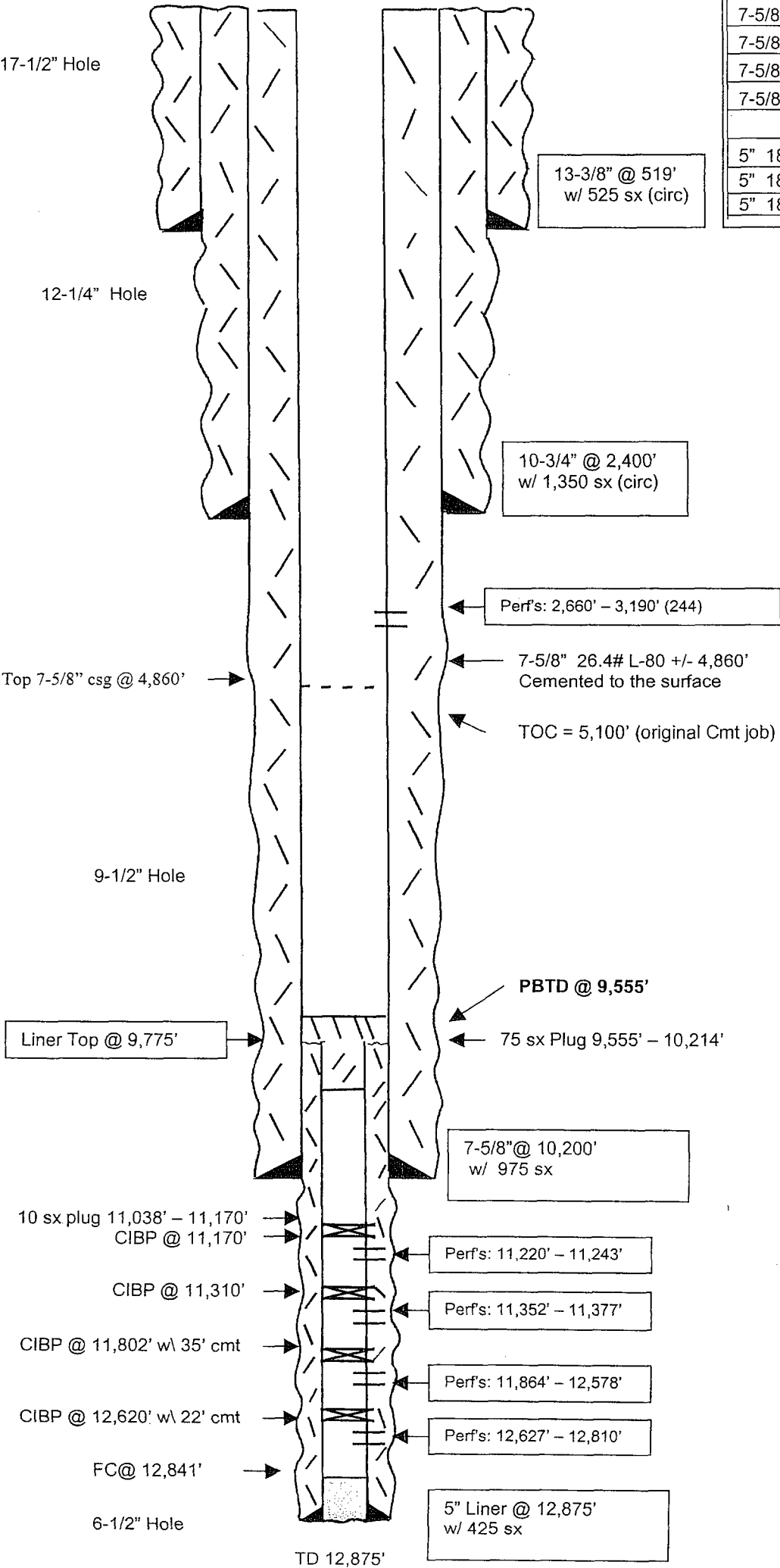
WELL NAME: Humidor SWD No. 1 FIELD: Delaware injector
LOCATION: Unit Letter E, 1,980' FNL & 960' FWL Sec 14 - T24S - R27E Eddy County New Mexico
GL: 3,165' ZERO: KB: 3,187'
SPUD DATE: 01/29/81 COMPLETION DATE: P&A 05/02/89
COMMENTS: 30-015-23599
Originally Pogo Producing Co's MAW State No. 1
Attachment "A" Part III

CASING PROGRAM

13-3/8" 54.5# K55 ST&C	519'
10-3/4" 40.5# K55# ST&C	2400'
7-5/8" 26.4# L-80 +/- 4,860'	
7-5/8" 26.4# N-80 504'	
7-5/8" 29.7# N80 1,094'	
7-5/8" 26.4# S95 1,602'	
7-5/8" 29.7# S95 2,152'	10,200'
5" 18# Liner Top = 9,775'	
5" 18# LT&C N-80 2,493.50'	
5" 18# LT&C C-75 606.01'	12,875'

After

TOPS:	
Castel	652'
Lamar	2,290'
Delaware	2,339'
Bell CN	2,350'
Cherry CN	3,110'
Brushy CN	4,242'
BS	5,758'
2 nd BS	7,340'
WC	9,066'
Atoka	11,148'
Morrow	11,776'



Not To Scale
4-18-05
JMH

MAW State No. 1
Form C-108

Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Total Depth	Producing Zone	Perforations	Completion Information
State 58 No. 1 1,980' FNL & 660' FEL Sec 15-T24S-R27E	POGO Producing Co.	Gas	9/30/1981	12,003'	Morrow	11,248'-11,263'	13-3/8" @ 518'. Cmtd w/ 418 sx. (Circulated).
							10-3/4" @ 2,330' Cmtd w/ 1,085 sx. (Circulated).
							7-5/8" @ 9,128' Cmtd w/ 2,225 sx. TOC = 1,520' by CBL. Cut and pulled from 1,300' to surface
					Brushy CN	5,138' - 5,265'	5" liner @ 8,702'-11,468'. Cmtd w/ 425 sx. P&A 10/20/84

WELL NAME: Pogo Producing Co's State 58 No. 1 FIELD: Wildcat Morrow
LOCATION: Unit Letter H, 1,980' FNL & 660' FEL Sec 15 - T24S - R27E Eddy County New Mexico
GL: 3,224.9' ZERO: KB: 3,253.9'
SPUD DATE: 09/30/81 COMPLETION DATE: P&A 10/20/84
COMMENTS: 30-015-23946
WH cut off and Dry hole marker installed 10/20/84
Attachment "C" part II

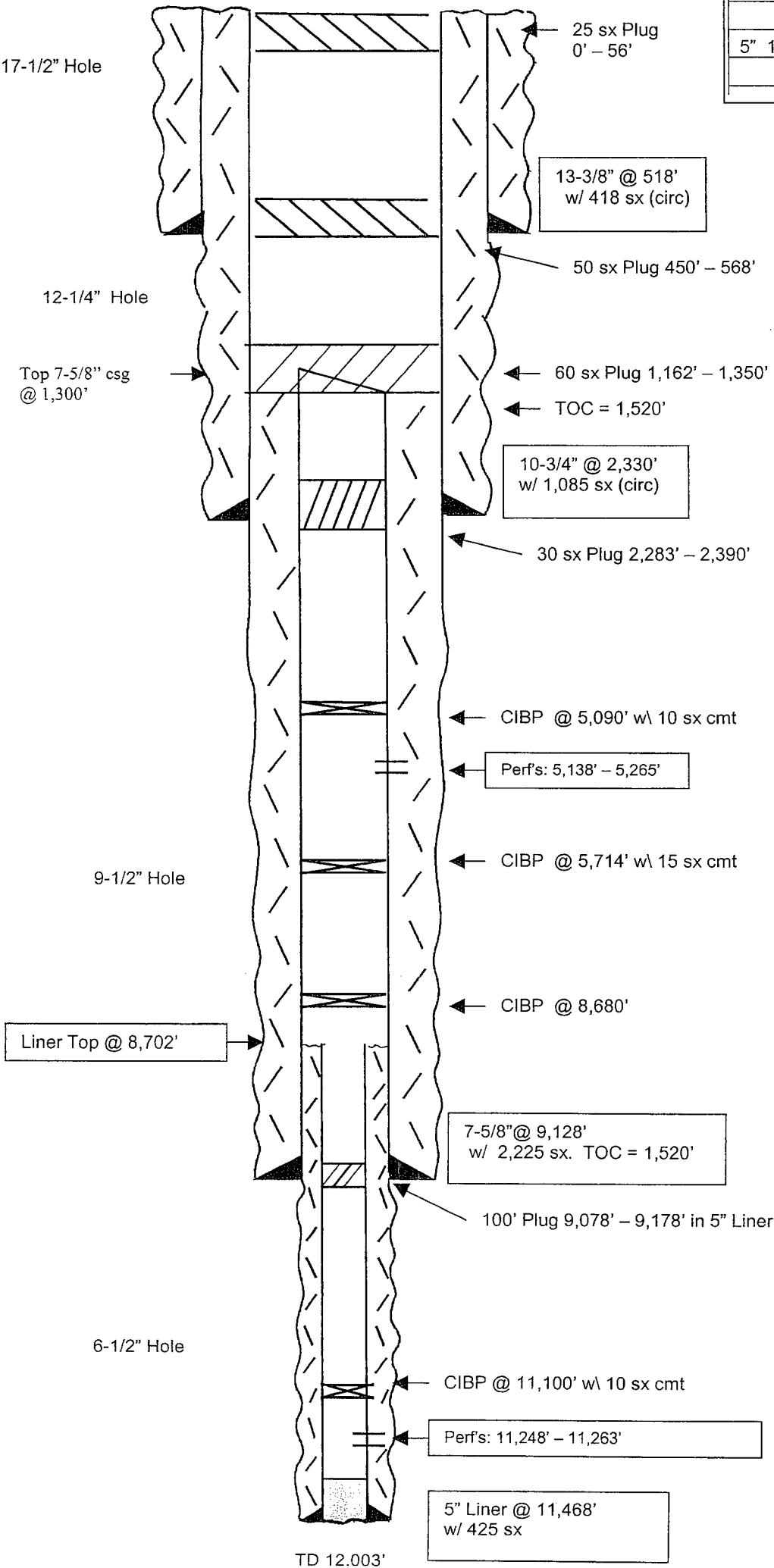
CASING PROGRAM

13-3/8" 54.5# K55 ST&C	518'
10-3/4" 40.5# K55# ST&C	2330'
7-5/8" csg stub top @ +/- 1,300'	9,128'
5" 18# Liner Top = 8,702'	11,468'

Current

TOPS:

Castel	680'
Lamar	2,325'
Delaware	2,368'
Bell CN	2,380'
Cherry CN	3,115'
Brushy CN	4,292'
BS	5,769'
2 nd BS	7,352'
WC	9,083'
Penn	10,742'
Strawn	10,960'
Atoka	11,170'
Morrow	11,798'



Not To Scale
4-18-05
JMH

Offset Operators
Humidor SWD No. 1
API No. 30-015-23599
Unit E Sec. 14, T24S, R27E
Eddy County, New Mexico

Pogo Producing Company
P.O. Box 2504
Houston, TX 77252-2504

Read & Stevens Inc.
P.O. Box 1518
Roswell, NM 88202

Faulconer 999 LTD.
P.O. Box 7995
Tyler, TX 75711

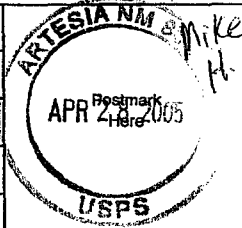
7004 1350 0005 3317 8782

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OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88



Sent To Falconer 999 LTD
 Street, Apt. No.,
 or PO Box No. P.O. Box 7995
 City, State, ZIP+4 Tyler, TX 75711

PS Form 3800, June 2002

See Reverse for Instructions

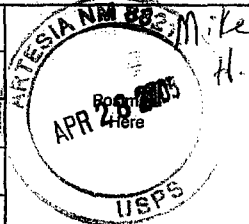
7004 1350 0005 3317 8799

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88



Sent To Reed Stevens Inc.
 Street, Apt. No.,
 or PO Box No. P.O. Box 1518
 City, State, ZIP+4 Roswell, NM 88202

PS Form 3800, June 2002

See Reverse for Instructions

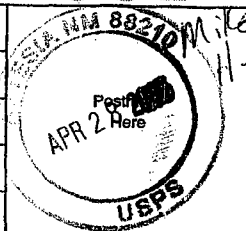
7004 1350 0005 3317 8805

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88



Sent To Pogo Producing Co
 Street, Apt. No.,
 or PO Box No. P.O. Box 2504
 City, State, ZIP+4 Houston, TX 77252-2504

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Faulconer 999 LTD
P.O. Box 7995
Tyler, TX 75711

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Shelley Sadder*☐ Agent☐ Addressee

B. Received by (Printed Name)

Shelley Sadder

C. Date of Delivery

*5-3-05*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label) *7004 1350 0005 3317 8782*

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Pogo Prod. Co.
P.O. Box 2504
Houston, TX 77252

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *GEE*☐ Agent☐ Addressee

B. Received by (Printed Name)

MAY - 3 2005

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

1. Article Number

(Transfer from service label) *7004-1350-0005-3317-8805*

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Read Stevens Inc
P.O. Box 1518
Roswell, NM 88202

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Lydia Jordan*☐ Agent☐ Addressee

B. Received by (Printed Name)

Lydia Jordan

C. Date of Delivery

*4-29-05*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

1. Article Number

(Transfer from service label) *7004-1350-0005-3317-8799*

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Attachment F

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 Humidor SWD No. 1 located 1,980' FNL & 960' FWL, Unit E, Section 14, Township 24 South, Range 27 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 Delaware Sand at a depth of 2,660'-3,190' with a maximum pressure of 1,729 psi and a maximum rate of 5,000 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 M. Hill at (505) 748-4219.

Affidavit of Publication

NO. 18844

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 April 24 2005

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

25th Day April 2005

Barbara Ann Beas

Notary Public, Eddy County, New Mexico

My Commission expires September : 23, 2007

Copy of Publication:

LEGAL NOTICE

with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well the Humidor SWD No. 1 located in 1980' FNL & 960' FWL, Unit E, Section 14, Township 24 South, Range 27 East of Eddy County, New Mexico, will be used for salt-water disposal. Disposal waters from the Delaware Sands and Bone Spring Sand will be re-injected into the Delaware Sand at a depth of 2660'-3190' with a maximum pressure of 1729 psi and a maximum rate of 5000 BWPD.

All interested parties opposing the forementioned 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 M. Hill at (505) 748-4219.

Published in the Artesia Daily Press, Artesia, N.M. April 24, 2005.

Legal 18844

Yates Petroleum Corporation, 105 South Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject)

Affidavit of Publication

NO. 18844

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 April 24 2005

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this

25th Day April 2005

Barbara Ann Boers

Notary Public, Eddy County, New Mexico

My Commission expires September : 23, 2007

Copy of Publication:

LEGAL NOTICE

with the New Mexico Oil
Conservation Division
seeking administrative
approval for an injection
well. The proposed well
the Humidor SWD No. 1
located in 1980' FNL &
960' FWL, Unit E,
Section 14, Township 24
South, Range 27 East of
Eddy County, New Mexi-
co, will be used for salt-
water disposal. Disposal
waters from the
Delaware Sands and
Bone Spring Sand will
be re-injected into the
Delaware Sand at a
depth of 2660'-3190'
with a maximum pres-
sure of 1729 psi and a
maximum rate of 5000
BWPD.

All interested parties op-
posing the
forementioned 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 ob-
tained by contacting
James M. Hill at (505)
748-4219.

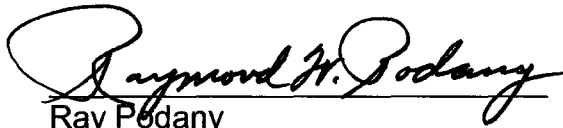
Yates Petroleum Corpo-
ration, 105 South Fourth
Street, Artesia, NM
88210, has filed form
C-108 (Application for
Authorization to Inject)

Published in the Artesia
Daily Press, Artesia,
N.M. April 24, 2005.
Legal 18844

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Humidor SWD No. 1
API No. 30-015-23599
Unit E Sec. 14, T24S, R27E
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

4-19-2005

Date

SENDER: COMPLETE THIS SECTION

■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 ■ Print your name and address on the reverse so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 NM STATE LAND OFFICE
 PETE MARTINEZ
 310 OLD SANTA FE TRAIL
 SANTA FE, NM
 87501

2. Article Number
 (Transfer from service label)
 PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X Cheryl Martinez
☐ Agent ☐ Addressee

B. Received by (Printed Name)
 Cheryl Martinez

C. Date of Delivery
 June 14 2005

D. Is delivery address different from item 1?
☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
☐ Restricted Delivery? (Extra Fee) ☐ Yes

7003 2260 0001 0536 77A3
 1051542-72-9540

U.S. Postal ServiceTM
CERTIFIED MAIL[®] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL MAIL

Postage \$
 Certified Fee
 Return Receipt Fee
 (endorsement required)
 Restricted Delivery Fee
 (endorsement required)
 Total Postage & Fees \$ 5.11

Sent To
 N.M. STATE LAND OFFICE
 Street, Apt. No.,
 or PO Box No.
 310 OLD SANTA FE TRAIL
 City, State, ZIP+4[®]
 SANTA FE, NM 87501

PS Form 3811, June 2002 See Reverse for Instructions

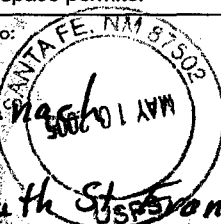
Surface Owner
 NOTIFICATION

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

David Cataño
NMOC D
1220 South St. Francis Dr.
Santa Fe, NM 87503



2. Article Number

(Transfer from service label)

7004 1350 0005 3367 9802

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Stephanie Ortega

☐ Agent

☐ Addressee

B. Received by (Printed Name)

STEPHANIE ORTEGA

C. Date of Delivery

05/10/05

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

UNITED BANK PLAZA
400 N. PENN, SUITE 1000

CHARLES B. READ
PRESIDENT

Read & Stevens, Inc.

*Oil Producers
P. O. Box 1518
Roswell, New Mexico 88202*

PHONE 505 622-3770
FAX 505 622-8643

May 4, 2005

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505-5472

RE: Yates Petroleum Corporation
C-108 Application for SWD
Humidor SWD #1
Section 14 T24S-R27E
Eddy County, New Mexico

RECEIVED
MAY 6 - 2005
OIL CONSERVATION
DIVISION

*(in OCD -
not received as
of 5/9/05)*

Gentlemen:

As offset operator, I am in receipt of the subject application for a salt water disposal well. Item VII of the application states the proposed maximum injection pressure is 1,729 psi at an average depth of 2,925' as determined from Item VIII. Based upon this proposed maximum injection pressure, the average depth, and an assumption that the injection fluid will have a density of 10 pounds per gallon, the injection pressure gradient will be 1.17 psi per ft. This gradient quite possibly could induce hydraulic fractures in the injection formation which could potentially harm or impair our correlative rights in oil producing sections of the Delaware.

Read & Stevens, Inc. is not opposed to a salt water disposal well being constructed at the site proposed by Yates Petroleum, however, we are opposed to injection at such a high pressure gradient. Therefore, Read & Stevens respectfully requests the Oil Conservation Division to limit the maximum injection pressure to a more prudent pressure gradient until such time that step rate testing can confirm higher gradients will not impair or damage our correlative rights.

Sincerely,

READ & STEVENS, INC.

John C. Maxey, Jr.
John C. Maxey, Jr.
Operations Manager

JCM/sr/jcmltrs/OCDYatesHumidorSWD #1

xc: Bob Watson