

DATE IN 9/8/06	SUSPENSE 9/24/06	ENGINEER W. JONES	LOGGED IN 9/11/06	TYPE SWD	APP. NO. PTDS0625430335
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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



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]

- [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 _____

APF
30-015-NA

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or 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.

Print or Type Name	Signature	Title	Date
e-mail Address			

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



105 SOUTH FOURTH STREET
ALBUQUERQUE, NEW MEXICO 88210-2118
TELEPHONE (505) 481-1771

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 1, 2006

Will Jones
State of New Mexico
OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Jester SWD #4

Dear Mr. Jones,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4, 12-24S-29E, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosures

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jester SWD #4
Unit C, 990 FNL & 1650 FWL, Sec.12, T24S, R29E
Eddy County, New Mexico**

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

Yates Petroleum Corporation plans to drill this well as a water disposal well into the Delaware Sand.

- II. **Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Margrethe Hotter (505) 748-4165**
- III. **Well Data: See Attachment A**
- IV. **This is not an expansion of an existing project.**
- V. **See attached map, Attachment B.**
- VI. **1 plugged 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 3500 BWPD.**
- 2. This will be a closed system.**
- 3. Proposed average injection pressure –500 psi.
Proposed maximum injection pressure –656 psi.**
- 4. Sources of injected water would be produced water from the Delaware Sand. (Attachment D)**
- VIII. **1. The proposed injection interval is the portion of the Delaware Sand formation consisting of porous Sandstone from estimated interval depths of 3280'-4250'.**

**Application for Authorization to Inject
Jester SWD # 4**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 400' or less. 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 will be filed at your office when the well is drilled.** ✓

- XI. There are one windmill within a one-mile radius of the subject location. Water sample attached (Attachment D).** ✓

- 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
Jester SWD # 4
C-12-T24S-R29E
Eddy County, New Mexico**

Attachment A

III. Well Data

- A.
1. Lease Name/Location
Jester SWD # 4
C-12-T24S-R29E
990' FNL & 1650' FWL
 2. Casing Strings:
 - a. Proposed well condition
13 3/8", 48# H-40 @ 500' w/425 sx (circ)
9 5/8", 36# J-55 @ 3,200' w/1000 sx (circ).
7" 23# J-55 @ 4,300' w/625 sx (circ)
4 1/2" J55 plastic coated injection tubing @ +/- 3,180'
Propose to use Guiberson or Baker plastic coated or nickel plated packer set at 3,180'.
 - b. Present Status:
Well will be drilled as soon as an APD is approved.
- B.
1. Injection Formation: Non productive Bell Canyon and U. Cherry Canyon Delaware Sands.
 2. Injection Interval will be through perforations from approximately 3,280'-4,250' gross interval.
 3. This well will be drilled as a disposal well.
 4. Perforations: High porosity sands between 3,280'-4,250'.
 3. Next higher (shallower) oil or gas zone within 2 miles-None.
Next lower (deeper) oil or gas zone within 2 miles-Brushy Canyon.

WELL NAME: Jester SWD #3 FIELD: _____

LOCATION: Unit C, 990' FNL & 1650' FWL of Section 12-24S-29E Eddy County

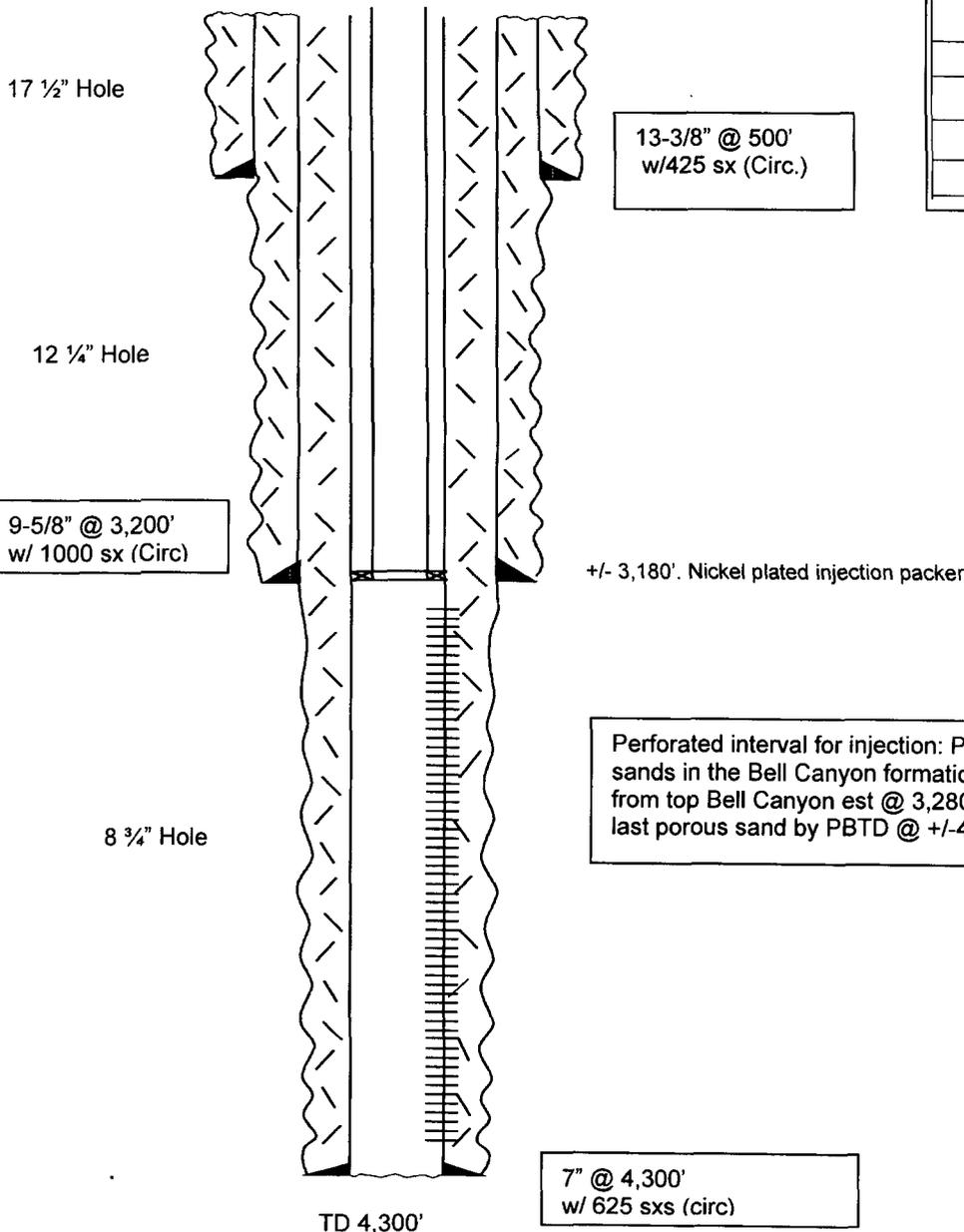
GL: 3090 ZERO: _____ KB: 3109

SPUD DATE: _____ COMPLETION DATE: _____

COMMENTS: _____

CASING PROGRAM

13-3/8" 48# H40 ST&C	500'
9-5/8" 36# J55 ST&C	3,200'
7" 23# J55 LT & C	4,300'



Formation tops:	
Rustler	350'
Top of Salt	520'
Base of Salt	3,085'
Bell Canyon	3,280'

Not to Scale
08/18
MMFH

WELL NAME: Poche Fed #1 FIELD: _____

LOCATION: Unit H, 1980' FNL & 660' FWL of Section 11-24S-29E Eddy County

GL: 3084' ZERO: _____ KB: _____

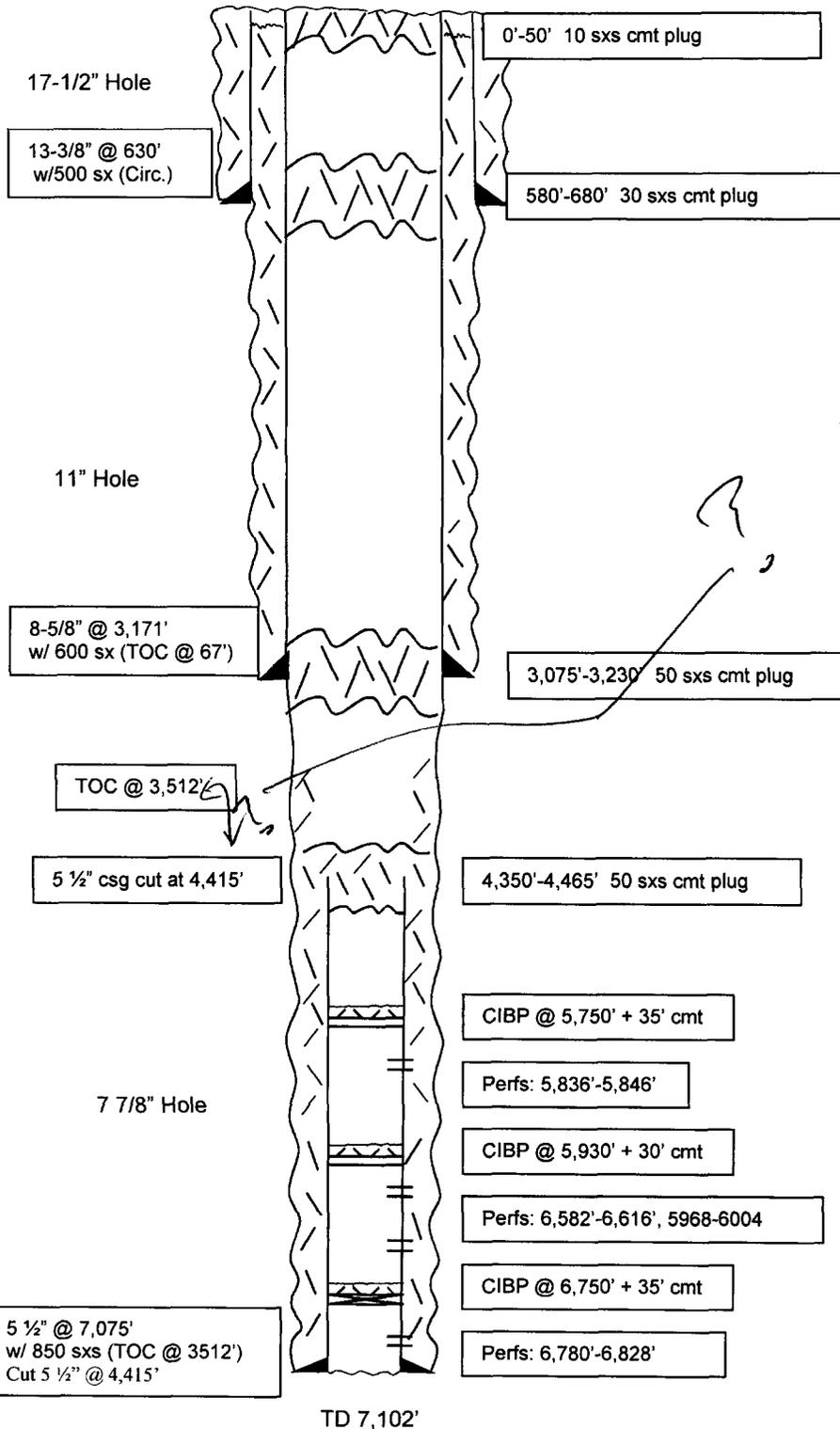
SPUD DATE: 2/24/83 COMPLETION DATE: P&A 7/21/84

COMMENTS: Plugged & abandoned.

Drilled by Exxon Corp. Well now located on lease operated by Devon Energy Corporation. Never produced.

CASING PROGRAM

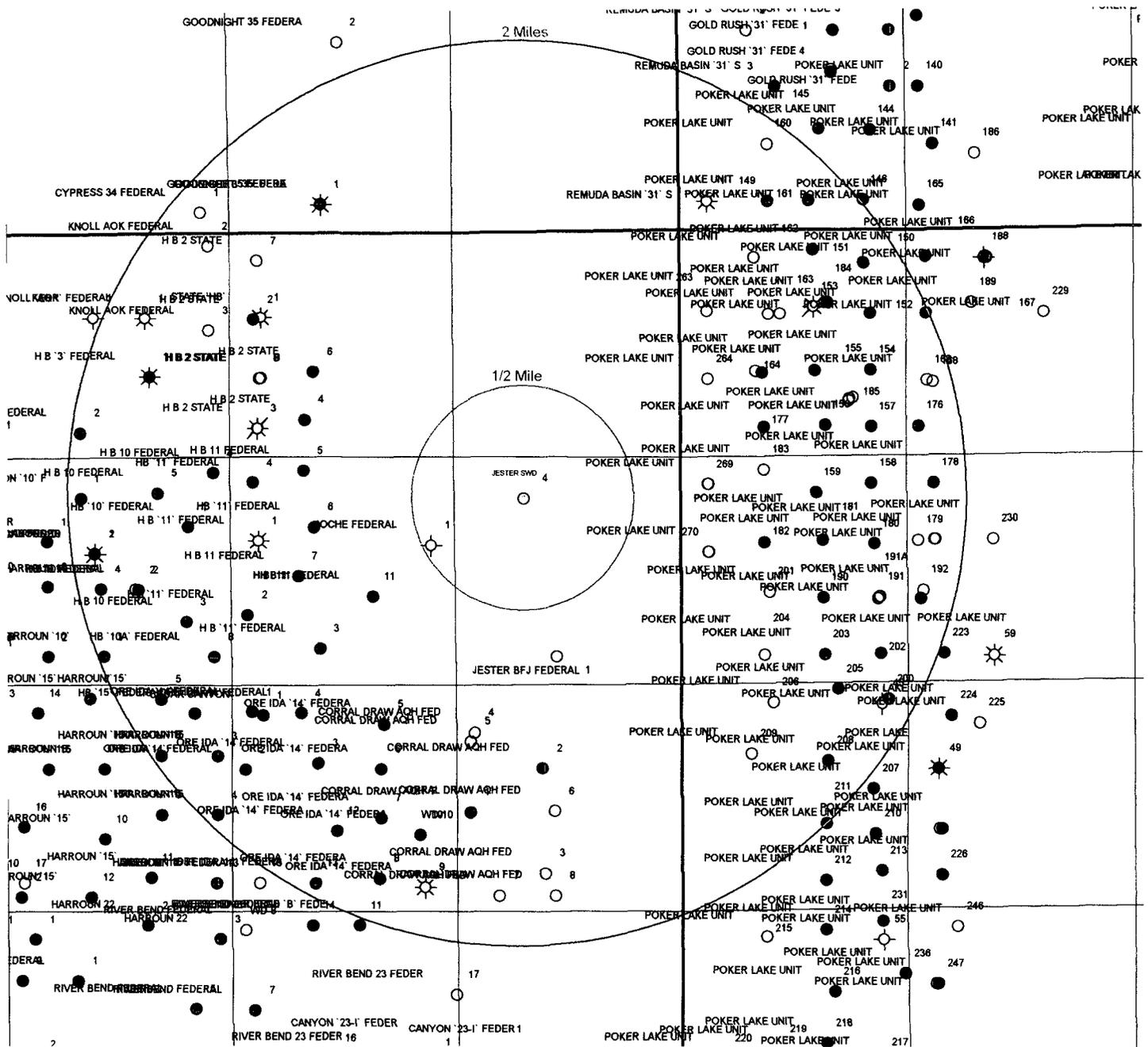
13-3/8" 48#	630'
8-5/8" 24# K55	3,171'
5 1/2" 17# K-55	7,075'



P&A
Well Bore
Sketch

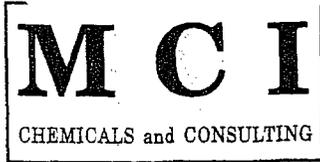
Not to Scale
08/06
MMFH

ATTACHMENT B



YATES PETROLEUM		
JESTER SWD #4		
Author: Debbie Chavez		Date: 18 August, 2006
M. Hotter	Scale: < scale >	

ATTACHMENT D



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 4/22/06
 Address : ARTESIA, NM Date Sampled : 4/20/06
 Lease : CORRAL DRAW "AQH" Analysis No. : 00873
 Well : #2
 Sample Pt. : UNKNOWN

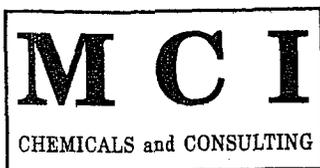
ANALYSIS		mg/L		* meq/L
1. pH	6.2			
2. H2S	2			
3. Specific Gravity	1.120			
4. Total Dissolved Solids		214093.9		
5. Suspended Solids		NR		
6. Dissolved Oxygen		NR		
7. Dissolved CO2		NR		
8. Oil In Water		NR		
9. Phenolphthalein Alkalinity (CaCO3)				
10. Methyl Orange Alkalinity (CaCO3)				
11. Bicarbonate	HCO3	732.0	HCO3	12.0
12. Chloride	Cl	129930.0	Cl	3665.2
13. Sulfate	SO4	500.0	SO4	10.4
14. Calcium	Ca	2680.0	Ca	133.7
15. Magnesium	Mg	1629.1	Mg	134.0
16. Sodium (calculated)	Na	78621.5	Na	3419.8
17. Iron	Fe	1.3		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		13400.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
134 *Ca <----- *HCO3 12	Ca (HCO3) 2	81.0	972
----- /-----> -----	CaSO4	68.1	709
134 *Mg -----> *SO4 10	CaCl2	55.5	6177
----- <-----/ -----	Mg (HCO3) 2	73.2	
3420 *Na -----> *Cl 3665	MgSO4	60.2	
-----+	MgCl2	47.6	6380
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	199854
BaSO4 2.4 mg/L			

REMARKS:

Sample of produced water to be injected into the Jester SWD#4



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 5/2/06
 Address : ARTESIA, NM Date Sampled : 4/30/06
 Lease : CORRAL DRAW "AQH" Analysis No. : 00877
 Well : #1
 Sample Pt. : WELLHEAD

ANALYSIS	mg/L	* meq/L
1. pH	5.2	
2. H2S	0	
3. Specific Gravity	1.170	
4. Total Dissolved Solids	256386.6	
5. Suspended Solids	NR	
6. Dissolved Oxygen	NR	
7. Dissolved CO2	NR	
8. Oil In Water	NR	
9. Phenolphthalein Alkalinity (CaCO3)		
10. Methyl Orange Alkalinity (CaCO3)		
11. Bicarbonate	HCO3 207.0	HCO3 3.4
12. Chloride	Cl 159750.0	Cl 4506.3
13. Sulfate	SO4 500.0	SO4 10.4
14. Calcium	Ca 44000.0	Ca 2195.6
15. Magnesium	Mg 1729.5	Mg 142.3
16. Sodium (calculated)	Na 50170.1	Na 2182.3
17. Iron	Fe 30.0	
18. Barium	Ba NR	
19. Strontium	Sr NR	
20. Total Hardness (CaCO3)	117000.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
2196 *Ca <----- *HCO3 3	Ca (HCO3)2	81.0	275
----- /-----> -----	CaSO4	68.1	709
142 *Mg -----> *SO4 10	CaCl2	55.5	2181.8
----- <-----/ -----	Mg (HCO3)2	73.2	
2182 *Na -----> *Cl 4506	MgSO4	60.2	
+-----+	MgCl2	47.6	142.3
			6774
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3	Na2SO4	71.0	
CaSO4 * 2H2O	NaCl	58.4	2182.3
BaSO4			127531
13 mg/L			
2090 mg/L			
2.4 mg/L			

REMARKS:

Sample of produced water to be injected into the Jessel SWD #4



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 8/21/06
 Address : ARTESIA, NM Date Sampled : 8/21/06
 Lease : 1 MILE SE OF JESTER Analysis No. : 00908
 Well : WINDMILL
 Sample Pt. : UNKNOWN

ANALYSIS		mg/L		* meq/L
1. pH	7.4			
2. H2S	0			
3. Specific Gravity	1.000			
4. Total Dissolved Solids		5249.5		
5. Suspended Solids		NR		
6. Dissolved Oxygen		NR		
7. Dissolved CO2		NR		
8. Oil In Water		NR		
9. Phenolphthalein Alkalinity (CaCO3)				
10. Methyl Orange Alkalinity (CaCO3)				
11. Bicarbonate	HCO3	281.0	HCO3	4.6
12. Chloride	Cl	2769.0	Cl	78.1
13. Sulfate	SO4	300.0	SO4	6.2
14. Calcium	Ca	400.0	Ca	20.0
15. Magnesium	Mg	97.4	Mg	8.0
16. Sodium (calculated)	Na	1402.1	Na	61.0
17. Iron	Fe	0.0		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		1400.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	=	mg/L
20 *Ca <----- *HCO3	Ca (HCO3)2	81.0	4.6	373
/----->	CaSO4	68.1	6.2	425
8 *Mg -----> *SO4	CaCl2	55.5	9.1	505
<-----/	Mg (HCO3)2	73.2		
61 *Na -----> *Cl	MgSO4	60.2		
	MgCl2	47.6	8.0	382
Saturation Values Dist. Water 20 C	NaHCO3	84.0		
CaCO3 13 mg/L	Na2SO4	71.0		
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	61.0	3564
BaSO4 2.4 mg/L				

REMARKS:

Water sample from windmill

ATTACHMENT E

OFFICIAL

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.

Postage \$ _____
Certified Fee _____
Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (Endorsement Required) _____
Total Pct _____

1. Article Addressed to:

Bepco LP
201 Main Street
Forth Worth, TX 76102-3131
Re: Jester SWD #4

2. Article Number
(Transfer from service label)

7006 0100 0003 9638 8111

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
[Signature]
B. Received by (Printed Name) **AUG 24 2006** C. Date of Delivery

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

S. P. YATES
AIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
JODY G. PATTERSON
SECRETARY
KENNIS G. KINSEY
TREASURER

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

Bepco LP
201 Main Street
Forth Worth, TX 76102-3131

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

[Signature]

Margrethe Hotter
Area Engineer

Enclosures

4278 8696 ENN NTRN ANN

USPS Postal
CERTIFIED
 Domestic Mail
 For delivery only
OFI

Postage
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)

To
 Talus Inc.
 P.O. Box 1210
 Graham, TX 76450

Sent
 Street or P.O.
 City
 Re: Jester SWD #4

PS Form 3811, February 2004

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:
 Talus Inc.
 P.O. Box 1210
 Graham, TX 76450
 Re: Jester SWD #4

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee
Kay Clayborn

B. Received by (Printed Name)
Kay Clayborn

C. Date of Delivery

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

2. Article Number
 (Transfer from service label) **7006 0100 0003 9638 8173**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

S. P. YATES
 CHAIRMAN OF THE BOARD
 JOHN A. YATES
 PRESIDENT
 PEYTON YATES
 EXECUTIVE VICE PRESIDENT
 RANDY G. PATTERSON
 SECRETARY
 DENNIS G. KINSEY
 TREASURER

Talus Inc.
 P.O. Box 1210
 Graham, TX 76450

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
 Margrethe Hotter
 Area Engineer

Enclosures

CERTIFIED MAIL
 (Domestic Mail Only, No Ins)
 For delivery information visit our
OFFICE

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

Sent To Latigo Petroleum
 15 W. 6th Street #
 Tulsa, OK 74119
 Re: Jester SWD

Street, Apt or PO Box
 City, State

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:

Latigo Petroleum Inc
 15 W. 6th Street #110
 Tulsa, OK 74119
 Re: Jester SWD #4

2. Article Number

(Transfer from service label) 7006 0100 0003 9638 8159

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Margrethe Hotter* Agent, Addressee

B. Received by (Printed Name) _____ Date of Delivery 2/5

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

P. YATES
 CHAIRMAN OF THE BOARD
 N. A. YATES
 PRESIDENT
 TON YATES
 VICE PRESIDENT
 G. PATTERSON
 SECRETARY
 H. S. G. KINSEY
 TREASURER

Latigo Petroleum Inc.
 15 W. 6th Street #110
 Tulsa, OK 74119

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter

Margrethe Hotter
 Area Engineer

Enclosures

7006 0100 0003 9638 8135

U.S. Postal Service
CERTIFIED MAIL
(Domestic Mail Only, No Int'l)
For delivery information visit
OFFICE

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:

Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450
Re: Jester SWD #4

2. Article Number
(Transfer from service label)

7006 0100 0003 9638 8135

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Kay Chapman* Agent Addressee

B. Received by (Printed Name) C. Date of Delivery
8/24/04

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.

4. Restricted Delivery? (Extra Fee) Yes

P. YATES
MAN OF THE BOARD
N. A. YATES
PRESIDENT
TON YATES
VE VICE PRESIDENT
G. PATTERSON
SECRETARY
NIS G. KINSEY
TREASURER

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

Sent To
Twin Montar
P.O. Box 121
Graham, TX
City, State, Re: Jester S'

Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Margrethe Hotter
Area Engineer

Enclosures

7004 1350 0005 3317 9352

U.S. Postal Service
CERTIFIED MAIL
 (Restricted Delivery)
 OFF

Postage
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)

To
 Bureau of Land Management
 2909 2nd Street
 Roswell, NM 88201

City

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:

Bureau of Land Management
 2909 2nd Street
 Roswell, NM 88201

2. Article Number
 (Transfer from service label) **7004 1350 0005 3317 9352**

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X

Agent
 Addressee

B. Received by (Printed Name)
 C. Date of Delivery
 8/23/06

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee) Yes

S. P. YATES
 CHAIRMAN OF THE BOARD
 JOHN A. YATES
 PRESIDENT
 PEYTON YATES
 EXECUTIVE VICE PRESIDENT
 RANDY G. PATTERSON
 SECRETARY
 DENNIS G. KINSEY
 TREASURER

Bureau of Land Management
 2909 2nd Street
 Roswell, New Mexico 88201

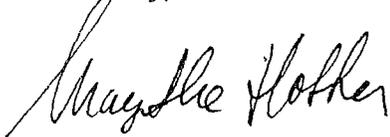
Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,



Margrethe Hotter
 Area Engineer

Enclosures

CERTIFIED MAIL
(Domestic Mail Only, No Insurance)

For delivery information visit usps.com

OFFICIAL

Postage \$ _____

Certified Fee _____

Return Receipt Fee (Endorsement Required) _____

Restricted Delivery Fee (Endorsement Required) _____

Total _____

Sent To
The Allar Co.
P.O. Box 1567
Graham, TX 76450

Street or P.O. Box
Re: Jester SWD #4

City, St. _____

PS Form 3811, June 2002

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:

The Allar Co.
P.O. Box 1567
Graham, TX 76450
Re: Jester SWD #4

2. Article Number
(Transfer from service label)

7006 0100 0003 9638 8142

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Kenneth Underwood* Agent Addressee

B. Received by (Printed Name)
Kenneth Underwood

C. Date of Delivery
8/24/06

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

YATES
OF THE BOARD
YATES
IDENT
N YATES
VICE PRESIDENT
PATTERSON
LETARY
G. KINSEY
SURER

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

The Allar Co.
P.O. Box 1567
Graham, TX 76450

Re: Jester SWD #4

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If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Margrethe Hotter
Area Engineer

Enclosures

CERTIFIED MAIL
 (Domestic Mail Only)
 For delivery information
OFFICIAL

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total Postage and Fees _____

Sent To: Devon Energy
 20 N. Broad
 Oklahoma C
 City, State: Re: Jester S

PS Form 3800, June 2002

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:
 Devon Energy
 20 N. Broadway, Ste 1500
 Oklahoma City, OK 73101-1678
 Re: Jester SWD #4

2. Article Number (Transit):
 PS Form

COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]*
 Agent
 Addressee

B. Received by (Printed Name): _____
 C. Date of Delivery: _____

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

S. P. YATES
 CHAIRMAN OF THE BOARD
 JOHN A. YATES
 PRESIDENT
 PEYTON YATES
 EXECUTIVE VICE PRESIDENT
 ANDY G. PATTERSON
 SECRETARY
 DENNIS G. KINSEY
 TREASURER

0000 0000 9678 8104
 02595-02-M-1540

Devon Energy Production Co.
 20 N. Broadway, Ste 1500
 Oklahoma City, OK 73101-1678

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

[Signature: Margrethe Hotter]

Margrethe Hotter
 Area Engineer

Enclosures

CERTIFIED MAIL
(Domestic Mail Only) No Postage Necessary if Mailed in the United States

For delivery information visit **usps.com**

Postage \$ _____

Certified Fee _____

Return Receipt Fee (Endorsement Required) _____

Restricted Delivery Fee (Endorsement Required) _____

Total _____

Sent To: Chesapeake Exp
P.O. Box 18496
Oklahoma City,
OK 73154-0496
Re: Jester SWD #4

Street or PO Box, City, State, ZIP+4®

PS Form 3811, December 1994

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

Chesapeake Exploration LP
P.O. Box 18496
Oklahoma City, OK 73154-0496
Re: Jester SWD #4

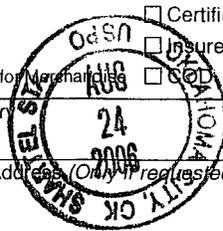
7006 0100 0003 9638 8128

b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- Signature Required

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)



5. Received By: (Print Name)

London Hubbard

6. Signature (Addressee or Agent)

London Hubbard

PS Form 3811, December 1994

102595-99-B-0223

Domestic Return Receipt

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
DEYTON YATES
EXECUTIVE VICE PRESIDENT
EDY G. PATTERSON
SECRETARY
ENNIS G. KINSEY
TREASURER

Thank you for using Return Receipt Service.

Chesapeake Exploration LP
P.O. Box 18496
Oklahoma City, OK 73154-0496

Re: Jester SWD #4

Dear Sirs,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Jester SWD #4 located in Unit C, Section 12-24S-29E of Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Margrethe Hotter
Area Engineer

Enclosures

ATTACHMENT F

Affidavit of Publication

NO. 19403

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 Consecutiv week/days on the same

day as follows:

First Publication August 27 2006

Second Publication

Third Publication

Fourth Publication

Handwritten signature of Gary D. Scott

Subscribed and sworn to before me this

1st Day September 2006

Handwritten signature of Barbara Ann Boans

Notary Public, Eddy County, New Mexico

My Commission expires September :23, 2007

Copy of Publication:

LEGAL NOTICE

tioned 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 Margrethe Hotter at (505) 748-4165. Published in the Artesia Daily Press, Artesia, N.M. August 27, 2006. Legal 19403

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 Jester SWD #4, will be located 990' FNL & 1650' FWL, Unit C, Section 12, Township 24 South, Range 29 East of Eddy County, New Mexico, will be used for saltwater disposal. Produced waters from the Delaware Sand will be re-injected into the Delaware Sand at a depth of 3,280'-4,250' with a maximum pressure of 656 psi and a maximum rate of 3500 BWPD.

All interested parties opposing the aforementioned



Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Jester SWD #4
Unit C, Section 12 T24S-R29E
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

8-21-2006
Date

Letters of notification sent to:

1. BLM (Surface owner)
2. Operators:
 - a. Bepco LP
201 Main St
Forth Worth, TX
76102-3131
 - b. Devon Energy Production CO.
20 N Broadway, Suite 1500
Oklahoma City, OK 73101-1678
 - c. Chesapeake Exploration LP
P.O Box 18496
Oklahoma City, OK 73154-0496
 - d. Latigo Petroleum Inc
15 W 6th St #1100
Tulsa, OK 74119
 - e. Talus Inc
P.O Box 1210
Graham, TX 76450
 - f. The Allar Co
P.O Box 1567
Graham, TX 76450
 - g. Twin Montana Inc.
P.O Box 1210
Graham, TX 76450

Inactive Well List

Total Well Count:3091 Inactive Well Count:2 Since:7/3/2005

Printed On: Tuesday, September 26 2006

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	Days in TA
1	30-025-23379	COOLADE BJJ STATE #001	K-19-11S-35E	K	25575	YATES PETROLEUM CORPORATION	S	O	01/1995			
2	30-015-26356	HILL VIEW AHE FEDERAL COM #004	J-23-20S-24E	J	25575	YATES PETROLEUM CORPORATION	F	O	02/2001			

WHERE Ogrid:25575, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15

Injection Permit Checklist

SWD Order Number _____ Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent _____

Well Name/Num: Yataz SWD #4 Date Spudded: _____

API Num: (30-) 015-NA County: EDDY

Footages 990FNL/1650FWL Sec 12 sp 24S Rge 29E

Operator Name: Yataz PETROLEUM CORPORATION Contact DEBBIE CHAVEZ

Operator Address: 105 SOUTH FOURTH STREET ARTESIA NM 88210-2118

will BE New Well

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	<u>17 1/2 - 13 5/8</u>	<u>500</u>	<u>425</u>	<u>CIRC</u>
Intermediate	<u>12 1/4 - 9 5/8</u>	<u>3200'</u>	<u>1000</u>	<u>CIRC</u>
Production	<u>8 3/4 - 7 1/2</u>	<u>4300'</u>	<u>625</u>	<u>CIRC</u>
Last DV Tool				
Open Hole/Liner				
Plug Back Depth				

Diagrams Included (Y/N): Before Conversion _____ After Conversion _____

Checks (Y/N): Well File Reviewed _____ ELogs in Imaging _____

Intervals:	Depths	Formation	Producing (Yes/No)
Salt Water	<u>520 - 3085'</u>		
Capitan Reef	<u>1</u>		
Cliff House, Etc:			
Formation Above	<u>?</u>		
Top Inj Interval	<u>3280</u>	<u>(Belle Canyon) Delta</u>	<u>YES</u>
Bottom Inj Interval	<u>4250</u>	<u>(Older than Belle Canyon)</u>	<u>YES</u>
Formation Below			

656 PSI Max. WHIP
NO Open Hole (Y/N)
NO Deviated Hole (Y/N)

Fresh Water Site Exists (Y/N) Yes Analysis Included (Y/N): Yes (5250 TDS)

Salt Water Analysis: Injection Zone (Y/N/NA) Yes Disposal Waters (Y/N/NA) Yes Types: Delayed (YUCKY)

Affirmative Statement Included (Y/N): Yes Newspaper Notice Adequate (Y/N) Yes Well Table Adequate (Y/N) Yes

Surface Owner BLM Noticed (Y/N) Yes Mineral Owner(s) BLM etc

AOR Owners: Chesapeake, Devon, Baker, Talus, Largo, MONTANA, BLM, ALLARCO. Noticed (Y/N) Yes

CID/Potash/Etc Owners: _____ Noticed (Y/N) _____

AOR Num Active Wells 0 Repairs? Yes Producing in Injection Interval in AOR NO

AOR Num of P&A Wells 1 Repairs? Yes Diagrams Included? Yes

Data to Generate New AOR Table

NO New Table Generated? (Y/N)

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

Conditions of Approval:

- _____
- _____
- _____
- _____

RBDMS Updated (Y/N) _____

UIC Form Completed (Y/N) Yes

This Form completed 9/26/06