

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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

RECEIVED

OCT 10 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

October 6, 2006

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

Re: Cleary AKC Federal #2

Dear Mr. Jones,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Cleary AKC Federal #2 located in Unit D of Section 17, T22S-32E, Lea County, New Mexico.

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

Sincerely,

Debbie Chavez
Engineering Technician

DEBE@YPCNM.COM

Enclosures

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Cleary AKC Fed #2
Unit D, 330 FNL & 330 FWL, Sec. 17, T22S, R32E
Lea 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 convert this well to 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. There are 4 wells within the area of review that penetrate the proposed injection zone (See Attachment C).
- VII. 1. Proposed average daily injection volume approximately 2500 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 – 964 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 depths of 4,821'- 6,080'.

**Application for Authorization to Inject
Cleary AKC Fed #2**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 850' 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 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
Cleary AKC Fed #2
D-17-T22S-R32E
Lea County, New Mexico**

Attachment A

III. Well Data

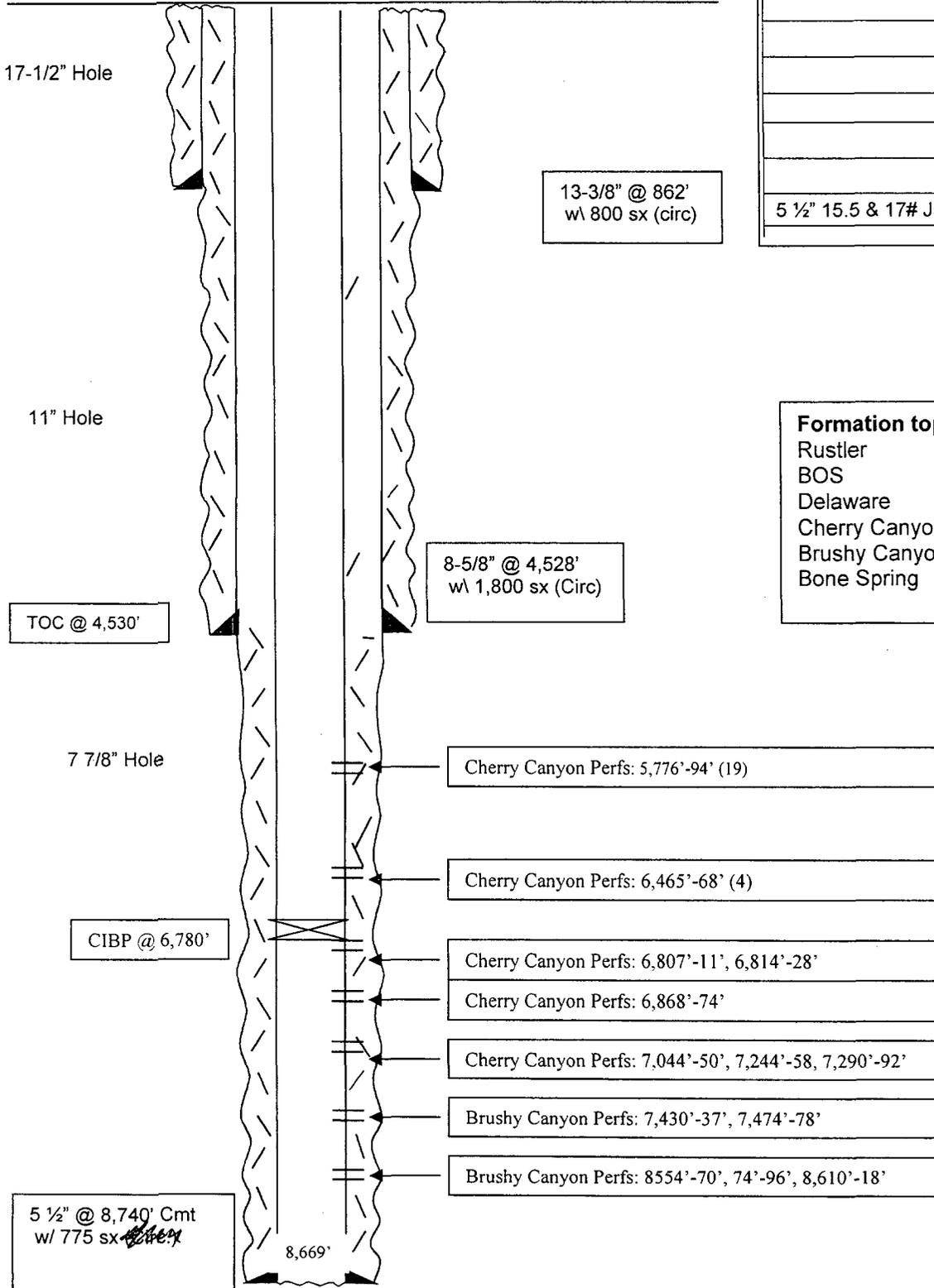
- A. 1. Lease Name/Location
Cleary AKC Fed #2
D-17-T22S-R32E
330' FNL & 330' FWL
2. Casing Strings:
- a. Present well condition
13 3/8", 54.5# J-55 @ 862' w/800 sx (circ)
8 5/8", 32# J-55 @ 4,528' w/1800 sx (circ).
5 1/2", 15.5# & 17# @ 8,740' w/775 sx
TOC @ 4530'
- b. Present Status:
Non-commercial completion in Delaware at 5,776'-94', 6,465'-68',
6,807'-11', 6,814'-28', 6,868'-74', 7,044'-50', 7,244'-58', 7,290'-92',
7,430'-78', 8,554'-96', 8,610'-18'.
CIBP @ 6780' + 35' cmt
3. Proposed well condition:
Casing same as above.
3 1/2" 9.3 J55 or 2-7/8" 6.5 J55 plastic-coated injection tubing @ 4820'
4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at 4820'.
- B. 1. Injection Formation: Delaware Sands (Bell Canyon & Upper Cherry Canyon.)
2. Injection Interval will be through perforations from approximately 4821'-6,080' gross interval.
3. Well was originally drilled as a Livingstone Ridge and Brushy Canyon oil well. Well will be a Bell Canyon and Upper Cherry Canyon Sand water disposal well (4,821'-6,080') when work is completed.
4. Perforations: High porosity sands between 4822'-6,080'.
5. 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: Cleary AKC Fed #2 FIELD: Livingstone Ridge, Delaware East
 LOCATION: 330' FNL & 330' FWL Sec. 17-22S-32E Lea County

GL: 3,716' ZERO: KB: 3,736'
 SPUD DATE: 12/13/04 COMPLETION DATE: 03/02/05
 COMMENTS: API No. 30-025-31926

CASING PROGRAM

13-3/8" 54.5# J55 ST&C	862'
8-5/8" 32# J55 ST&C	4,528'
5 1/2" 15.5 & 17# J55 LT&C	8,740'



13-3/8" @ 862'
w/ 800 sx (circ)

8-5/8" @ 4,528'
w/ 1,800 sx (Circ)

Before

Formation tops:

Rustler	: 851'
BOS	: 4424'
Delaware	: 4721'
Cherry Canyon	: 5696'
Brushy Canyon	: 7454'
Bone Spring	: 8633'

Cherry Canyon Perfs: 5,776'-94' (19)

Cherry Canyon Perfs: 6,465'-68' (4)

Cherry Canyon Perfs: 6,807'-11', 6,814'-28'

Cherry Canyon Perfs: 6,868'-74'

Cherry Canyon Perfs: 7,044'-50', 7,244'-58, 7,290'-92'

Brushy Canyon Perfs: 7,430'-37', 7,474'-78'

Brushy Canyon Perfs: 8,554'-70', 74'-96', 8,610'-18'

Not to Scale
09/11/06
MMFH

WELL NAME: Cleary AKC Fed #2 **FIELD:** Livingstone Ridge, Delaware East
LOCATION: 330' FNL & 330' FWL Sec. 17-22S-32E Lea County

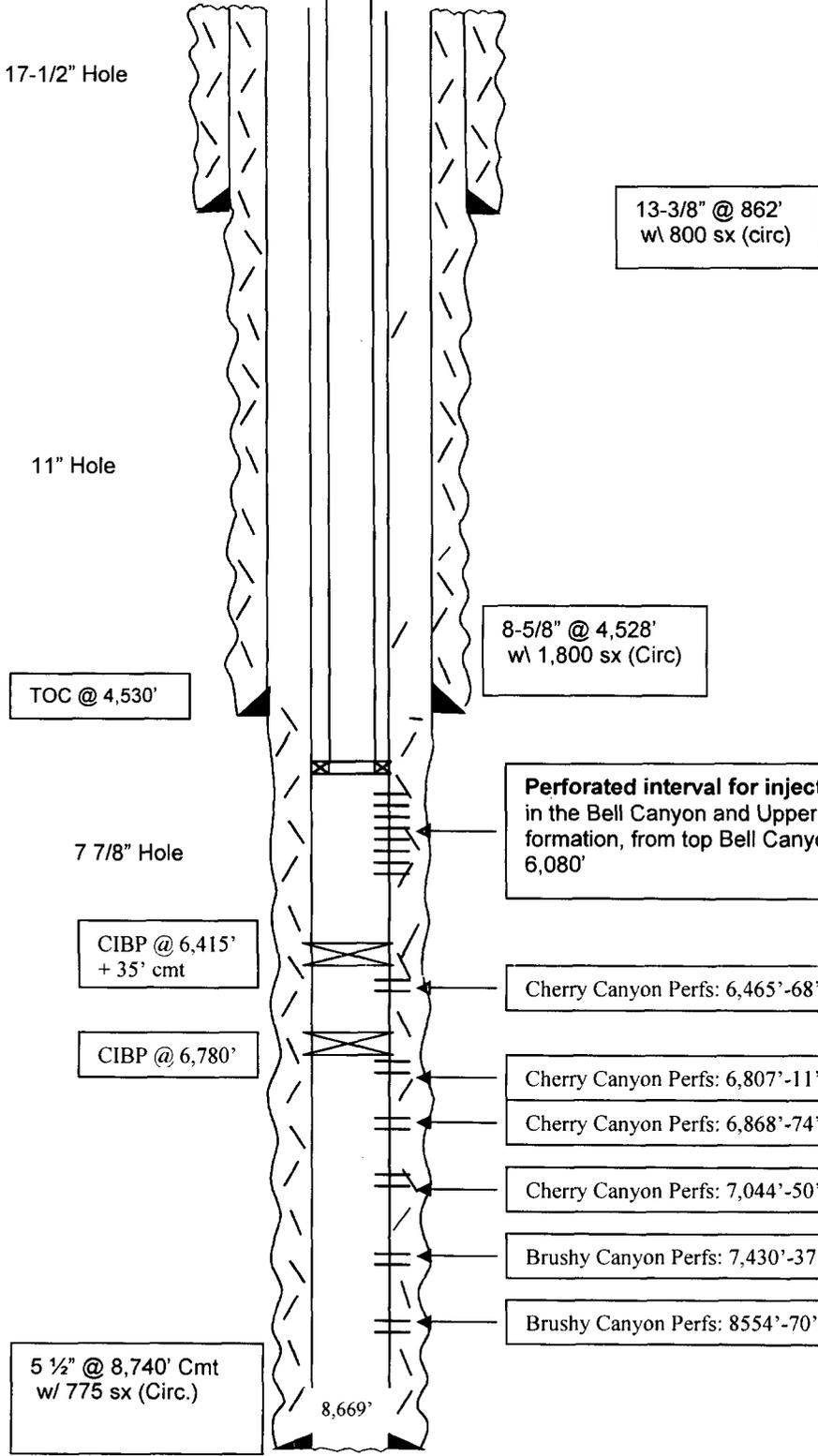
GL: 3,716' **ZERO:** _____ **KB:** 3,736'

SPUD DATE: 12/13/04 **COMPLETION DATE:** 03/02/05

COMMENTS: API No. 30-025-31926

CASING PROGRAM

13-3/8" 54.5# J55 ST&C	862'
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5 1/2" 15.5 & 17# J55 LT&C	8,740'



13-3/8" @ 862'
w/ 800 sx (circ)

8-5/8" @ 4,528'
w/ 1,800 sx (Circ)

TOC @ 4,530'

CIBP @ 6,415'
+ 35' cmt

CIBP @ 6,780'

5 1/2" @ 8,740' Cmt
w/ 775 sx (Circ.)

Perforated interval for injection: Porous sands in the Bell Canyon and Upper Cherry Canyon formation, from top Bell Canyon est @ 4,721' to 6,080'

Cherry Canyon Perfs: 6,465'-68' (4)

Cherry Canyon Perfs: 6,807'-11', 6,814'-28'

Cherry Canyon Perfs: 6,868'-74'

Cherry Canyon Perfs: 7,044'-50', 7,244'-58, 7,290'-92'

Brushy Canyon Perfs: 7,430'-37', 7,474'-78'

Brushy Canyon Perfs: 8554'-70', 74'-96', 8,610'-18'

After

Formation tops:

Rustler	: 851'
BOS	: 4424'
Delaware	: 4721'
Cherry Canyon	: 5696'
Brushy Canyon	: 7454'
Bone Spring	: 8633'

TD 8,740'

Not to Scale
09/11/06
MMFH

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	: 9/22/06
Address	: ARTESIA, NM	Date Sampled	: 9/20/06
Lease	: KIWI "AKX"	Analysis No.	: 00913
Well	: #10		
Sample Pt.	: UNKNOWN		

ANALYSIS		mg/L		* meq/L
1. pH	5.3			
2. H2S	0			
3. Specific Gravity	1.160			
4. Total Dissolved Solids		296923.2		
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	183180.0	Cl	5167.3
13. Sulfate	SO4	250.0	SO4	5.2
14. Calcium	Ca	31200.0	Ca	1556.9
15. Magnesium	Mg	1283.8	Mg	105.6
16. Sodium (calculated)	Na	80772.4	Na	3513.4
17. Iron	Fe	30.0		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		83200.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
1557 *Ca <----- *HCO3	Ca (HCO3)2	81.0 3.4	275
/----->	CaSO4	68.1 5.2	354
106 *Mg -----> *SO4	CaCl2	55.5 1548.3	85914
<-----/	Mg (HCO3)2	73.2	
3513 *Na -----> *Cl	MgSO4	60.2	
	MgCl2	47.6 105.6	5028
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4 3513.4	205322
BaSO4 2.4 mg/L			

REMARKS:

*Attachement D.
 Example of Produced water
 to be disposed into the Cleary*

9918 8E96 EMM NTR 9997

U.S. Postal Service™
CERTIFIED MAIL™ REG
 Domestic Mail Only, No Insurance Coverage
 For delivery information visit our website at
OFFICIAL

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

Sent To
 BLM
 620 E. Greene Street
 Carlsbad, NM 88221
 Street, Apt. or PO Box
 City, State

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:
 BLM
 620 E. Greene Street
 Carlsbad, NM 88221
Cleary #2

2. Article Number
 (Transfer from service label) 7006 0100 0003 9638 8166

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name)
K. Chavez

C. Date of Delivery
9-28

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

BLM
 620 E. Greene Street
 Carlsbad, NM 88221

Re: Cleary AKC Federal #2

Dear Sirs:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Cleary AKC Federal #2, Unit D, 17-22S-32E, Lea County, New Mexico.

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

Sincerely,

Debbie Chavez

Debbie Chavez
 Engineering Technician

Enclosures

2009 0304 0000 0000 0000 0000

CERTIFIED MAIL
Domestic Mail Only. No Insurance

ATTACHMENT E

COMPLETE THIS SECTION ON DELIVERY

Signature *Debbie Chavez*
 Agent
 Addressee

OFFICIAL

- Print your name and address 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	
Health Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Total
 Sent to: Pogo Producing Company
 P.O. Box 10340
 Midland, TX 79702-7340

1. Article Addressed to:

Pogo Producing Company
 P.O. Box 10340
 Midland, TX 79702-7340
Clery #2

B. Received by (Printed Name) *Debbie Chavez* C. Date of Delivery *2/25/04*

D. Is delivery address different from item? 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 6582

Pogo Producing Company
 P.O. Box 10340
 Midland, TX 79702-7340

Re: Cleary AKC Federal #2

Dear Sirs:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Cleary AKC Federal #2, Unit D, 17-22S-32E, Lea County, New Mexico.

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

Sincerely,

Debbie Chavez

Debbie Chavez
 Engineering Technician

Enclosures

ATTACHMENT F

Affidavit of Publication

NO. 19441

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 October 1 2006

Second Publication

Third Publication

Fourth Publication

Gary D. Scott

Subscribed and sworn to before me this

4th Day October 2006

Barbara Anne Boers

Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2007

Copy of Publication:

LEGAL NOTICE

the Cleary AKC Fed #2 located 330' FNL & 330' FWL, Unit D, Section 17, Township 22 South, Range 32 East of Lea 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 4821'-6,080' with a maximum pressure of 964 psi and a maximum rate of 5000 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 Margrethe Hotter at (505) 748-4165.

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

Published in the Artesia Daily Press, Artesia, N.M. October 1, 2006. Legal 19441

Attachment G

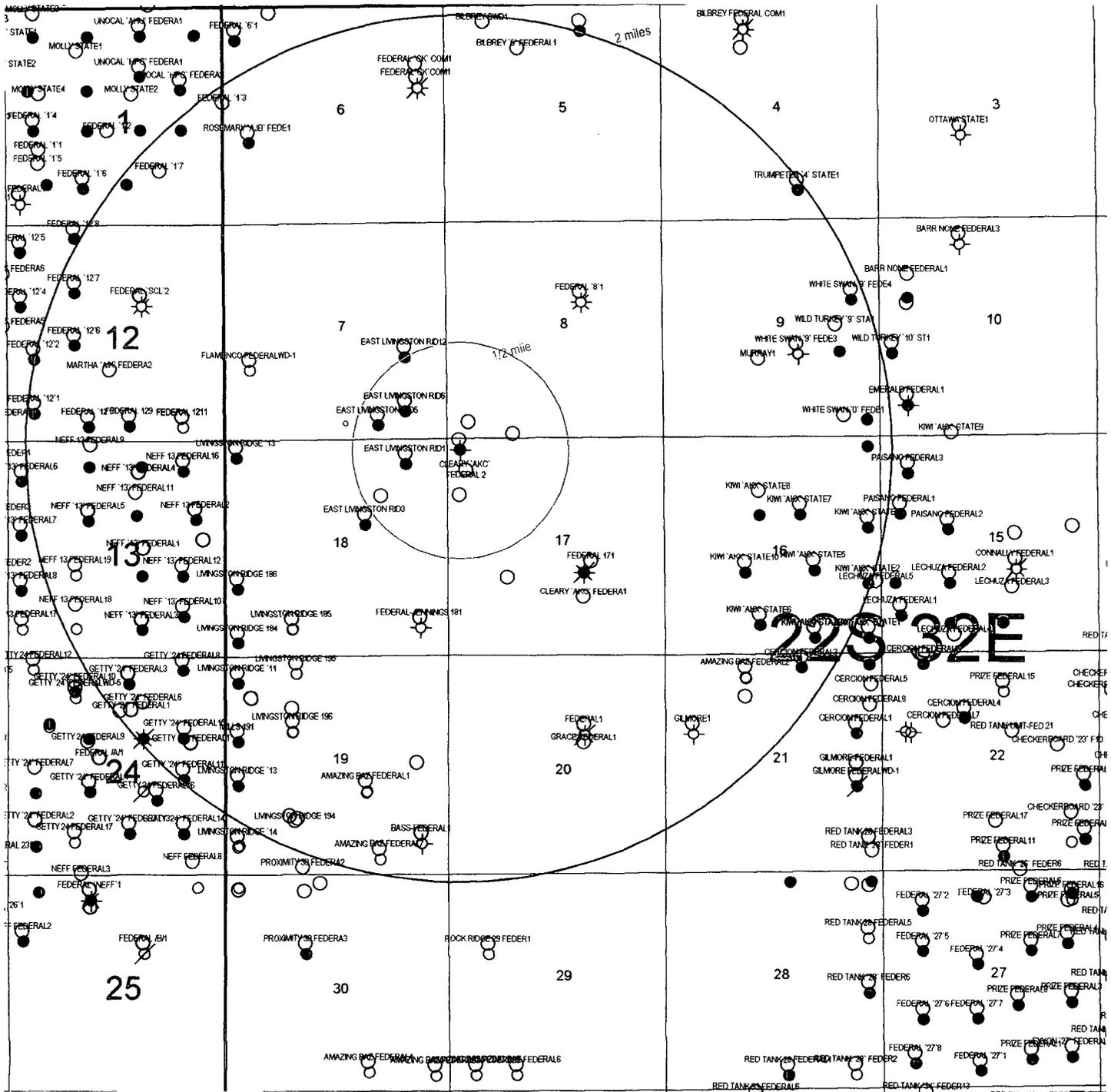
C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Cleary AKC Fed #2
Unit D, Section 17-T22S-R32E
Lea County New Mexico.

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

9-26-06
Date



YATES PETROLEUM

Clearly A KC Federal #2

Author:
Debbie Chavez

Date:
12 September, 2006

M. Hotter

17-22S-32E

Attachment "C"

Cleary AKC Fed #2
Form C-108

Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Total Depth Zone	Producing	Perforations	Completion Information
EAST LIVINGSTON RIDGE UNIT #1 660FNL & 990FEL Sec 18 22S 32E	Pogo Producing Co	Oil	9/29/1992	8780' Brushy Canyon	6,762'-6,771'		13 3/8" @ 862' Cmtd w/900 sx (circ) 8 5/8" @ 4,494' Cmtd w/1750 sx (circ) 5 1/2" @ 8,780' Cmtd w/1540 sx TOC @ 486'
<i>(Could find no evidence of DV Test Intacs well)</i>							
EAST LIVINGSTON RIDGE UNIT #5 330FSL & 1650FEL Sec 7 22S 32E	Pogo Producing Co	Oil	12/12/1997	7350' Delaware	6,722'-6,746' 7,106'-7,120'		10 3/4" @ 655' Cmtd w/650 sx (circ) 5 1/2" @ 7,350' Cmtd w/2120 sx (circ) TOC @ surface
EAST LIVINGSTON RIDGE UNIT #6 660FSL & 990FEL Sec 7 22S 32E	Pogo Producing Co	Oil	12/9/1995	7400' Delaware	6,724'-6,742'		8 5/8" @ 848' Cmtd w/350 sx (circ) 5 1/2" @ 7,400' Cmtd w/2730 sx (circ) TOC @ surface
EAST LIVINGSTON RIDGE UNIT #12 1980FSL & 990FEL Sec 7 22S 32E	Pogo Producing Co	Oil	10/22/1996	7364' Brushy Canyon	6,976'-6,992'		8 5/8" @ 718' Cmtd w/375 sx (circ) 5 1/2" @ 7,364' Cmtd w/3100 sx (circ) TOC @ surface

Injection Permit Checklist

SWD Order Number 1054 Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent _____

12/31/93

Well Name/Num: Clary AKC Federal #2 Date Spudded: 12/13/04 ← Latest

API Num: (30-) 025-31926 County: LEA

Footages: 330 FNL/330 FWL Sec 17 Tsp 22S Rge 32E

Operator Name: Vista Petroleum Corp Contact: Margaretta Hoffer

Operator Address: 105 South Fourth St. Artesia NM 88210

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	<u>13 3/8</u>	<u>862</u>	<u>800</u>	<u>CIRC</u>
Intermediate	<u>8 5/8</u>	<u>4528</u>	<u>1800</u>	<u>CIRC</u>
Production	<u>5 1/2</u>	<u>8740</u>	<u>715</u>	<u>4530'</u>
Last DV Tool				
Open Hole/Liner				
Plug Back Depth		<u>2 at 3 1/2'</u>	<u>TUBING @ 4820'</u>	

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

Now - Commercial Completion
From 5776, 8618
CBP @ 6780

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

Brushy C.

Intervals:	Depths	Formation	Producing (Yes/No)
<u>Salt/Potash</u>	<u>851-4424</u>		
<u>Capitan Roof</u>			
<u>Gliff House, Etc.</u>			
Formation Above			
Top Inj Interval	<u>4821</u>	<u>Delaware</u>	
Bottom Inj Interval	<u>6080</u>	<u>Delaware</u>	
Formation Below			

964 PSI Max. WHIP

Open Hole (Y/N)

Deviated Hole (Y/N)

Fresh Water Site Exists (Y/N) Nowells Analysis Included (Y/N): No

Salt Water Analysis: Injection Zone (Y/N/NA) Some Disposal Waters (Y/N/NA) _____ Types: Delaware

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

Surface Owner BLM Noticed (Y/N) Mineral Owner(s) _____

AOR Owners: Pogo Noticed (Y/N) _____

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

AOR Num Active Wells 4 Repairs? _____ Producing in Injection Interval in AOR 10

AOR Num of P&A Wells 0 Repairs? _____ Diagrams Included? _____

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:

1. _____
2. _____
3. _____
4. _____

RBDMS Updated (Y/N) _____

UIC Form Completed (Y/N) _____

This Form completed _____