

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 _____
- [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



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

2006 NOV 3 PM 1 23
105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

October 18, 2006

New Mexico Energy & Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Dear Mr. Catanach;

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Taco AUK State No. 2 located in Unit A, Section 10-T10S-R34E of Lea County New Mexico.

Should you have any questions, please feel free to contact me at (505) 748-4281.

Sincerely,

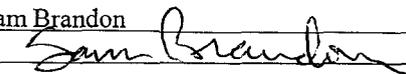
A handwritten signature in cursive script that reads 'Sam Brandon'.

Sam Brandon
Operations Engineer

SB

Enclosure

APPLICATION FOR AUTHORIZATION TO INJECT 3 pm 1 23

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR:
ADDRESS: 105 South 4th Street, Artesia, New Mexico 88210
CONTACT PARTY: Sam Brandon PHONE: (505) 748-4281
- 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:
- Proposed average and maximum daily rate and volume of fluids to be injected;
 - Whether the system is open or closed;
 - Proposed average and maximum injection pressure;
 - Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than re-injected produced water; and,
 - 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 litho logic 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: Sam Brandon TITLE: Operations Engineer
SIGNATURE:  DATE: 10/18/2006
- * 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

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Taco AUK State No. 2
Unit A Sec. 10, T10S, R34E
Lea County, New Mexico**

- I. The purpose of completing this well is to make a disposal well for produced Devonian, Mississippian, Morrow, Atoka and Penn Sands water into the Devonian Dolomite formation.

Yates Petroleum Corporation plans to convert this well to a water disposal well into the Devonian Dolomite.

- II. Operator: Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
Sam Brandon (505) 748-4281
- 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 penetrates the proposed injection zone. (See Attachment C)
- VII. 1. Proposed average daily injection volume approximately 10000 BWPD. Maximum daily injection volume approximately 20000 BWPD.
2. This will be a closed system.
3. Proposed average injection pressure –unknown.
Proposed maximum injection pressure: 2500 psi.
4. Sources of injected water would be produced water from the Devonian, Mississippian, Morrow, Atoka, Pennsylvanian and Permo-Penn. (Attachment D)
- VIII. 1. The proposed injection interval is the portion of the Devonian Dolomite formation consisting of porous Dolomite from estimated depths of 12967-13090.

**Application for Authorization to Inject
Taco AUKDP State No. 2**

-2-

- 2. Possible Fresh water zones overlie the proposed injection formations at depths to approximately 110'. There are no fresh water zones underlying the formation.**

- IX. The proposed disposal interval may be acidized with 15% HCL acid.**

- 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)**

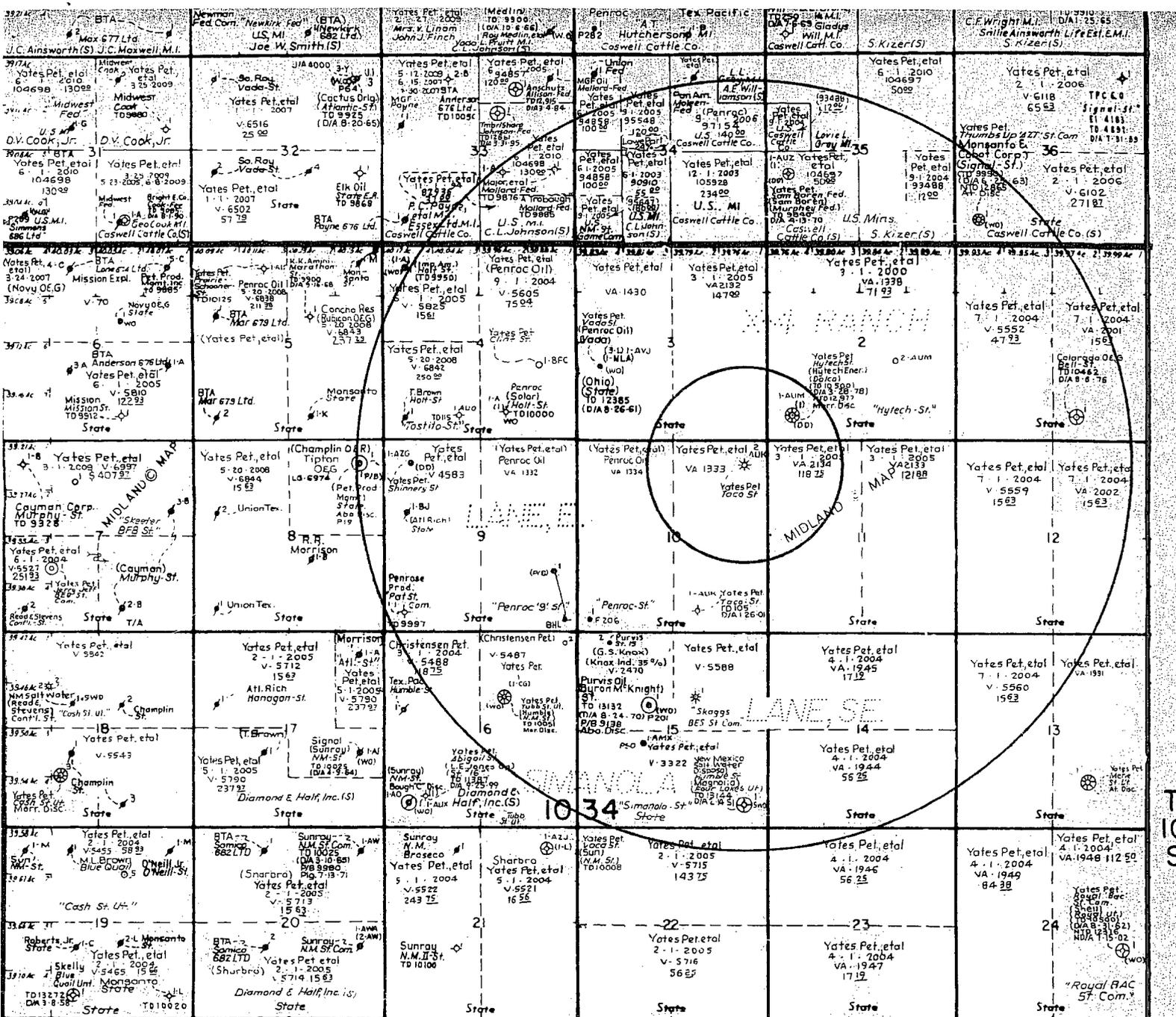
- XIV. Certification is signed.**

**Yates Petroleum Corporation
Taco AUK State No. 2
A-SEC. 10-10S-34E
Lea County, New Mexico**

Attachment A

III. Well Data

- A.
1. Lease Name/Location
Taco AUK State No. 2
A-SEC. 10-10S-34E
660' FNL & 660' FEL
 2. Casing Strings:
 - a. Present well condition
11³/₄" 42# @ 400 w/350 sx (circ)
8⁵/₈" 32# J55 @ 4141' w/1000 sx (circ.)
5¹/₂" 17#, 20# @ 12987' w/1375 sx (TOC 7206').
 - b. Present Status:
Non-commercial completion in Atoka at 11336-66'.
 3. Proposed well condition:
Casing same as above.
2⁷/₈" 6.5# N80 plastic-coated injection tubing @ 12920'.
 4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at 12920'.
- B.
1. Injection Formation: Devonian Dolomite.
 2. Injection Interval will be through perforations and open hole from 12967-74', and 12987' to approximately 13090'.
 3. Well was originally drilled as a Devonian Dolomite oil well. Well will be a Devonian Dolomite water disposal well (12967-13090') when work is completed.
 4. Perforations: High porosity dolomite will be drilled and previous perforations 12967-90' will be utilized.
 5. Next higher (shallower) oil or gas zone within 2 miles-Austin Cycle (Mississippian).
Next lower (deeper) oil or gas zone within 2 miles-None.



ATTACHMENT B

YATES PETROLEUM CORPORATION

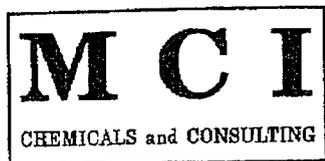
TACO AUK STATE NO. 2
 660' FNL & 660' FEL
 SEC. 10-10S-34E
 LEA COUNTY, NEW MEXICO

Taco AUK State #2
Form C-108

Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Total Depth	Producing Zone	Perforations	Completion Information
Hytech AUM State No. 1 660' FSL & 660' FWL Sec 2-10S-34E	Yates Petroleum Corp	Gas	2/7/1978	12987'	Morrow Woodford Sd Devonian	11706-18 12852-56', 12865-78'. CIBP @ 12800' OH 12977'-12987'. Retainer @ 12942' Squeezed OH w/ 50 sx.	13 3/8" 48# H40 @ 385'. Cmtd w/ 420 sx. 8 5/8" 24 & 32# K55 @ 4085' Cmtd w/ 150 sx. Repaired csg @ 1063' in 2/200. 5 1/2" 17# HCP110, S95, M95, J55, L80 @ 12977'. Cmtd w/ 350 sx, TOC 10642'

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

WATER ANALYSIS REPORT

Company : YATES PETROLEUM CORP Date : JULY 29, 2005
 Address : Date Sampled : JULY 28, 2005
 Lease : WILLIE STATE UNIT Analysis No. :
 Well : #3
 Sample Pt. : WELLHEAD

ANALYSIS		mg/L		* meq/L
1. pH		6.5		
2. H2S		0		
3. Specific Gravity		1.035		
4. Total Dissolved Solids		50327.6		
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	268.0	HCO3	4.4
12. Chloride	Cl	27690.0	Cl	781.1
13. Sulfate	SO4	2730.0	SO4	56.9
14. Calcium	Ca	1800.0	Ca	89.8
15. Magnesium	Mg	292.7	Mg	24.1
16. Sodium (calculated)	Na	16747.0	Na	728.4
17. Iron	Fe	500.0		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		5700.0		

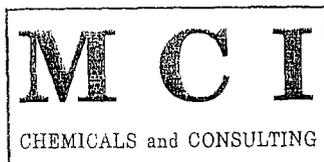
*Combo DISPOSAL
water 2
0*

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt	X meq/L	= mg/L
90 *Ca <----- *HCO3	Ca (HCO3)2	81.0	4.4	356
/----->	CaSO4	68.1	56.9	3869
24 *Mg -----> *SO4	CaCl2	55.5	28.6	1586
<-----/	Mg (HCO3)2	73.2		
728 *Na -----> *Cl	MgSO4	60.2		
	MgCl2	47.6	24.1	1146
Saturation Values Dist. Water 20 C	NaHCO3	84.0		
CaCO3	Na2SO4	71.0		
CaSO4 * 2H2O	NaCl	58.4	728.4	42570
BaSO4				

REMARKS:

*Morrows / Artdca
Water*



Canyon

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

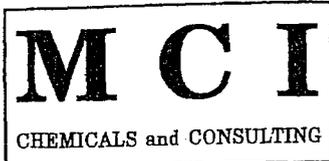
Company : YATES PETROLEUM CORP Date : MAY 16, 2006
 Address : Date Sampled : MAY 15, 2006
 Lease : MILSAP STATE UNIT Analysis No. :
 Well : #2
 Sample Pt. : WELLHEAD

ANALYSIS		mg/L		* meq/L
1. pH	7.6			
2. H2S	0			
3. Specific Gravity	1.065			
4. Total Dissolved Solids		88947.1		
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	341.6	HCO3	5.6
12. Chloride	Cl	50481.0	Cl	1424.0
13. Sulfate	SO4	4320.0	SO4	90.0
14. Calcium	Ca	2960.0	Ca	147.7
15. Magnesium	Mg	779.2	Mg	64.1
16. Sodium (calculated)	Na	30065.4	Na	1307.8
17. Iron	Fe	0.0		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		10600.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt	X meq/L	= mg/L
148 *Ca <----- *HCO3	Ca(HCO3)2	81.0	5.6	454
64 *Mg -----> *SO4	CaSO4	68.1	90.0	6123
1308 *Na -----> *Cl	CaCl2	55.5	52.1	2893
	Mg(HCO3)2	73.2		
	MgSO4	60.2		
	MgCl2	47.6	64.1	3052
Saturation Values Dist. Water 20 C	NaHCO3	84.0		
CaCO3 13 mg/L	Na2SO4	71.0		
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	1307.8	76425
BaSO4 2.4 mg/L				

REMARKS: THIS SAMPLE SHOWED A CONCENTRATION OF .343% KCL.



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

WATER ANALYSIS REPORT

Company : YATES PETROLEUM Date : 11-11-05
 Address : Date Sampled : 11-10-05
 Lease : JUDSON "AUU"ST.COM Analysis No. :
 Well : #2
 Sample Pt. : UNKNOWN

ANALYSIS		mg/L	* meq/L	
1.	pH	6.4		
2.	H2S	0		
3.	Specific Gravity	1.060		
4.	Total Dissolved Solids	88177.8		
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 341.0	HCO3	5.6
12.	Chloride	Cl 52824.0	Cl	1490.1
13.	Sulfate	SO4 1250.0	SO4	26.0
14.	Calcium	Ca 4360.0	Ca	217.6
15.	Magnesium	Mg 658.7	Mg	54.2
16.	Sodium (calculated)	Na 28736.7	Na	1250.0
17.	Iron	Fe 7.5		
18.	Barium	Ba nr		
19.	Strontium	Sr nr		
20.	Total Hardness (CaCO3)	13600.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
218 *Ca <----- *HCO3 6	Ca (HCO3) 2	81.0	5.6 453
----- /-----> -----	CaSO4	68.1	26.0 1772
54 *Mg -----> *SO4 26	CaCl2	55.5	185.9 10318
----- <-----/ -----	Mg (HCO3) 2	73.2	
1250 *Na -----> *Cl 1490	MgSO4	60.2	
+-----+	MgCl2	47.6	54.2 2580
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	1250.0 73048
BaSO4 2.4 mg/L			

REMARKS: resistivity- 0.1 @ 60%

Upper Perm

Permian Treating Chemicals WATER ANALYSIS REPORT

SAMPLE

Oil Co. : Yates Petroleum
 Lease : Sandsprings 'ASU'
 Well No. : #4
 Lab No. : F:\ANALYSES\Aug0201.003

Sample Loc. :
 Date Analyzed: 02-August-2001
 Date Sampled : 12-July-2001

ANALYSIS

Devonian

- | | |
|---|--------|
| 1. pH | 6.820 |
| 2. Specific Gravity 60/60 F. | 1.033 |
| 3. CaCO ₃ Saturation Index @ 80 F. | -0.170 |
| @ 140 F. | +0.770 |

Dissolved Gasses MG/L EQ. WT. *MEQ/L

- | | |
|---------------------|----------------|
| 4. Hydrogen Sulfide | Not Present |
| 5. Carbon Dioxide | Not Determined |
| 6. Dissolved Oxygen | Not Determined |

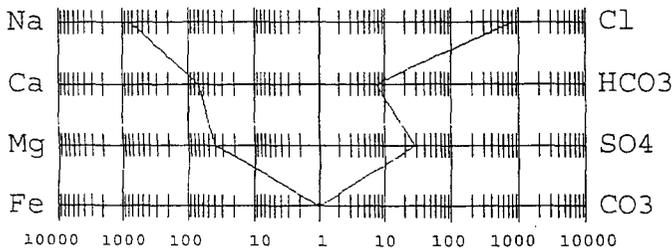
Cations

- | | | | | |
|---|----------------|---|--------|--------|
| 7. Calcium (Ca ⁺⁺) | 1,335 | / | 20.1 = | 66.42 |
| 8. Magnesium (Mg ⁺⁺) | 463 | / | 12.2 = | 37.95 |
| 9. Sodium (Na ⁺) (Calculated) | 16,554 | / | 23.0 = | 719.74 |
| 10. Barium (Ba ⁺⁺) | Not Determined | | | |

Anions

- | | | | | |
|--|------------|---|--------|--------|
| 11. Hydroxyl (OH ⁻) | 0 | / | 17.0 = | 0.00 |
| 12. Carbonate (CO ₃ ⁼) | 0 | / | 30.0 = | 0.00 |
| 13. Bicarbonate (HCO ₃ ⁻) | 430 | / | 61.1 = | 7.04 |
| 14. Sulfate (SO ₄ ⁼) | 1,350 | / | 48.8 = | 27.66 |
| 15. Chloride (Cl ⁻) | 27,994 | / | 35.5 = | 788.56 |
| 16. Total Dissolved Solids | 48,126 | | | |
| 17. Total Iron (Fe) | 7 | / | 18.2 = | 0.36 |
| 18. Total Hardness As CaCO ₃ | 5,241 | | | |
| 19. Resistivity @ 75 F. (Calculated) | 0.191 /cm. | | | |

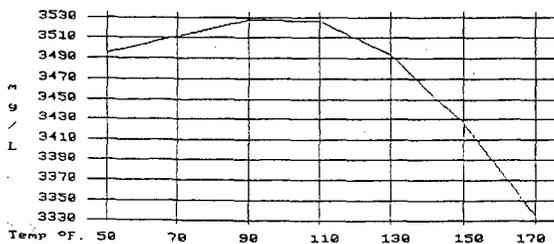
LOGARITHMIC WATER PATTERN
*meq/L.



PROBABLE MINERAL COMPOSITION
COMPOUND EQ. WT. X *meq/L = mg/L.

Ca(HCO ₃) ₂	81.04	7.04	570
CaSO ₄	68.07	27.66	1,883
CaCl ₂	55.50	31.72	1,760
Mg(HCO ₃) ₂	73.17	0.00	0
MgSO ₄	60.19	0.00	0
MgCL ₂	47.62	37.95	1,807
NaHCO ₃	84.00	0.00	0
NaSO ₄	71.03	0.00	0
NaCl	58.46	718.90	42,027

Calcium Sulfate Solubility Profile



This water is slightly corrosive due to the pH observed on analysis.
 The corrosivity is increased by the content of mineral salts in solution.

*Milli Equivalents per Liter

AFFIDAVIT OF PUBLICATION

ATTACHMENT F

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

October 20 2006

and ending with the issue dated

October 20 2006

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 20th day of

October 2006

Dora Montz

Notary Public.

My Commission expires
February 07, 2009

(Seal)



OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
October 20, 2006

Attachment F

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 Taco AUK State No. 2 located 660' FNL & 660' FEL, Unit A, Section 10, Township 10 South, Range 34 East of Lea County, New Mexico, will be used for saltwater disposal. Disposal waters from the Devonian, Mississippian, Morrow, Atoka, Pennsylvanian, and Permo-Penn intervals will be injected into the Devonian Dolomite at a depth of 12967'-13090' with a maximum pressure of 2500 psi and a maximum rate of 20,000 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 Sam Brandon at (505) 748-4281.

#22729

01101029000 02589327
YATES PETROLEUM CORPORATION
P.O. BOX 97
ARTESIA, NM 88210

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Taco AUK State No. 2
Unit A, Section 10 T10S-R34E
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.



John Amiet
Geologist
Yates Petroleum Corporation

10/18/06
Date

YATES PETROLEUM CORPORATION
Taco AUK State #2
Section 10-T10S-R34E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

11-14-2000 - Acidized perforations 12964-12974' (Devonian) with 1000 gallons of 20% iron control HCL acid. Flushed with 7% treated fluid. Swabbed. Shut well in.
11-15-2000 - Swabbed. Shut well in due to swab cup problems.
11-16-2000 - Swabbed. Started losing rubber off cups and setting down at 7500'. Ran sinker bar without cups. Tried to knock rubber down hole. Could not get down. Released on/off tool. Reversed out acid and rubber. Latched onto packer. Tested to 500 psi. Swabbed tubing down to 8000'. Shut well in.
11-17-2000 - Swabbed. Shut well in.
11-18-20-2000 - Swabbed. Shut well in.
11-21-2000 - Swabbed. Loaded tubing. Released packer. Nipped down tree and nipped up BOP. TOOH. TIH with bit and drill collars. Shut well in.
11-22-2000 - Finished TIH with bit and drill collars. Rigged up swivel. Drilled 3' of cement, float shoe and 3' of formation. TOOH and laid down bit and drill collars. Shut well in.
11-23-27-2000 - TIH with packer and on/off tool. Nipped down BOP and nipped up tree. Set packer at 12931'. Loaded and tested annulus to 1000 psi. Swabbed. Shut well in.
11-28-2000 - Swabbed. Loaded tubing. Released packer. Nipped down tree and nipped up BOP. TOOH. Rigged up wireline. TIH with 5-1/2" CIBP and set CIBP at 12950'. Capped with 35' of cement. Shut well in.
11-29-2000 - Rigged up wireline. TIH with 3-3/8" casing guns and perforated 12878-12894' w/96 .45" holes (6 SPF - Woodford Sand). TOOH with casing guns and rigged down wireline. TIH with packer with 2.25" on/off tool. Nipped down BOP and nipped up tree. Set packer at 12834'. Swabbed tubing dry. Shut well in.
11-30-2000 - Swabbed. Rigged up tree saver. Acidized perforations 12878-12894' with 1600 gallons of 7-1/2% Morrow acid. Rigged down tree saver. Flowed to pit for cleanup. Shut well in.
12-1-2000 - Bled well down. Swabbed. Shut well in.
12-2-4-2000 - Bled well down. Swabbed. Shut well in.
12-5-2000 - Shut in. Rigged down and moved off. Waiting on decision.
12-6-31-2000 - Shut in.
1-1-19-2001 - Shut in.
1-20-22-20001 - Moved in and rigged up pulling unit.
1-23-2001 - Bled well down. Swabbed & flow tested. Shut well in.
1-24-2001 - Swabbed. Loaded tubing. Released packer. Nipped down tree and nipped up BOP. TOOH. Shut well in.
1-25-2001 - Rigged up wireline. TIH with 5-1/2" CIBP and set CIBP at 12860'. TOOH. TIH with 4" casing guns and perforated 12386- 12466' w/82 .40" holes as follows: 12386-12340' (26 holes); 12432-12440' (18 holes); 12444-12451' (16 holes) and 12456-12466' (22 holes). TOOH with casing guns and rigged down wireline. TIH with packer with 2.25" on/off tool to 12344'. Nipped down BOP and nipped up tree. Set packer. Acidized perforations 12386-12466' with 3500 gallons of 15% iron control HCL acid. Swabbed. Shut well in.
1-26-2001 - Bled well down. Swabbed. Shut well in.
1-27-29-2001 - Bled well down. Swabbed. Loaded tubing. Released packer. Nipped down tree and nipped up BOP. POOH with 50 stands. Shut well in for night.

YATES PETROLEUM CORPORATION
Taco AUK State #2
Section 10-T10S-R34E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

#27: ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.:

<u>DEPTH INTERVAL</u>	<u>TREATMENT</u>
12964-12974'	Acidized with 1000 gallons 20% iron control HCL acid
12878-12894'	Acidized with 1600 gallons 7-1/2% Morrow acid
12386-12466'	Acidized with 3500 gallons 15% iron control HCL acid
11844-11848'	Acidized with 500 gallons 7-1/2% Morrow acid with 1000 scf/bbl N2
11706-11711'	Acidized with 1500 gallons 7-1/2% Morrow acid with 25% methanol and 1000 scf/bbl N2
11336-11346'	Acidized with 1000 gallons 7-1/2% Morrow acid with 1000 scf/bbl N2 and ball sealers

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy _____	T. Canyon <u>10266</u>	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Salt _____	T. Atoka <u>11298</u>	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates <u>2776</u>	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____	T. Devonian <u>12970</u>	T. Menefee _____	T. Madison _____
T. Queen _____	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres <u>4028</u>	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Glorieta <u>5464</u>	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb <u>6930</u>	T. Delaware Sand _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Bone Springs _____	T. Entrada _____	T. _____
T. Abo <u>7743</u>	T. Morrow <u>11706</u>	T. Wingate _____	T. _____
T. Wolfcamp <u>9018</u>	T. Chester <u>12035</u>	T. Chinle _____	T. _____
T. Penn _____	T. Woodford <u>12900</u>	T. Permian _____	T. _____
T. Cisco (Bugh C) <u>9960</u>	T. _____	T. Penn "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
 No. 2, from.....to.....
 No. 3, from.....to.....
 No. 4, from.....to.....

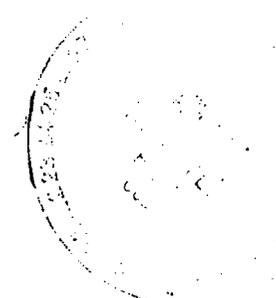
IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
0	840	840	Surface & redbed				
840	2290	1450	Sand & shale				
2290	3961	1671	Salt & anhydrite				
3961	5494	1533	Dolomite & anhydrite				
5494	5792	298	Sand, lime & anhydrite				
5792	6292	500	Dolomite & anhydrite				
6292	6905	613	Dolo, anhydrite & shale				
6905	7621	716	Dolomite & shale				
7621	8276	655	Dolo, anhy & shale				
8276	9907	1631	Dolomite & shale				
9907	11712	1805	Lime & shale				
11712	11990	278	Lime, shale & sand				
11990	12948	958	Lime & shale				
12948	12982	34	Lime & dolomite				



Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, November 22, 2006 9:08 AM
To: sbrandon@ypcnm.com
Cc: Ezeanyim, Richard, EMNRD; Williams, Chris, EMNRD
Subject: SWD Application: Taco AUK State Well No. 2 30-025-35148

Hello Sam:

After reviewing your application we have the following requests:

- 1) Please send BEFORE and AFTER conversion wellbore diagrams of this well.
- 2) The attachment with the proof of notices to the Landowner (SLO?) and the other affected parties did not come with the application - please send.

Note: the notice rule has been changed and now reads:

701B. *Method of making application.*

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to each owner of the surface of the land on which each injection or disposal well is to be located and to each leasehold operator or other "affected person" within any tract wholly or partially contained within one-half mile of the well. Affected person shall mean the (a) division designated operator; (b) in the absence of an operator, any lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and (c) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he filed the application.

- 3) Please confirm that you were following this latest rule on notice.

Everything else looks fine - good luck with this well.

Regards,

William V. Jones

Engineering Bureau

Oil Conservation Division

Santa Fe

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

NOV 27 2006

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

November 22, 2006

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

Re: Taco AUK State #2

Dear Mr. Jones

Per your request please find enclosed before and after wellbore diagrams of said well. Also enclosed is a copy of the notice to the Commissioner of Public Land office.

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

Sincerely,

Debbie Chavez
Engineering Technician

Enclosures

U.S. Postal Service™
CERTIFIED MAIL™ RE
(Domestic Mail Only; No Insurance)
 For delivery information, visit our website.

OFFICIAL

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

Tot **Mr Pete Martinez**
 State of New Mexico
 Commissioner of Public
 P.O. Box 1148
 Santa Fe, NM 87504-1148

Sent _____
 Street or P.O. _____
 City, _____
 State, _____
 ZIP+4, _____

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:
 Mr Pete Martinez
 State of New Mexico
 Commissioner of Public Lands
 P.O. Box 1148
 Santa Fe, NM 87504-1148
 Taco AUK #2

2. Article Number
 (Transfer from service label)
 7004 1350 0005 3317 9666

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *[Signature]* Agent Addressee

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

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

NOV - 3 2006
 NOV - 3 2006

ES
 BOARD
 TES
 IT
 ATES
 PRESIDENT
 PERSON
 NY
 INSEY
 ER

Pete Martinez
 State of New Mexico
 Commissioner of Public Lands
 P. O. Box 1148
 Santa Fe, NM 87504-1148

Re: Taco AUK State #2

Dear Mr. Martinez,

Enclosed please find a copy of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation Taco AUK State #2 of 10-10S-34E, Lea County, New Mexico.

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

Sincerely,

Debbie Chavez

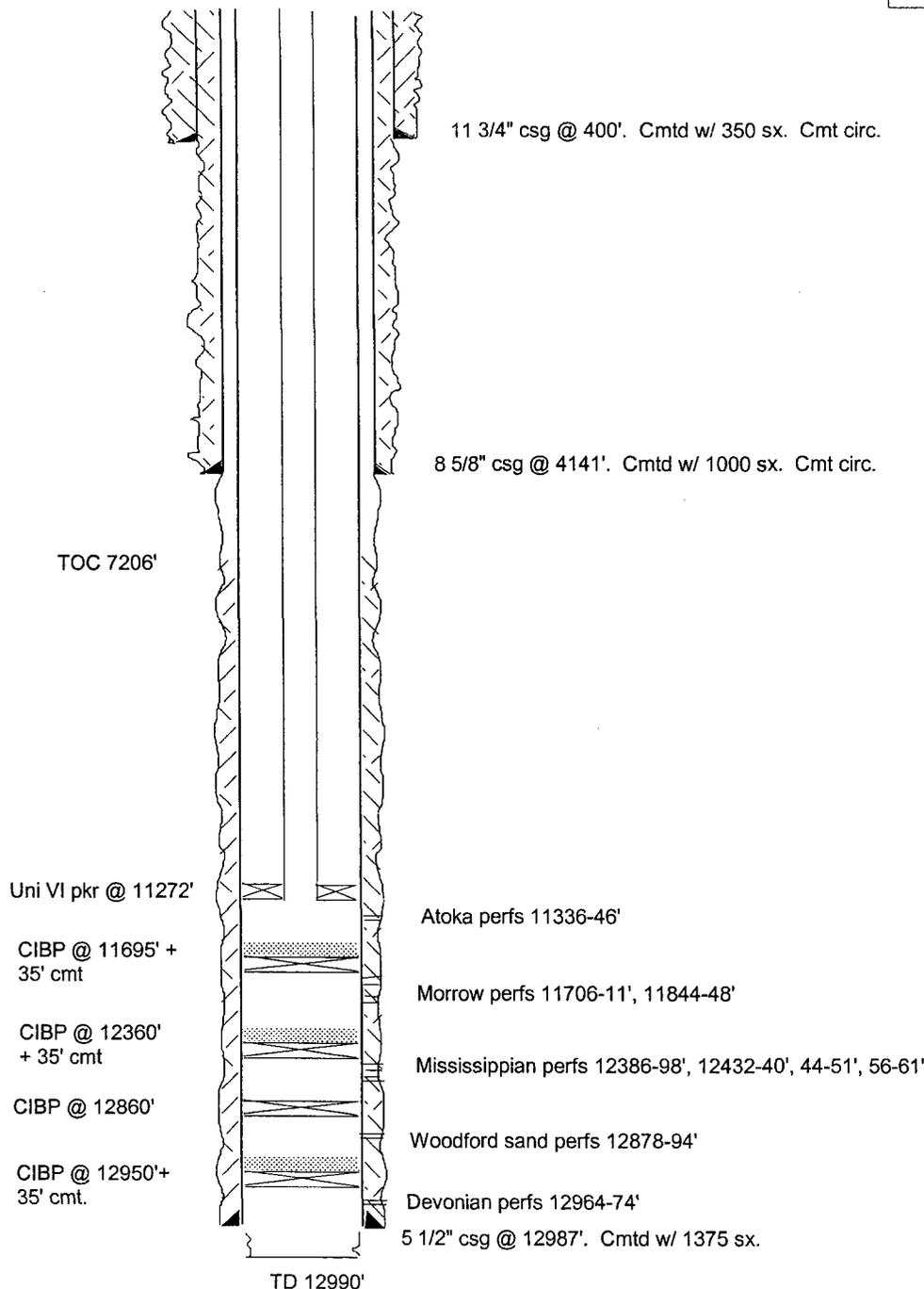
Debbie Chavez
 Engineering Technician

Enclosures

Well Name: Taco AUK State No. 2 Field: _____
 Location: 660' FNL & 660' FEL Sec. 10-10S-34E Lea Co, NM
 GL: 4197' Zero: _____ AGL: _____ KB: 4215'
 Spud Date: 9/6/00 Completion Date: 2/14/01
 Comments: _____

Casing Program	
Size/Wt/Grade/Conn	Depth Set
11 3/4" 42# H40	400'
8 5/8" 32# J55	4141'
5 1/2" 17 & 20# M95, N80, J55	12987'

CURRENT CONFIGURATION



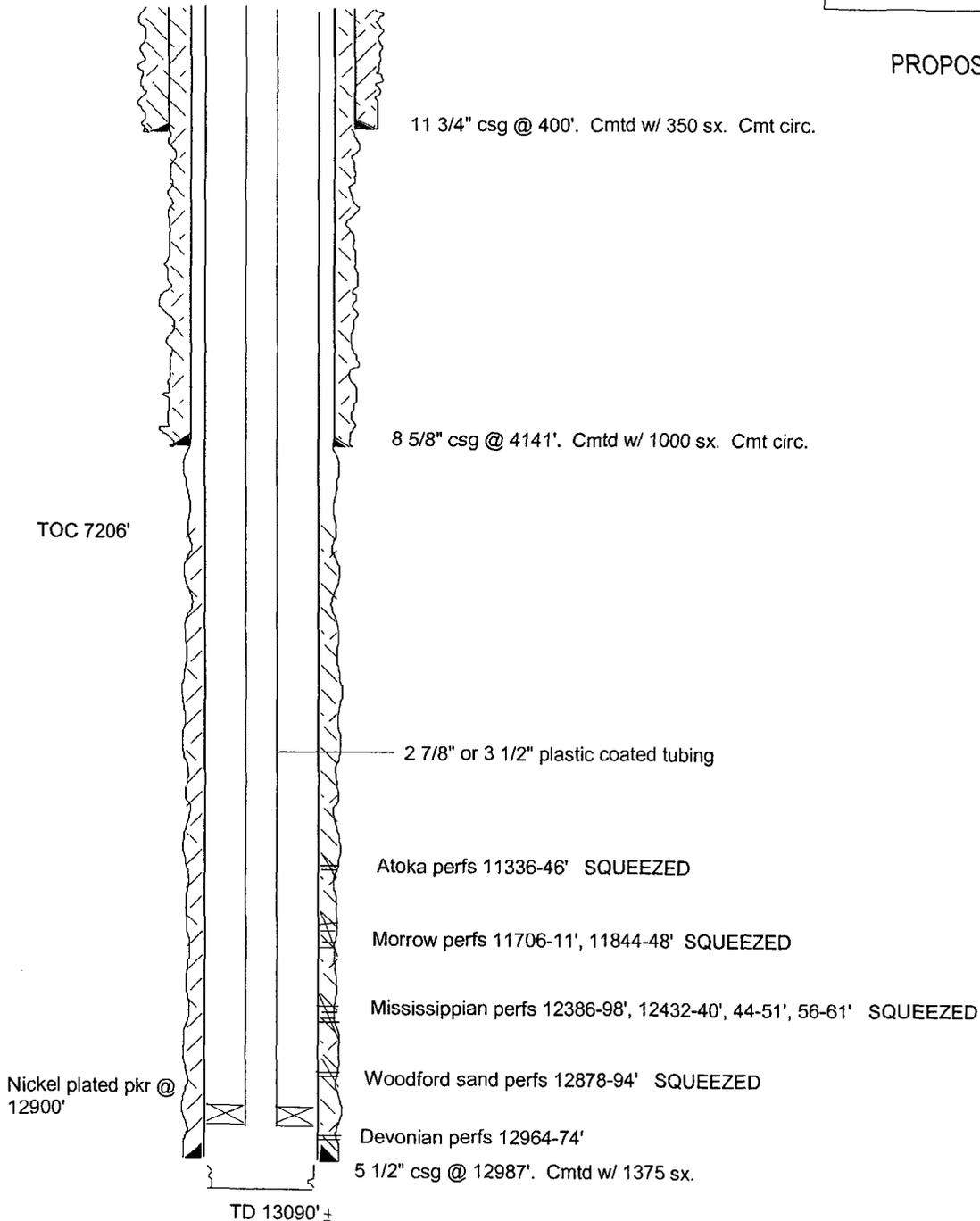
SKETCH NOT TO SCALE

DATE: 9/23/04 TACO2

Well Name: Taco AUK State No. 2 Field: _____
 Location: 660' FNL & 660' FEL Sec. 10-10S-34E Lea Co, NM
 GL: 4197' Zero: _____ AGL: _____ KB: 4215'
 Spud Date: 9/6/00 Completion Date: 2/14/01
 Comments: _____

Casing Program	
Size/Wt/Grade/Conn	Depth Set
11 3/4" 42# H40	400'
8 5/8" 32# J55	4141'
5 1/2" 17 & 20# M95, N80, J55	12987'

PROPOSED CONFIGURATION



SKETCH NOT TO SCALE

DATE: 6/1/05 TACO2B

Inactive Well List

Total Well Count:996 Inactive Well Count:0 Since:9/3/2005

Printed On: Monday, November 27 2006

District API Well ULSTR OCD Unit OGRID Operator Lease Type Well Type Last Production Formation/Notes Status Days in TA

WHERE Ogrid:17891, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15

Injection Permit Checklist

SWD Order Number 1058 Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent _____

Well Name/Num: TACO AUK State #2 Date Spudded: 10/2000

API Num: (30-) 025-35148 County: LEA

Footages 660FNL/660FEL Sec 10 Tsp 105 Rge 34E

Operator Name: Y.P.C. Contact JAM BRANDON

Operator Address: 105 South 4th St Artesia NM 88210

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	<u>11 3/4</u>	<u>40"</u>	<u>350</u>	<u>CIRC</u>
Intermediate	<u>8 9/8</u>	<u>4140</u>	<u>1000</u>	<u>CIRC</u>
Production	<u>5 1/2</u>	<u>12,87</u>	<u>1375</u>	<u>7206'</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

*NEW = AUKA perf
2 7/8" TRG.
(original DEV on 9L)*

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash			
Capitan Reef			
Cliff House, Etc:			
Formation Above		<u>AUSTIN Cycle</u>	
Top Inj Interval	<u>12967</u>	<u>DEV.</u>	
Bottom Inj Interval	<u>13090</u>	<u>DEV.</u>	
Formation Below			

2593 PSI Max. WHIP
58m6 Open Hole (Y/N)
Deviated Hole (Y/N)

*12967
2
25934*

Fresh Water Site Exists (Y/N) Yes Analysis Included (Y/N): No sources
Salt Water Analysis: Injection Zone (Y/N/NA) Disposal Waters (Y/N/NA) Types: DEV, MISS, MORMON, AUKA Perm
Affirmative Statement Included (Y/N): Newspaper Notice Adequate (Y/N) Well Table Adequate (Y/N)

Surface Owner _____ Noticed (Y/N) _____ Mineral Owner(s) _____
AOR Owners: _____ Noticed (Y/N) _____

*NOTICE?
LIST*

CID/Potash/Etc Owners: _____ Noticed (Y/N) _____
AOR Num Active Wells 1 Repairs? — Producing in Injection Interval in AOR Yes (mormon)
AOR Num of P&A Wells 0 Repairs? — Diagrams Included? —

Data to Generate New AOR Table 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 _____