

DATE IN 10/14	SUSPENSE 10/13-19	ENGINEER Jones	LOGGED IN 10/14	TYPE SWD	PTG-W APP NO. 0928759224
---------------	-------------------	----------------	-----------------	----------	--------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Lotus SWD #1
30-025-36004
~~Lotus SWD #12~~

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]

25575
Yates

[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] ☒ X Offset Operators, Leaseholders or Surface Owner

[C] ☒ X 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.

Margrethe Hotter

Print or Type Name

Signature

Area Engineer

Title

9/24/09

Date

mhotter@yatespetroleumcom
e-mail Address

**C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Lotus SWD #1
Unit A, 660' FNL & 660' FEL, Sec. 32, 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 3 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 – 1350 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 6744'-8518'.**

**Application for Authorization to Inject
Lotus SWD #1
-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
Lotus SWD #1
A-32-T22S-R32E
Lea County, New Mexico**

Attachment A

III. Well Data

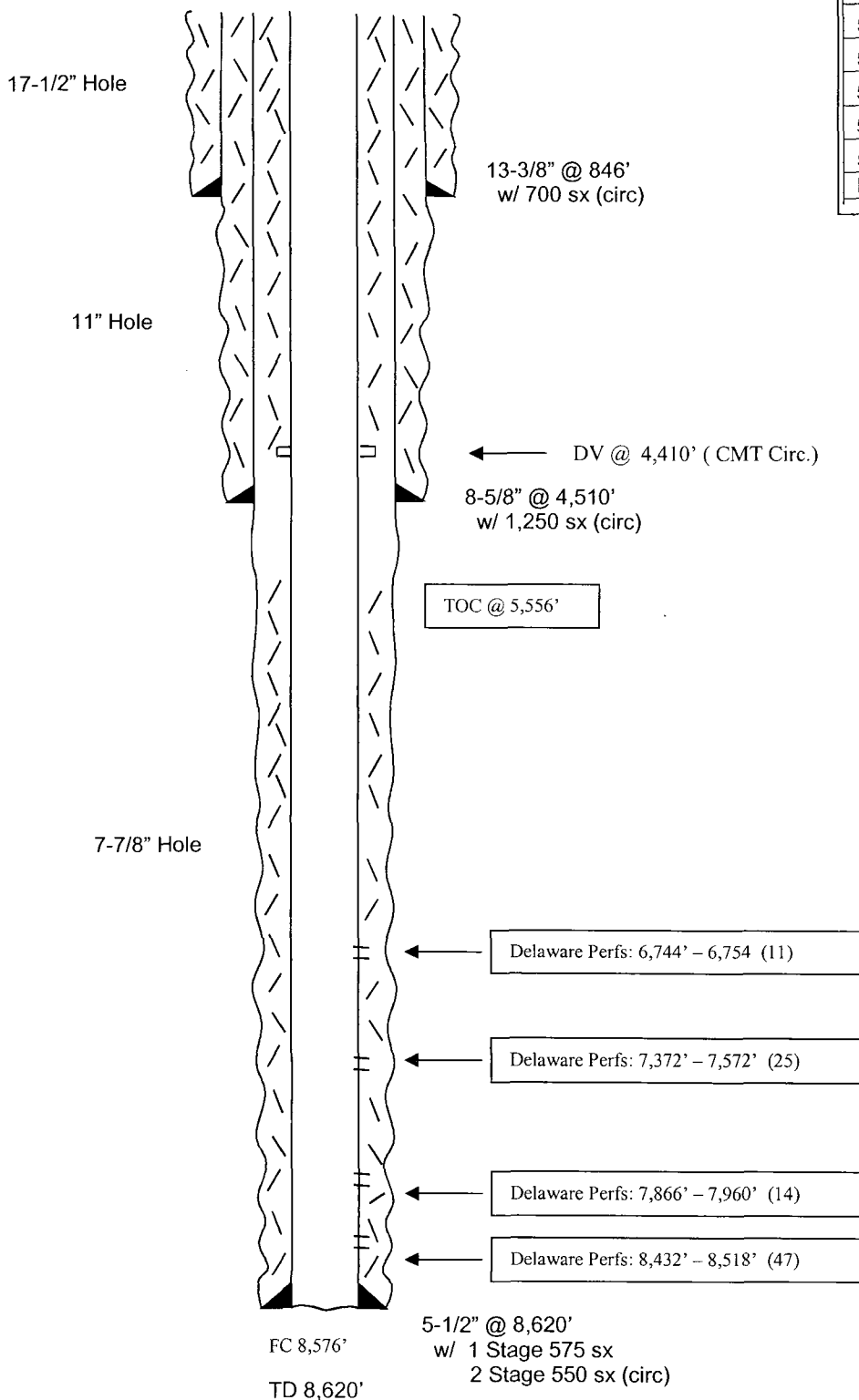
- A.
1. Lease Name/Location
Lotus SWD #1
(Prev. Lotus ALT St #1)
A-32-T22S-R32E
660' FNL & 660' FEL
 2. Casing Strings:
 - a. Present well condition
13 3/8", 48# J-55 @ 868' w/700 sx (circ)
8 5/8", 32# J-55 @ 4,510' w/1250 sx (circ).
5 1/2", 15.5# & 17# @ 8,620' w/DV tool @ 4,410'.
Stage 1: 575sx (TOC @ 5556')
Stage 2: 550sx (circ)
 - b. Present Status:
Non-commercial completion in Delaware at 6744'-6754', 7372'-
7572', 7866'-7960', 8432'-8518'
 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 @ 6644'
 4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at 6644'.
- B.
1. Injection Formation: Delaware Sands
 2. Injection Interval will be through perforations from approximately 6744'-8518' gross interval.
 3. Well was originally drilled as a Delaware oil well. Well will be a Delaware water disposal well when work is completed.
 4. Perforations: High porosity sands between 6744'-8518'.
 5. Next higher (shallower) oil or gas zone within 2 miles-None.
Next lower (deeper) oil or gas zone within 2 miles- Bone Spring

WELL NAME: Lotus SWD # 1 **FIELD:** Wildcat Delaware
LOCATION: 660' FNL & 660' FEL Sec 32-22S-32E Lea County NM
GL: 3,556' **ZERO:** **KB:** 3,568'
SPUD DATE: 1-24-03 **COMPLETION DATE:** 2-18-03
COMMENTS: API # 30-025-36004

CASING PROGRAM

13-3/8" 48# H40 ST&C	868'
8-5/8" 32# J55 ST&C	4,510'
Surface	
5-1/2" 17# J55 LT&C	172.51'
5-1/2" 15.5# J55 LT&C	5,795.38'
5-1/2" 17# J55 LT&C	21.32'
5-1/2" 15.5# J55 LT&C	1,413.40'
5-1/2" 17# J55 LT&C	1,216.57'
Bottom	8,620'

Present



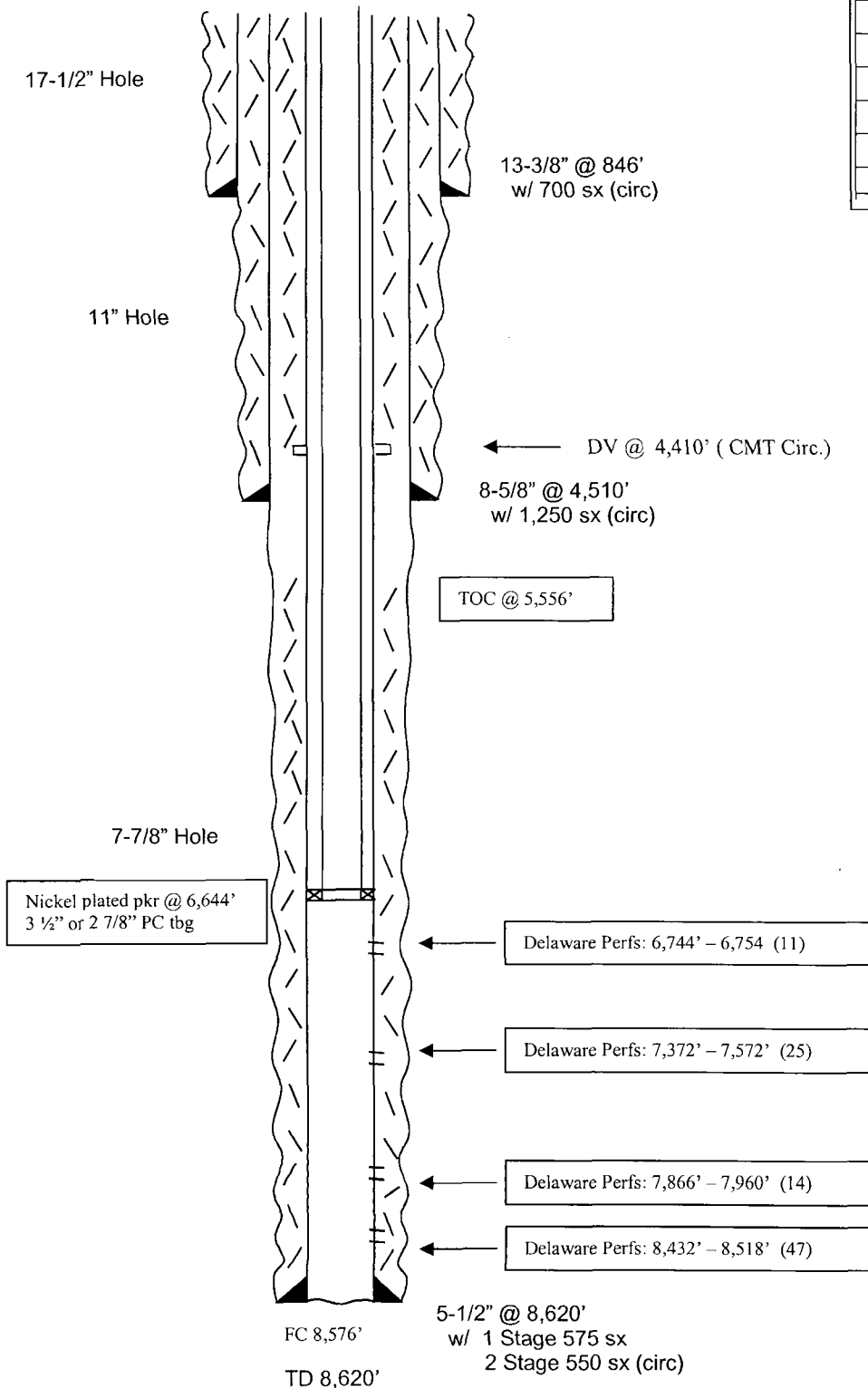
Not to Scale

WELL NAME: Lotus SWD# 1 **FIELD:** Wildcat Delaware
LOCATION: 660' FNL & 660' FEL Sec 32-22S-32E Lea County NM
GL: 3,556' **ZERO:** **KB:** 3,568'
SPUD DATE: 1-24-03 **COMPLETION DATE:** 2-18-03
COMMENTS: API # 30-025-36004

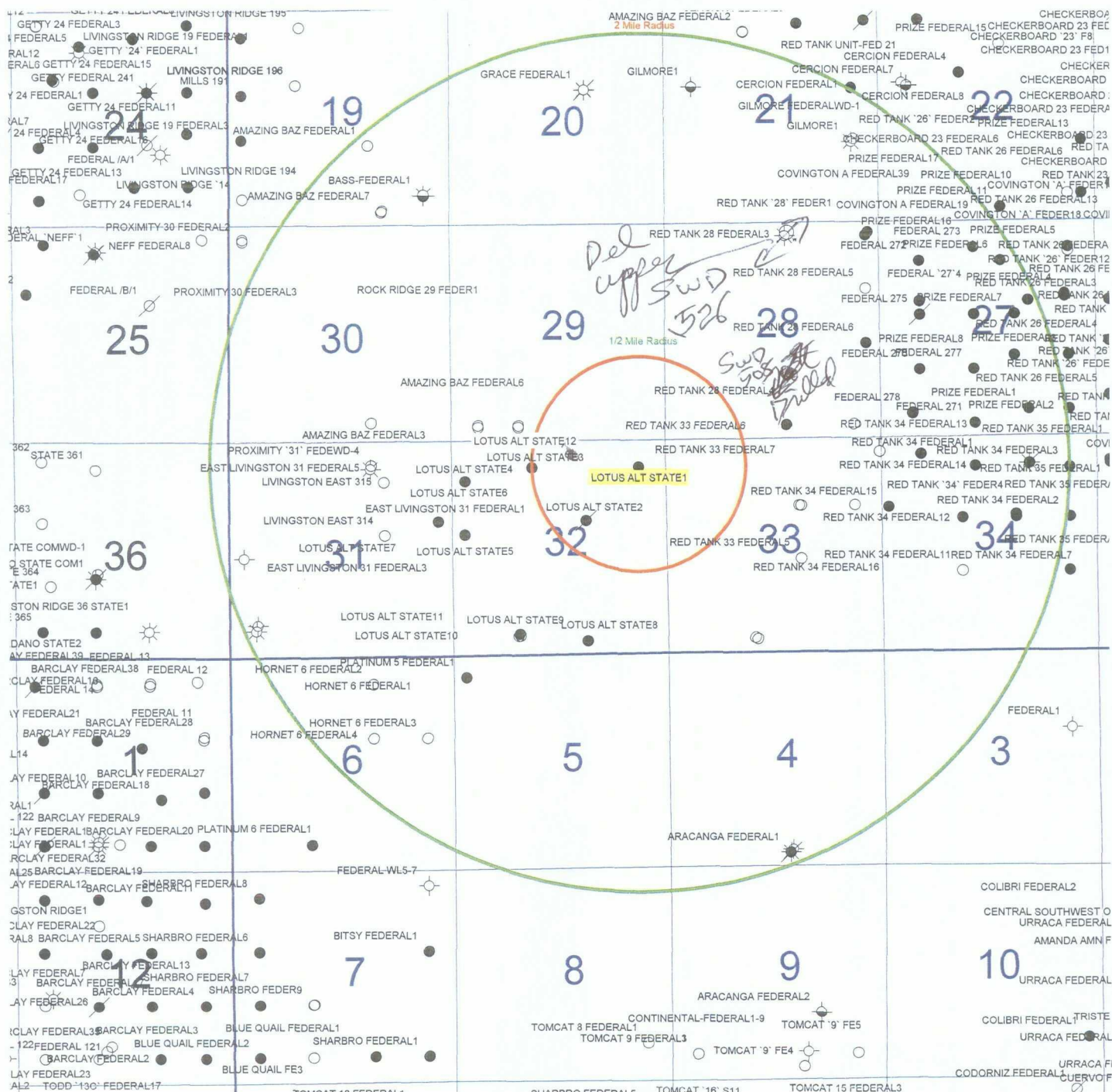
CASING PROGRAM

13-3/8" 48# H40 ST&C	868'
8-5/8" 32# J55 ST&C	4,510'
Surface	
5-1/2" 17# J55 LT&C	172.51'
5-1/2" 15.5# J55 LT&C	5,795.38'
5-1/2" 17# J55 LT&C	21.32'
5-1/2" 15.5# J55 LT&C	1,413.40'
5-1/2" 17# J55 LT&C	1,216.57'
Bottom	8,620'

Proposed



Not to Scale



YATES PETROLEUM		
LOTUS ALT STATE #1		
Author: Debbie Chavez	API No.: 30-025-36004	Date: 26 August, 2009
32-22S-32E	660 FNL & 660' FEL	Lea County, NM

Attachment B

Lotus SWD #1
Form C-108

Tabulation of data on wells within area of review

Well Name	Operator	Type	Spud	Total Depth Zone	Producing Perforations	Completion Information
Lotus ALT St #2 1980FNL & 1980FEL Sec 32 22S 32E	Yates Petroleum Corp	Oil	9/19/1992	9250' Delaware <i>Latest Daily Prod = 1⁰5⁰/50⁰</i>	6716-8430'	13 3/8" @ 858' Cmtd w/825 sx (circ) 8 5/8" @ 4,418' Cmtd w/1250 sx (TOC 800') 5 1/2" @ 9,250" Cmtd w/ Stage 1: 100 sx (circ) ✓ Stage 2: 550 sx (circ) Stage 3: 800 sx (TOC 3826')
Lotus ALT St #3 660FNL & 1980FNL Sec 32 22S 32E	Yates Petroleum Corp	Oil	11/3/2002	8600' Delaware <i>Latest Daily Prod ⇒ 30⁰/20⁰/11⁰</i>	6706'-8398'	13 3/8" @ 842' Cmtd w/700 sx (circ) 8 5/8" @ 4,489' Cmtd w/1250 sx (circ) ✓ 5 1/2" @ 8,600' Cmtd w/ Stage 1: 555 sx (TOC 5608') ✓ Stage 2: 550 sx (circ)
Lotus ALT St #12 330FNL & 2310FEL Sec 32 22S 32E	Yates Petroleum Corp	Oil	7/6/2006	8600' Delaware <i>Latest ⇒ 0.5⁰/0⁰/20⁰ w Deposed or 2⁰/20⁰/200 w bed out</i>	6772'-8386'	13 3/8" @ 865' Cmtd w/780 sx (circ) 8 5/8" @ 4,528' Cmtd w/1310 sx (circ) ✓ 5 1/2" @ 8,600' Cmtd w/ Stage 1: 800 sx (circ) ✓ Stage 2: 450 sx (TOC @ 2650' est)

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354147
Lease/Platform:	LOTUS 'ALT' STATE UNIT	Analysis ID #:	94689
Entity (or well #):	4	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354147 @ 75 °F							
Sampling Date:	9/15/09	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	142320.0		4014.33	Sodium:	69489.4		3022.62
Analyst:	LEAH DURAN	Bicarbonate:	36.6		0.6	Magnesium:	2815.0		231.57
		Carbonate:	0.0		0.	Calcium:	14251.0		711.13
TDS (mg/l or g/m3):	231647.5	Sulfate:	350.0		7.29	Strontium:	1225.0		27.96
Density (g/cm3, tonne/m3):	1.15	Phosphate:				Barium:	87.0		1.27
Anion/Cation Ratio:	1	Borate:				Iron:	15.0		0.54
		Silicate:				Potassium:	1053.0		26.93
						Aluminum:			
Carbon Dioxide:	280 PPM	Hydrogen Sulfide:			0 PPM	Chromium:			
Oxygen:		pH at time of sampling:			5.7	Copper:			
Comments:		pH at time of analysis:				Lead:			
		pH used in Calculation:			5.7	Manganese:	5.500		0.2
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.83	0.00	-0.43	0.00	-0.39	0.00	0.11	37.23	2.06	44.50	0.43
100	0	-0.74	0.00	-0.50	0.00	-0.40	0.00	0.08	29.67	1.86	44.22	0.51
120	0	-0.66	0.00	-0.57	0.00	-0.38	0.00	0.07	26.31	1.69	43.94	0.59
140	0	-0.57	0.00	-0.62	0.00	-0.35	0.00	0.08	26.59	1.54	43.39	0.67

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Attachment D
Example of water to be disposed into
SWD well

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354157
Lease/Platform:	KIWI 'AKX' STATE LEASE	Analysis ID #:	94687
Entity (or well #):	3	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354157 @ 75 °F							
Sampling Date:	9/15/09	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	177816.0		5015.54	Sodium:	81444.2		3542.62
Analyst:	LEAH DURAN	Bicarbonate:	73.2		1.2	Magnesium:	3828.0		314.91
		Carbonate:	0.0		0.	Calcium:	22006.0		1098.1
TDS (mg/l or g/m3):	289080.9	Sulfate:	774.0		16.11	Strontium:	1226.0		27.98
Density (g/cm3, tonne/m3):	1.192	Phosphate:				Barium:	2.5		0.04
Anion/Cation Ratio:	1	Borate:				Iron:	28.0		1.01
		Silicate:				Potassium:	1879.0		48.05
Carbon Dioxide:	430 PPM	Hydrogen Sulfide:			0 PPM	Aluminum:			
Oxygen:		pH at time of sampling:			5.5	Chromium:			
Comments:		pH at time of analysis:				Copper:			
		pH used in Calculation:			5.5	Lead:			
						Manganese:	4.000		0.15
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.49	0.00	0.09	74.08	0.15	94.78	0.34	175.23	0.74	1.06	1.14
100	0	-0.41	0.00	0.00	2.12	0.13	84.16	0.31	165.14	0.54	0.80	1.33
120	0	-0.33	0.00	-0.07	0.00	0.14	87.62	0.30	161.43	0.37	0.80	1.51
140	0	-0.24	0.00	-0.13	0.00	0.17	103.02	0.31	163.02	0.22	0.53	1.66

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Attachment D
Example of water to be disposed
into SWD well.

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-074C
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354152
Lease/Platform:	LOTUS 'ALT' STATE UNIT	Analysis ID #:	94688
Entity (or well #):	3	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354152 @ 75 °F					
Sampling Date:	9/15/09	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	181989.0	5133.25	Sodium:	77172.6	3356.82
Analyst:	LEAH DURAN	Bicarbonate:	48.8	0.8	Magnesium:	4720.0	388.29
TDS (mg/l or g/m3):	294549.4	Carbonate:	0.0	0.	Calcium:	26148.0	1304.79
Density (g/cm3, tonne/m3):	1.197	Sulfate:	541.0	11.26	Strontium:	1946.0	44.42
Anion/Cation Ratio:	1	Phosphate:			Barium:	3.5	0.05
		Borate:			Iron:	24.0	0.87
		Silicate:			Potassium:	1952.0	49.92
Carbon Dioxide:	400 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		5.2	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		5.2	Lead:		
					Manganese:	4.500	0.16
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.93	0.00	-0.01	0.00	0.05	24.84	0.36	151.42	0.70	1.32	1.41
100	0	-0.84	0.00	-0.10	0.00	0.03	16.38	0.34	144.28	0.51	1.32	1.65
120	0	-0.76	0.00	-0.17	0.00	0.04	20.61	0.33	142.17	0.34	1.06	1.86
140	0	-0.67	0.00	-0.23	0.00	0.07	35.15	0.33	144.02	0.19	0.53	2.05

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Attachment D
Example of water to be
disposed into SWD well

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	YATES PETROLEUM INC	Sales RDT:	33514
Region:	PERMIAN BASIN	Account Manager:	REGGIE GUY (575) 910-9391
Area:	ARTESIA, NM	Sample #:	354158
Lease/Platform:	KIWI 'AKX' STATE LEASE	Analysis ID #:	94686
Entity (or well #):	1	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 354158 @ 75 °F							
Sampling Date:	9/15/09	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	9/23/09	Chloride:	139881.0		3945.53	Sodium:	61614.9		2680.1
Analyst:	LEAH DURAN	Bicarbonate:	85.4		1.4	Magnesium:	3256.0		267.85
		Carbonate:	0.0		0.	Calcium:	18604.0		928.34
TDS (mg/l or g/m3):	227088.3	Sulfate:	404.0		8.41	Strontium:	1504.0		34.33
Density (g/cm3, tonne/m3):	1.152	Phosphate:				Barium:	3.0		0.04
Anion/Cation Ratio:	1	Borate:				Iron:	23.0		0.83
		Silicate:				Potassium:	1709.0		43.71
						Aluminum:			
Carbon Dioxide:	480 PPM	Hydrogen Sulfide:			0 PPM	Chromium:			
Oxygen:		pH at time of sampling:			5.1	Copper:			
Comments:		pH at time of analysis:				Lead:			
		pH used in Calculation:			5.1	Manganese:	4.000		0.15
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ *2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-1.01	0.00	-0.29	0.00	-0.25	0.00	0.24	85.83	0.63	1.13	3.69
100	0	-0.92	0.00	-0.36	0.00	-0.26	0.00	0.22	80.20	0.44	0.84	4.43
120	0	-0.84	0.00	-0.42	0.00	-0.24	0.00	0.21	78.23	0.27	0.84	5.15
140	0	-0.75	0.00	-0.46	0.00	-0.19	0.00	0.22	79.64	0.13	0.28	5.8

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

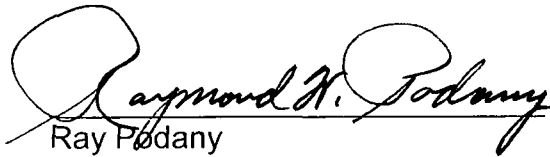
Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

Attachment D
Example of water to
be disposed into SWD we

Attachment G

C-108 Application for Authorization to Inject
Yates Petroleum Corporation
Lotus SWD #1
Unit A, Section 32-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.

A handwritten signature in black ink, reading "Raymond H. Podany". The signature is written over a horizontal line.

Ray Podany
Geologist
Yates Petroleum Corporation

9-16-2009
Date

Affidavit of Publication

State of New Mexico,
County of Lea.

I, KENNETH NORRIS
GENERAL MANAGER
of the Hobbs News-Sun, a
newspaper published at Hobbs, New
Mexico, do solemnly swear that the
clipping attached hereto was
published in the regular and entire
issue of said newspaper, and not a
supplement thereof for a period

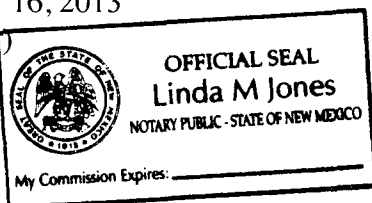
of 1 issue(s).
Beginning with the issue dated
September 20, 2009
and ending with the issue dated
September 20, 2009


GENERAL MANAGER

Sworn and subscribed to before me
this 22nd day of
September, 2009


Notary Public

My commission expires
June 16, 2013
(Seal)



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 SEPTEMBER 20, 2009

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 Lotus SWD #1 located 660 FNL & 660' FEL, Unit A, Section 32, 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 6,744'-8,518' with a maximum pressure of 1350 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 (575) 748-4165.

#25243

01101029

00038993

ATTN: DEBBIE CHAVEZ
YATES PETROLEUM CORPORATION
P.O. BOX 97
ARTESIA, NM 88210

Send notification letters to:

1. Surface owner:

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

2. Operators:

OXY USA Inc
P.O. Box 27570
Houston, TX 77227-7570

BP America Production CO.
P.O. Box 3092
Houston, TX 77253-3092

Chevron USA Inc
11111 S Wilcrest Dr
Houston, TX 77099-4310

MARTIN YATES
1912-1985
FRANK W. YAT!
1936-1986
S.P. YATES
1914-2008

7007 2680 0000 5030 9128

Sep

U.S. Postal Service
CERTIFIED MAIL
(Domestic Mail Only)

For delivery information:

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

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

PS Form 3811, August 2006

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:

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

2. Article Number

(Transfer from service label)

7007 2680 0000 5030 9128

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

☐ Agent

☐ Address

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

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

Re: Lotus SWD #1
Lotus SWD #12

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation's Lotus SWD #1 and Lotus SWD #12. All located in Lea County, New Mexico.

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

Sincerely,

[Signature]

Debbie Chavez
Engineering Technician

Enclosure(s)

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

U.S. Postal Service CERTIFIED MAIL (Domestic Mail Only - No Ins.)		SENDER - COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>For delivery information visit usps.com</p> <p>Postage \$ _____</p> <p>Certified Fee _____</p> <p>Return Receipt Fee (Endorsement Required) _____</p> <p>Restricted Delivery Fee (Endorsement Required) _____</p> <p>7007 2680 0000 5030 9104</p> <p>PS Form 3800, August 2006</p>		<p>1. Article Addressed to:</p> <p>Chevron USA, Inc. 11111 S Wilcrest Drive Houston, TX 77099-4310</p>		<p>A. Signature x <i>R. Wilson</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Robert Wilson</i> C. Date of Delivery <i>9-28-06</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7007 2680 0000 5030 9104</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

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

Chevron USA, Inc.
11111 S Wilcrest Dr.
Houston, TX 77099-4310

Re: Lotus SWD #1
Lotus SWD #12

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation's Lotus SWD #1 and Lotus SWD #12. All located in 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

Enclosure(s)

MARTIN Y.
1912-
FRANK W.
1936-
S.P. Y.
1914-

2007 2680 0000 5030 8794

U.S. Postal Service
CERTIFIED MAIL
(Domestic Mail Only. No In-
ternational Mail.)
For delivery information visit usps.com

Postage \$
Certified Fee \$
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required) \$
Total P \$6.80

Sent To Oxy USA, Inc.
P.O. Box 27570
Houston, TX 77227-7570
Street, A or PO Box
City, State

PS Form 3800, August 2006

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:

Oxy USA, Inc.
P.O. Box 27570
Houston, TX 77227-7570

2. Article Number
(Transfer from service label)

2007 2680 0000 5030 8794

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. 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 Mail ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery (Extra Fee) ☐ Yes

Oxy USA, Inc.
P.O. Box 27570
Houston, TX 77227-7570

Re: Lotus SWD #1
Lotus SWD #12

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation's Lotus SWD #1 and Lotus SWD #12. All located in 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

Enclosure(s)

U.S. Postal Service CERTIFIED MAIL (Domestic Mail Only, No Ins.)		SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
For delivery information visit usps.com		<input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature X <i>Nancy Elvir</i>	
Postage \$ _____ Certified Fee _____ Return Receipt Fee (Endorsement Required) _____ Restricted Delivery Fee (Endorsement Required) _____		1. Article Addressed to: BP America Production Company P.O. Box 3092 Houston, TX 77253-3092		B. Received by (Printed Name) _____ C. Date of Delivery _____ D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
To BP America Production Company P.O. Box 3092 Houston, TX 77253-3092		2. Article Number (Transfer from service label)		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3800, August 2006		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes			

PS Form 3811, February 2004

Domestic Return Receipt

102595-0

BP America Production Company
 P.O. Box 3092
 Houston, TX 77253-3092

Re: Lotus SWD #1
 Lotus SWD #12

Dear Sirs:

Enclosed please find copies of form C-108 (Application for Authority to Inject) on Yates Petroleum Corporation's Lotus SWD #1 and Lotus SWD #12. All located in 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

Enclosure(s)

KATHY H. PORTER
 SECRETARY

DENNIS G. KINSEY
 TREASURER

38. GEOLOGIC MARKERS

[illegible]

Jones, William V., EMNRD

From: Margrethe Hotter [Margreth@yatespetroleum.com]
Sent: Wednesday, December 02, 2009 8:51 AM
To: Jones, William V., EMNRD
Subject: RE: Disposal application from Yates Petroleum Corporation: Lotus SWD #1 30-025-36004

Hello William,

1. Our land departments research shows that Oxy acquired Pogo's interest and that Oxy is the owner in the offsetting section. Proof of notice to Oxy was submitted with the C-108 application.
2. Due to the testing, I think that most of the water comes from 7372-7572 and 6744-54.

Margrethe Hotter

Area Engineer
Yates Petroleum Corp.
Tel: 575-748-4165
Cell: 575-703-0749
Fax: 575-748-4585

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, November 30, 2009 3:54 PM
To: Margrethe Hotter
Cc: Warnell, Terry G, EMNRD; Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD
Subject: Disposal application from Yates Petroleum Corporation: Lotus SWD #1 30-025-36004

Hello Margrethe:

1. Please send proof of notice to Pogo Producing Co as owners in the offsetting section to the East – per OCD records. If this is not correct, let me know.
2. This well seems to have made lots of water and little oil or gas and I see the completion was over several time periods, so it looks like you tested the sets of perfs. Which sets of perfs is the majority of the water coming from?

The list I see shows that Yates has 10 inactive wells – so still OK. As you know, we cannot release injection/disposal permits if the number of inactive wells exceed the limit as defined in Rule 5.9.

I will hold the release pending the mandated suspense period for the Pogo notice.

Otherwise, this application appears OK.

Thank You,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. This message contains confidential information and is intended only for the

individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message.

This email has been scanned using Webroot Email Security.

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

Injection Permit Checklist (11/30/09)

Case SWD 119 R- WFX PMX IPI Permit Date 12/2/09 UIC Qtr 0 (N/D)

Wells 1 Well Name: Lotus SWD #1 (was Lotus ALT State #1)

API Num: (30-) 025-36004 Spud Date: 2/18/03 New/Old: N (UIC primacy March 7, 1982)

Footages 660 FNL/660 FEL Unit A Sec 32 Tsp 22S Rge 32E County Lea

Operator: Y. P. C. Contact: Margarette Hester

OGRID: 25575 RULE 5.9 Compliance (Wells) 10/2419 (Finan Assur) OK OK

Operator Address: Artem, NM

Location and Current Status: W total out non-commercial 2/5/2009 (1/1/09)

Planned Work to Well: Convert as is

Planned Tubing Size/Depth: 3 1/2" or 2 1/8" @ 6644

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 - 13 3/8</u>	<u>868</u>	<u>700</u>	<u>CIRC</u>
Existing <input type="checkbox"/> Intermediate	<u>11 - 8 5/8</u>	<u>4510</u>	<u>1250</u>	<u>CIRC</u>
Existing <input type="checkbox"/> Long String	<u>7 7/8 - 5 1/2</u>	<u>8620</u>	<u>860/550</u>	<u>CIRC Stage 2</u>

DV Tool 4410 Line Open Hole Total Depth 8620

Well File Reviewed ☒

Diagrams: Before Conversion ☒ After Conversion ☒ Elogs in Imaging File: ☒

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)	<u>5510</u>	<u>Cherry C. Top</u>	
Injection.....			
Interval TOP:	<u>6744</u>	<u>Cherry</u>	<u>Yes</u>
Injection.....			
Interval BOTTOM:	<u>8518</u>	<u>Brushy</u>	
Below (Name and Top)	<u>8573</u>	<u>B.S. Top</u>	

1349 PSI Max. WHIP
Open Hole (Y/N) ☒

Sensitive Areas: Capitan Reef Cliff House Salt Depths 988-4312

... Potash Area (R-114-P) Polash Leeseo Noticed? ☒

Fresh Water: Depths: 0-850 Wells None Analysis? Affirmative Statement ☒

Disposal Fluid Sources: Del Analysis? ☒

Disposal Interval Production Potential/Testing/Analysis Analysis: Depleted/wet

Notice: Newspaper(Y/N) ☒ Surface Owner SLO Mineral Owner(s)

RULE 26.7(A) Affected Parties: OFF (BP/Chevron)

Area of Review: Adequate Map (Y/N) ☒ and Well List (Y/N) ☒

Active Wells 3 Num Repairs Producing in Injection Interval in AOR Yes

..P&A Wells 0 Num Repairs All Wellbore Diagrams Included? ☒

Questions to be Answered: Lower water?

Required Work on This Well: approve but not in POGO

AOR Repairs Needed:

Request Sent Reply:

Request Sent Reply:

Request Sent Reply: