

HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

6775

February 28, 2006

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

Attention: Sr. Petroleum Geologist

Re: Young Deep Unit
Contract #14-08-0001-18042
T-18S, R-32E, N.M.P.M.
Lea County, New Mexico
2006 Plan of Development and
Operation

Ladies & Gentlemen:

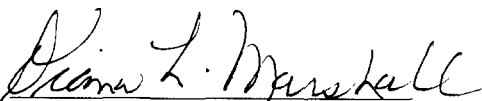
Enclosed is a copy of the 2006 Plan of Development and Operation for Harvey E. Yates Company's (HEYCO's) Young Deep Unit in Lea County, New Mexico. This covers the Bone Spring, Delaware and Wolfcamp Participating Areas.

This has been submitted for approval to the Bureau of Land Management. Approval from the Commissioner of Public Lands is not required, as there are no State of New Mexico lands in this unit.

HEYCO respectfully requests the New Mexico Oil Conservation Division's approval of this Plan of Development.

Very truly yours,

HARVEY E. YATES COMPANY

By: 
Diana L. Marshall

/dlm
Enclosures

Ydupodocd2006.doc/Land:Ydu#3



HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

February 28, 2006

Bureau of Land Management
Roswell District Office
2909 West Second
Roswell, New Mexico 88201

Attention: Deputy Minerals Manager
for Oil and Gas

Re: Young Deep Unit
Contract #14-08-0001-18042
T-18S, R-32E, N.M.P.M.
Lea County, New Mexico
2006 Plan of Development and Operation

Ladies & Gentlemen:

Harvey E. Yates Company (HEYCO), as Unit Operator, submits its 2006 Plan of Development and Operation (in triplicate) as prescribed by Section 10 of the Young Deep Unit Agreement. This plan covers the Bone Spring, Delaware and Wolfcamp Participating Areas in the Young Deep Unit.

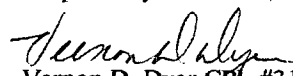
In this regard, we are enclosing a current unit map showing all existing wells. Also included is production data for 2004, prepared by Jen Serrano, HEYCO's Production Analyst.

HEYCO has three water injection wells (#5, #16 and 3 Fed. #1). Two wells are Delaware producers (#28 and #34) and one is a Wolfcamp producer (#1). All others are Bone Spring producers. HEYCO permanently plugged the Young Deep 4 Fed. #1 and the Young Deep 3 Fed. #3 in 1996 (see enclosed list of Unit wells).

HEYCO has completed a study of the Bone Spring sands and carbonates in the Young Deep Unit, and in 2005 re-entered the YDU #14 (a plugged well) for the drilling of a horizontal line in the Bone Spring Formation. The well was completed and turned over to the Production Department on December 15, 2005. We are currently reviewing the information and production gained from the YDU #14 to determine how the data from this well fits into the study and our modeling. HEYCO also re-FRACed the YDU #12 in 2005, placing it back on production with an increase. We are also reviewing the information from this well for more possibilities. It is anticipated HEYCO will re-enter another YDU well this year for the drilling of an additional horizontal line. Additionally, we are reviewing the possibility of re-FRACing an additional well or wells.

Based on the information submitted herewith, HEYCO respectfully requests the Bureau of Land Management approve this 2006 Plan of Development and Operation. We will be glad to supply further information if such is required.

Respectfully submitted,


Vernon D. Dyer CBL #3174
Senior Landman - Permian Basin

VDD/dlm
Enclosures
Ydupod2006.doc/Land:ydu#3

xc: ✓ Oil Conservation Division (w/encl.)
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505
Attn: Sr. Petroleum Geologist

18S/32E

YOUNG DEEP UNIT

Scale 1:24000.

0.1 0.2 0.3 0.4 0.5 miles



Harvey E Yates Co.		
YOUNG DEEP UNIT		
T-18-S, R-32-E		
LEA COUNTY, NEW MEXICO		
Sheet	Scale 1:24000	1/24/2004

YOUNG DEEP UNIT 2005 ANNUAL OIL PRODUCTION

	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
YDU 01	1,337	1,074	1,176	1,135	1,174	1,095	718	839	1,060	712	1,269	1,286	12,875
YDU 02	-	-	-	-	-	-	-	-	-	-	-	-	-
YDU 04	4	6	18	17	18	51	100	66	47	57	37	49	470
YDU 05	-	-	-	-	-	-	-	-	-	-	-	-	-
YDU 06	105	58	63	61	67	80	85	87	117	123	114	116	1,076
YDU 07	-	20	44	42	13	12	11	-	-	-	-	-	142
YDU 08	379	395	485	460	508	356	380	408	405	430	397	403	5,006
YDU 09	74	26	103	99	32	29	27	96	29	29	28	28	600
YDU 10	-	-	53	51	16	15	14	50	15	15	15	14	258
YDU 11	264	254	364	352	361	236	461	399	348	425	277	363	4,104
YDU 12	722	624	707	587	614	591	607	606	577	365	-	-	6,000
YDU 13	146	24	201	195	199	8	36	300	181	220	144	188	1,842
YDU 14	-	-	-	-	-	-	-	-	-	-	-	407	407
YDU 15	81	148	78	76	77	171	336	-	120	146	95	60	1,388
YDU 16	-	-	-	-	-	-	-	-	-	-	-	-	-
YDU 17	236	316	162	157	161	160	315	244	161	195	81	-	2,188
YDU 18	105	102	110	91	92	114	96	97	105	95	105	100	1,212
YDU 20	284	259	290	256	243	222	274	266	255	263	249	276	3,137
YDU 21	225	107	116	110	122	71	76	-	-	-	-	-	827
YDU 22	111	168	76	74	75	71	140	66	44	53	35	46	959
YDU 23	125	157	171	137	171	179	185	126	577	552	450	486	3,316
YDU 24	226	200	226	200	230	219	212	214	189	208	142	242	2,508
YDU 25	146	153	172	151	155	61	80	88	59	48	65	58	1,236
YDU 26	178	171	110	105	116	136	145	87	271	287	266	270	2,142
YDU 28	118	58	130	128	141	125	121	118	110	128	145	140	1,462
YDU 29	221	174	228	200	211	233	226	227	215	210	204	234	2,583
YDU 30	171	66	171	150	154	76	99	105	54	23	-	-	1,069
YDU 31	108	128	129	117	112	120	113	128	117	122	112	124	1,430
YDU 32	166	179	127	112	115	76	99	105	40	48	47	48	1,162
YDU 33	98	84	47	42	43	25	32	140	57	69	67	70	774
YDU 34	142	113	159	147	142	148	188	184	153	154	140	157	1,827
YDU 36	433	285	336	305	347	297	274	251	276	296	360	384	3,844
YDU 37	272	246	233	211	233	176	162	171	150	162	196	209	2,421
YDU 38	384	310	358	325	318	309	280	334	297	308	322	340	3,885
YD 3 FED 01	-	-	-	-	-	-	-	-	-	-	-	-	-
YD 3 FED 02	328	200	296	212	329	192	198	139	190	213	139	114	2,550
YD 3 FED 04	295	201	135	274	-	217	267	231	46	51	9	20	1,746
YD 3 FED 05	401	198	244	175	263	166	171	120	387	433	285	232	3,075
YD 4 FED 02	204	242	188	156	-	100	183	79	123	130	120	122	1,647
YD 4 FED 03	252	223	232	230	77	210	226	239	226	256	242	282	2,695
	8,341	6,969	7,738	7,140	6,929	6,347	6,937	6,610	7,001	6,826	6,157	6,868	83,863

YOUNG DEEP UNIT 2005 ANNUAL GAS PRODUCTION

	Y	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
YDU 01	9	2,680	2,303	2,680	2,565	2,561	2,142	1,980	2,423	2,410	2,336	1,983	2,567	28,630
YDU 02	9	-	-	-	-	-	-	-	-	-	-	-	-	-
YDU 04	9	37	56	276	254	282	53	58	-	86	102	57	87	1,348
YDU 05	9	-	-	-	-	-	-	-	-	-	-	-	-	-
YDU 06	9	640	669	579	569	704	675	818	575	464	479	277	477	6,916
YDU 07	9	114	-	-	-	-	-	-	-	-	-	-	-	114
YDU 08	9	918	1,116	881	850	1,071	857	1,038	750	1,143	1,181	882	1,173	11,660
YDU 09	9	126	133	453	437	160	110	115	450	133	133	79	133	2,462
YDU 10	9	393	38	226	219	80	55	58	225	67	67	40	66	1,534
YDU 11	9	753	794	858	820	878	736	807	-	808	963	532	817	8,764
YDU 12	9	2,278	2,044	2,406	2,239	2,368	2,113	2,481	2,474	2,233	2,005	260	673	23,564
YDU 13	9	710	385	644	614	668	433	1,094	-	1,072	1,283	708	1,088	8,689
YDU 14	9	-	-	-	-	-	-	-	-	-	-	-	265	265
YDU 15	9	898	455	398	380	407	223	245	-	333	398	220	163	4,120
YDU 16	9	-	-	-	-	-	-	-	-	-	-	-	-	-
YDU 17	9	411	745	613	585	627	578	634	-	-	-	-	-	4,193
YDU 18	9	240	196	170	169	115	106	132	108	148	156	205	186	1,931
YDU 20	9	513	478	480	473	522	582	496	563	419	556	366	456	5,904
YDU 21	9	941	677	981	946	1,194	756	917	675	667	688	397	663	9,502
YDU 22	9	462	560	490	468	502	606	663	3,319	892	1,066	598	904	10,519
YDU 23	9	419	374	450	418	501	427	459	324	962	1,177	711	1,075	7,297
YDU 24	9	391	345	409	390	464	445	510	519	477	449	221	453	5,073
YDU 25	9	1,376	1,237	1,366	1,595	1,646	1,185	1,455	1,515	1,267	1,154	849	1,083	15,728
YDU 26	9	231	191	453	437	551	204	248	275	445	459	265	457	4,216
YDU 28	9	187	78	221	209	216	158	152	144	137	158	221	217	2,098
YDU 29	9	326	228	286	319	302	347	335	333	312	266	211	236	3,501
YDU 30	9	1,683	1,513	1,671	1,725	1,779	1,280	1,207	1,258	1,051	957	-	-	14,124
YDU 31	9	193	172	163	150	110	80	58	63	61	48	58	66	1,222
YDU 32	9	1,356	1,219	1,347	1,250	1,280	928	1,207	1,258	1,051	957	770	1,205	13,838
YDU 33	9	958	861	952	517	533	384	804	839	700	639	960	1,503	9,650
YDU 34	9	209	172	202	152	105	80	183	199	147	124	131	150	1,854
YDU 36	9	1,035	827	954	1,100	1,182	929	954	906	766	869	592	879	10,993
YDU 37	9	1,385	1,225	1,412	1,218	1,308	1,029	1,341	1,274	1,076	1,222	833	1,237	14,560
YDU 38	9	3,197	2,704	3,019	2,895	2,841	2,442	2,706	2,735	2,489	2,525	1,752	2,607	31,912
YD 3 FED 01	9	-	-	-	-	-	-	-	-	-	-	-	-	-
YD 3 FED 02	9	212	246	591	470	699	387	490	381	862	912	421	675	6,346
YD 3 FED 04	9	111	239	129	280	-	216	328	314	116	12	1	17	1,656
YD 3 FED 05	9	989	306	305	243	349	217	273	212	188	198	91	147	3,518
YD 4 FED 02	9	1,105	1,100	931	779	-	428	888	924	919	948	547	944	9,514
YD 4 FED 03	9	1,426	1,252	1,394	1,461	926	1,227	1,536	1,562	1,356	1,379	969	1,425	15,903
TOTALS	9	28,903	24,938	28,390	27,196	26,921	22,418	26,668	26,597	25,150	25,866	15,987	24,084	303,118

YOUNG DEEP UNIT 2005 ANNUAL WATER PRODUCTION

	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
YDU 01	124	215	189	159	120	164	40	134	113	74	123	143	1588
YDU 02	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 04	465	441	1678	1186	1637	1676	1679	1146	1047	1271	3205	1458	16869
YDU 06	24428	24059	18745	15134	14595	26602	26289	16929	26675	33592	27543	26160	280751
YDU 08	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 09	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 10	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 11	0	113	49	36	48	103	103	420	150	182	458	208	1870
YDU 12	20	1	13	0	0	0	26	95	27	0	0	0	182
YDU 13	106	113	158	115	154	13	29	34	66	81	203	93	1165
YDU 14	0	0	0	0	0	0	0	0	0	0	0	0	315
YDU 16	41	79	54	39	53	52	52	114	33	40	102	22	681
YDU 17	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 18	166	465	154	113	150	184	184	76	68	81	129	0	1768
YDU 20	81	33	72	78	27	9	12	87	54	81	15	69	618
YDU 21	56	36	63	50	19	43	30	47	44	36	27	24	475
YDU 22	2132	1618	1785	1723	995	1592	1418	2303	1703	3871	1750	1887	22777
YDU 23	0	0	0	0	0	29	29	0	40	48	122	56	324
YDU 24	0	0	0	15	0	0	174	723	1174	585	427	478	3576
YDU 26	27	8	22	26	21	24	21	19	26	26	21	22	263
YDU 28	0	0	0	0	0	0	0	0	0	0	0	0	0
YDU 29	247	2509	321	39	342	341	330	304	284	409	415	397	5938
YDU 30	0	97	12	99	28	36	30	42	18	84	27	78	551
YDU 31	0	1	0	0	0	0	0	0	0	0	0	0	1
YDU 32	0	0	0	0	0	0	0	4	21	20	28	21	94
YDU 33	0	0	0	0	15	27	22	2	4	50	13	7	144
YDU 34	2	2	0	0	15	0	0	0	0	0	0	0	11978
YDU 36	655	600	761	955	1256	1642	1665	206	1515	1145	833	745	11978
YDU 37	0	0	0	0	0	0	0	0	15	9	21	12	57
YDU 38	9	18	12	0	25	15	18	39	0	0	0	0	136
YDU 39	0	0	0	0	0	0	0	0	8	9	6	6	29
YD3 FED 01	11571	10818	8341	7237	9283	17234	17505	16929	16033	16638	13520	12442	157651
YD3 FED 02	4844	7759	4022	4413	5758	9393	10790	10389	0	0	0	0	57368
YD3 FED 04	1858	818	383	1214	0	1009	1391	1681	12165	12527	7153	8306	48495
YD3 FED 06	101	14	12	14	17	14	16	15	17	17	37	15	289
YD4 FED 02	0	0	0	0	0	0	0	0	0	0	0	0	0
YD4 FED 03	51	21	0	57	12	48	18	111	6	60	30	45	459
TOTALS	47857	51075	38085	33887	35202	61135	62657	52609	62050	72626	56975	53861	628019

Well Name	API #	Unit - Sec - Twp - R	Qtr Qtr	Footage	Remarks
Young Dp Unit #01	30-025-26640	D-10-18S-32E	NW NW	660' FNL & 660' FWL	
Young Dp Unit #02	30-025-27121	C-10-18S-32E	NE NW	660' FNL & 1980' FWL	P&A 8/17/2005
Young Dp Unit #03	30-025-27229	G-10-18S-32E	SW NE	1980' FNL & 1980' FEL	P&A 12/04/1984
Young Dp Unit #04	30-025-27300	H-09-18S-32E	SE NE	1980' FNL & 660' FEL	
Young Dp Unit #05	30-025-27336	B-10-18S-32E	NW NE	660' FNL & 1980' FEL	Injection Well
Young Dp Unit #06	30-025-27477	N-03-18S-32E	SE SW	660' FSL & 1980' FWL	
Young Dp Unit #07	30-025-27547	M-03-18S-32E	SW SW	660' FSL & 660' FWL	
Young Dp Unit #08	30-025-27535	A-09-18S-32E	NE NE	660' FNL & 860' FEL	
Young Dp Unit #09	30-025-28400	L-03-18S-32E	NW SW	1980' FSL & 660' FWL	
Young Dp Unit #10	30-025-28473	K-03-18S-32E	NE SW	2080' FSL & 1980' FWL	
Young Dp Unit #11	30-025-28793	F-09-18S-32E	SE NW	1650' FNL & 1980' FWL	
Young Dp Unit #12	30-025-30866	I-04-18S-32E	NE SE	1650' FSL & 330' FEL	
Young Dp Unit #13	30-025-28966	C-09-18S-32E	NE NW	660' FNL & 1980' FWL	
Young Dp Unit #14	30-025-29015	B-09-18S-32E	NW NE	660' FNL & 1980' FEL	P&A 1/24/2004, Reentered & drilled horiz.
Young Dp Unit #15	30-025-29046	G-09-18S-32E	SW NE	1650' FNL & 1980' FEL	
Young Dp Unit #16	30-025-29047	E-09-18S-32E	SW NW	1980' FNL & 660' FWL	Injection Well - Temporarily Abandoned
Young Dp Unit #17	30-025-29060	D-09-18S-32E	NW NW	660' FNL & 660' FWL	
Young Dp Unit #18	30-025-31359	K-09-18S-32E	NE SW	1980' FSL & 1980' FWL	
Young Dp Unit #19	30-025-29278	B-9-18S-32E	NW NE	330' FNL & 1980' FEL	Dry Hole
Young Dp Unit #20	30-025-30866	I-04-18S-32E	NW SW	2310' FSL & 660' FWL	
Young Dp Unit #21	30-025-32288	K-03-18S-32E	NE SW	1330' FSL & 1330' FWL	
Young Dp Unit #22	30-025-29253	M-04-18S-32E	SW SW	660' FSL & 660' FWL	
Young Dp Unit #23	30-025-29686	J-09-18S-32E	NW SE	2310' FSL & 1980' FEL	
Young Dp Unit #24	30-025-30783	E-10-18S-32E	SW NW	1650' FNL & 660' FWL	
Young Dp Unit #25	30-025-33173	D-10-18S-32E	NW NW	100' FNL & 310' FWL	
Young Dp Unit #26	30-025-30952	F-10-18S-32E	SE NW	1650' FNL & 1650' FWL	
Young Dp Unit #27	30-025-30976	J-04-18S-32E	NW SE	1650' FSL & 1650' FEL	P&A 12/15/1993
Young Dp Unit #28	30-025-31048	P-09-18S-32E	SE SE	330' FSL & 990' FEL	
Young Dp Unit #29	30-025-31289	K-10-18S-32E	NE SW	2310' FSL & 1650' FWL	
Young Dp Unit #30	30-025-33174	C-10-18S-32E	NE NW	100' FNL & 1330' FWL	
Young Dp Unit #31	30-025-31093	I-09-18S-32E	NE SW	1980' FSL & 660' FEL	
Young Dp Unit #32	30-025-33315	C-10-18S-32E	NE NW	990' FNL & 1650' FWL	
Young Dp Unit #33	30-025-33662	M-03-18S-32E	SW SW	1310' FSL & 250' FWL	
Young Dp Unit #34	30-025-31467	O-09-18S-32E	SW SE	330' FSL & 1915' FEL	
Young Dp Unit #35	30-025-31596	N-09-18S-32E	SE SW	330' FSL & 2310' FWL	P&A 6/12/1992
Young Dp Unit #36	30-025-33642	A-09-18S-32E	NE NE	70' FNL & 1310' FEL	

Young Dp Unit #37	30-025-33643	B-09-18S-32E	NW NE	70' FNL & 2630' FEL		
Young Dp Unit #38	30-025-33864	B-10-18S-32E	NW NE	100' FNL & 2310' FEL		
Young Dp Unit 3 Fed #1	30-025-27369	O-03-18S-32E	SW SE	660' FSL & 1980' FEL	Injection Well	
Young Dp Unit 3 Fed #2	30-025-28907	P-03-18S-32E	SE SE	660' FSL & 660' FEL		
Young Dp Unit 3 Fed #3	30-025-27534	J-03-18S-32E	NW SE	1980' FSL & 1980' FEL	P&A 8/6/1993	
Young Dp Unit 3 Fed #4	30-025-28481	O-03-18S-32E	SW SE	1200' FSL & 1650' FEL		
Young Dp Unit 3 Fed #5	30-025-28718	I-03-18S-32E	NE SE	1980' FSL & 1650' FEL		
Young Dp Unit 4 Fed #1	30-025-26813	O-04-18S-32E	SW SE	660' FSL & 1980' FEL	P&A 8/8/1996	
Young Dp Unit 4 Fed #2	30-025-27679	P-04-18S-32E	SE SE	660' FSL & 660' FEL		
Young Dp Unit 4 Fed #3	30-025-29268	N-04-18S-32E	SE SW	660' FSL & 1980' FWL		

**WELLS DISBURSED
SEPARATELY**

#01 - Wolfcamp
 #07 - Non-consent
 #12
 #14
 #18 - Non-consent
 #20 - Non-consent
 #23 - Non-consent
 #24 - Non-consent
 #25
 #28 - Delaware
 #29 - Non-consent
 #30 - Non-consent
 #31 - Non-consent
 #32 - Non-consent
 #33 - Non-consent
 #34 - Delaware
 #35
 #36 - Non-consent
 #37 - Non-consent
 #38

**WELLS GOING TO
BATTERY NO. 1**

#6 **
 #7 **
 #8 **
 #9
 #10
 #21
 #26 **
 4 FED #2 **

** Note: these wells
 are in the battery, but
 disbursed on individual
 decks.

**WELLS GOING TO
BATTERY NO. 11**

#4, #11, #13,
 #15, #17 & #22

PARTICIPATING AREAS

WOLFCAMP:

Young Deep Unit #1

**WELLS GOING TO THE
3 FEDERAL 1 BATTERY**

3 FED #2, 3 FED #4 &
 3 FED #5

DELAWARE:

Young Deep Unit #28
 Young Deep Unit #34

**WELLS GOING TO THE
25/30 BATTERY**

#25, #30, #32 & #33

BONE SPRING:

All other Young Deep Unit wells

WELLS IN THE #36 BATTERY

#36 & #37

**WELLS GOING TO THE
4 FEDERAL 1 BATTERY**

4 FED #3