

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 South First Street, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
Pools
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15,2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved

EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING
AMENDED

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

Operator Address
Delhagen BAJ Com 1 C 6 10S 25E Chaves

Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 025575 Property Code API No. 30-005-63508 Lease Type: Federal State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Pecos Slope Abo		Wildcat Wolfcamp
Pool Code			
Top and Bottom of PaySection (Perforated or Open-Hole Interval)	3460-3770'		4646-4660'
Method of Production (Flowing or Artificial Lift)	Flowing		
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1050 psia	RECEIVED AUG 16 2004	1599 psia
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1019.8 btu/set	OCD-ARTESIA	987.3 btu/set
Producing, Shut-In or New Zone	New Zone		New Zone-Shut In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 6/30/04 Rate: 200 mcf/d 0 bopd 1 bwpd		Date: 9/22/04 Rate: 588 mcf/d 0 bopd 1 bwpd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % 67%	Oil Gas % %	Oil Gas % 33%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☐ No ☒
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☒ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☐ No ☐

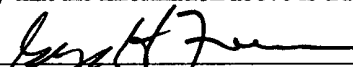
NMOCD Reference Case No. applicable to this well: _____
Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:
List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE Reservoir Engineer DATE : 8/2/04
TYPE OR PRINT NAME George Freeman TELEPHONE NO. (505)-748-4211

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

August 2, 2004

Mr. William V. Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
AUG 16 2004
OCC-ARTESIA

Re: Delhagen BAJ Com. #1 Downhole Commingling Application

Dear Mr. Jones,

In response to your letter dated July 1, 2004, the ultimate gas production was estimated based on decline curve analysis for the Abo and Wolfcamp formations in the Delhagen BAJ Com. #1. The results are 441 MMscf for the Abo and 220 MMscf for the Wolfcamp. No significant condensate production is expected. When the gross heating value of the gas is taken into account, the proportion of the gas value is 67% Abo and 33% Wolfcamp. This division between the two zones is different than the one proposed for the initial application for downhole commingling. An amended C-107A is attached which incorporates these new estimates.

A decline curve forecast was made for the Abo formation based on six months of production data from the Delhagen BAJ Com. #1 well, and extended by a normalized decline curve derived from production data for twenty nearby Abo producing wells. This normalized decline curve was hyperbolic with 1.35 exponent and 40% initial decline rate and 8% minimum decline rate, converting to an exponential curve with 8% decline rate. A plot of the Abo production forecast is shown on Figure 1, and tabular output from the OGRE economics program is shown on Tables 1 and 2.

A decline curve forecast was also made for the Wolfcamp formation based on a single day production test of the Delhagen BAJ Com. #1, and a normalized decline curve derived from production data for twenty-two Wolfcamp producing wells in the west half of townships T9S and T10S, R26E. This was the nearest significant Wolfcamp production to the well of interest. The normalized decline curve was hyperbolic with 0.135 exponent, 68 % initial decline and 45% final decline reached after 6 years. A plot of the Wolfcamp production forecast is shown on Figure 2, and tabular output from the OGRE economics program is shown on Tables 3 and 4.

Table 5 shows estimated reservoir properties and drainage areas for both formations. Table 6 shows measured reservoir pressures.

Figures 3 and 4 show the normalized decline curves for the Abo and Wolfcamp formations, respectively. Table 7 lists statistics on Abo and Wolfcamp production from wells in the nearest 25 sections to Delhagen BAJ Com. #1. Since all of the Wolfcamp production is commingled in these wells, Table 8 lists statistics on Wolfcamp production from wells in the west half of townships T9S and T10S, R26E.

Figures 5 through 10 show the geologist's mapped extent of the Abo and Wolfcamp sands.

Tables 9 and 10 show compositional analyses of Abo and Wolfcamp gas samples.

Table 11 shows a chronological record of the completion and testing of the Wolfcamp formation during September 16-24, 2003.

If you have questions or need additional information please call me at (505) 748-4211.

Sincerely,

A handwritten signature in black ink, appearing to read "George Freeman", with a long, sweeping horizontal line extending to the right.

George Freeman
Reservoir Engineering Supervisor
Yates Petroleum Corporation

Attachments

August 2, 2004

Mr. William V. Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
AUG 16 2004
OCD-ARTESIA

Re: Delhagen BAJ Com. #1 Downhole Commingling Application

Dear Mr. Jones,

In response to your letter dated July 1, 2004, the ultimate gas production was estimated based on decline curve analysis for the Abo and Wolfcamp formations in the Delhagen BAJ Com. #1. The results are 441 MMscf for the Abo and 220 MMscf for the Wolfcamp. No significant condensate production is expected. When the gross heating value of the gas is taken into account, the proportion of the gas value is 67% Abo and 33% Wolfcamp. An amended C-107A is attached which incorporates these new estimates.

A decline curve forecast was made for the Abo formation based on six months of production data from the Delhagen BAJ Com. #1 well, and extended by a normalized decline curve derived from production data for twenty nearby Abo producing wells. This normalized decline curve was hyperbolic with 1.35 exponent and 40% initial decline rate and 8% minimum decline rate, converting to an exponential curve with 8% decline rate. A plot of the Abo production forecast is shown on Figure 1, and tabular output from the OGRE economics program is shown on Tables 1 and 2.

A decline curve forecast was also made for the Wolfcamp formation based on a single day production test of the Delhagen BAJ Com. #1, and a normalized decline curve derived from production data for twenty-two Wolfcamp producing wells in the west half of townships T9S and T10S, R26E. This was the nearest significant Wolfcamp production to the well of interest. The normalized decline curve was hyperbolic with 0.135 exponent, 68 % initial decline and 45% final decline reached after 6 years. A plot of the Wolfcamp production forecast is shown on Figure 2, and tabular output from the OGRE economics program is shown on Tables 3 and 4.

Table 5 shows estimated reservoir properties and drainage areas for both formations. Table 6 shows measured reservoir pressures.

Figures 3 and 4 show the normalized decline curves for the Abo and Wolfcamp formations, respectively. Table 7 lists statistics on Abo and Wolfcamp production from

wells in the nearest 25 sections to Delhagen BAJ Com. #1. Since all of the Wolfcamp production is commingled in these wells, Table 8 lists statistics on Wolfcamp production from wells in the west half of townships T9S and T10S, R26E.

Figures 5 through 10 show the geologist's mapped extent of the Abo and Wolfcamp sands.

Tables 9 and 10 show compositional analyses of Abo and Wolfcamp gas samples.

Table 11 shows a chronological record of the completion and testing of the Wolfcamp formation during September 16-24, 2003.

If you have questions or need additional information please call me at (505) 748-4211.

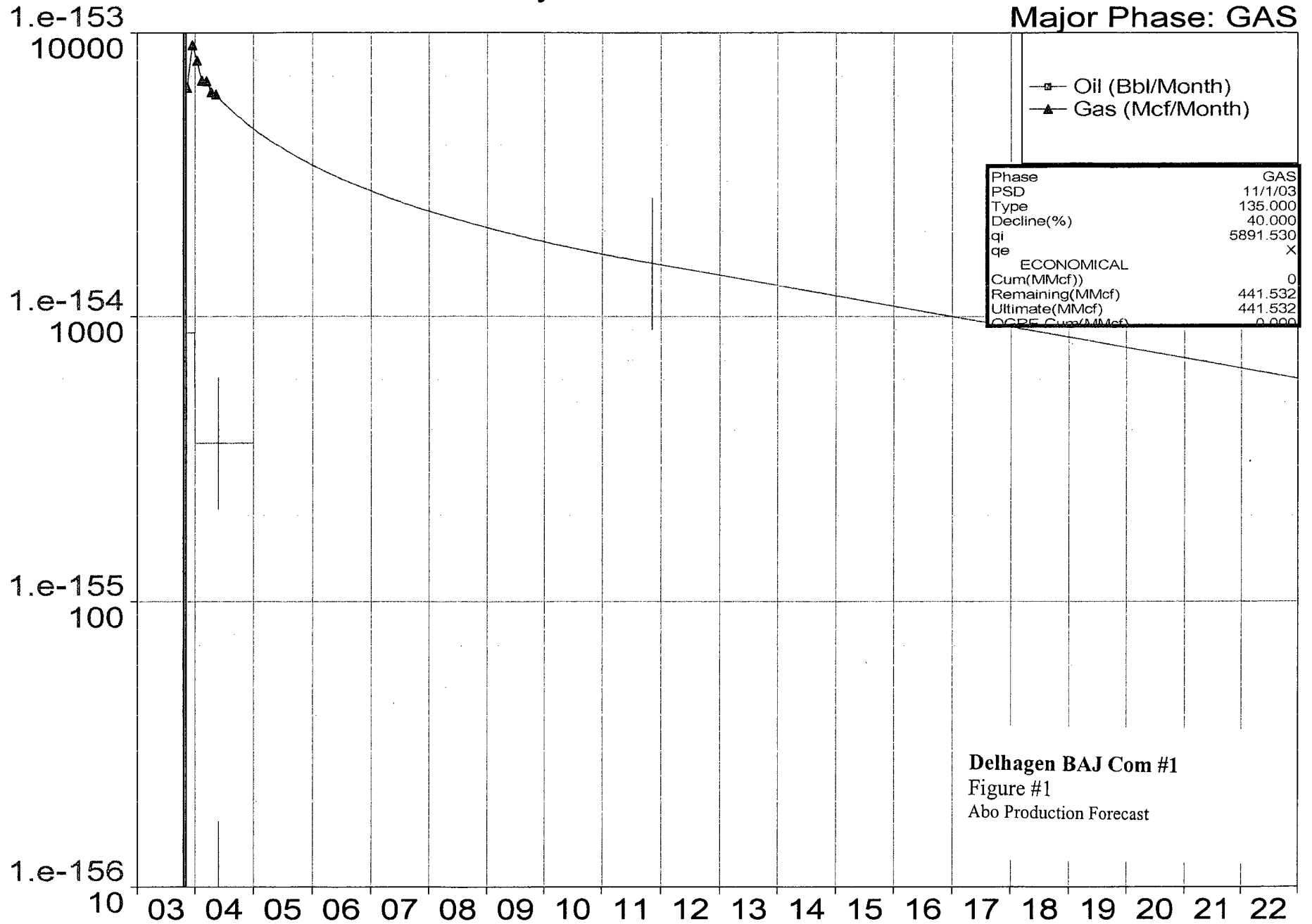
Sincerely,

George Freeman
Reservoir Engineering Supervisor
Yates Petroleum Corporation

Attachments

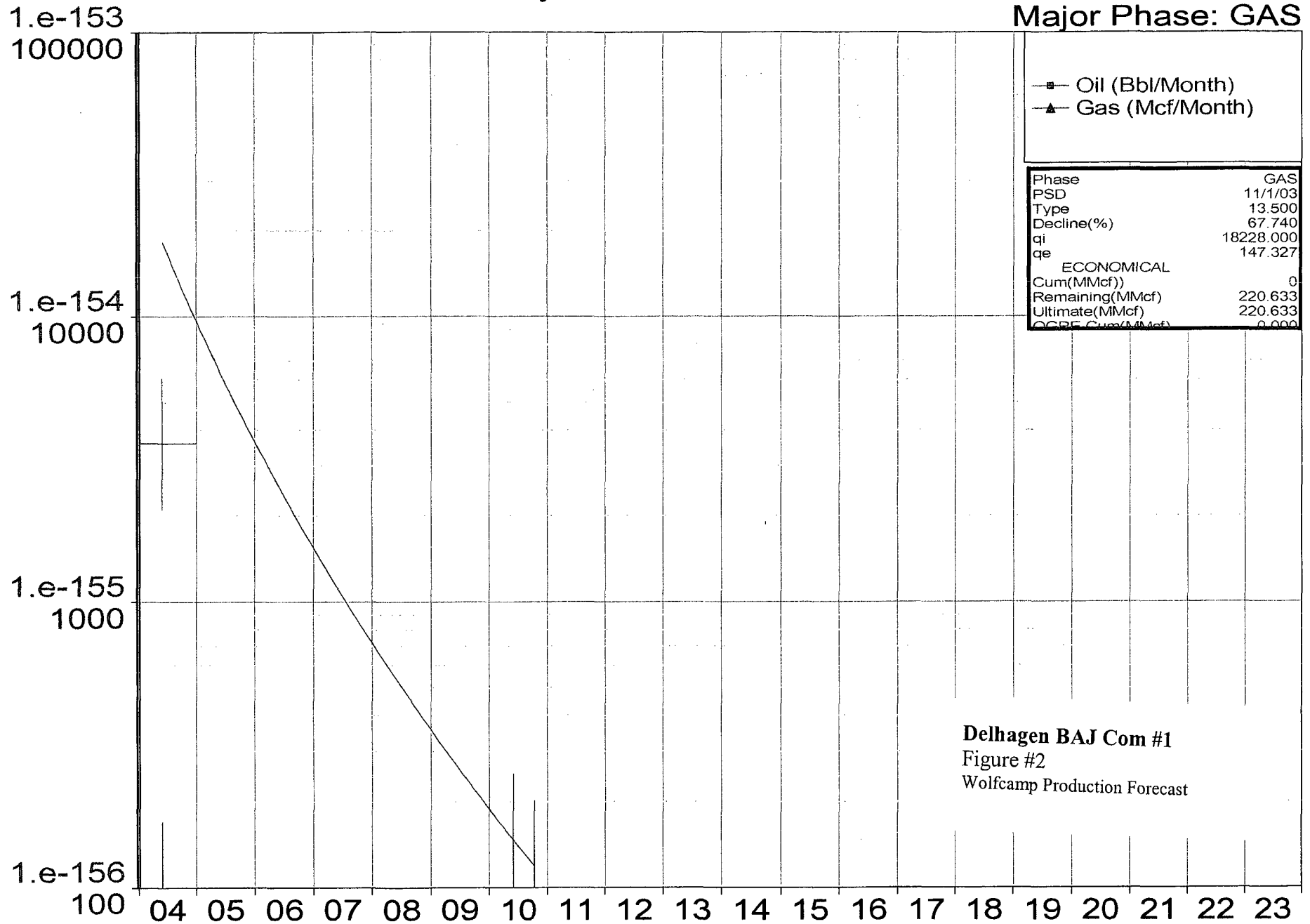
DELHAGEN BAJ COM #1

Monthly Oil and Gas Production



DELHAGEN BAJ COM #1

Monthly Oil and Gas Production



Rate/Time Graph

Project: G:\New Mexico\Well studies\Delhagen BAJ Com #1\Delhagen Powertools.MDB

Date: 7/8/2004

Time: 2:39 PM

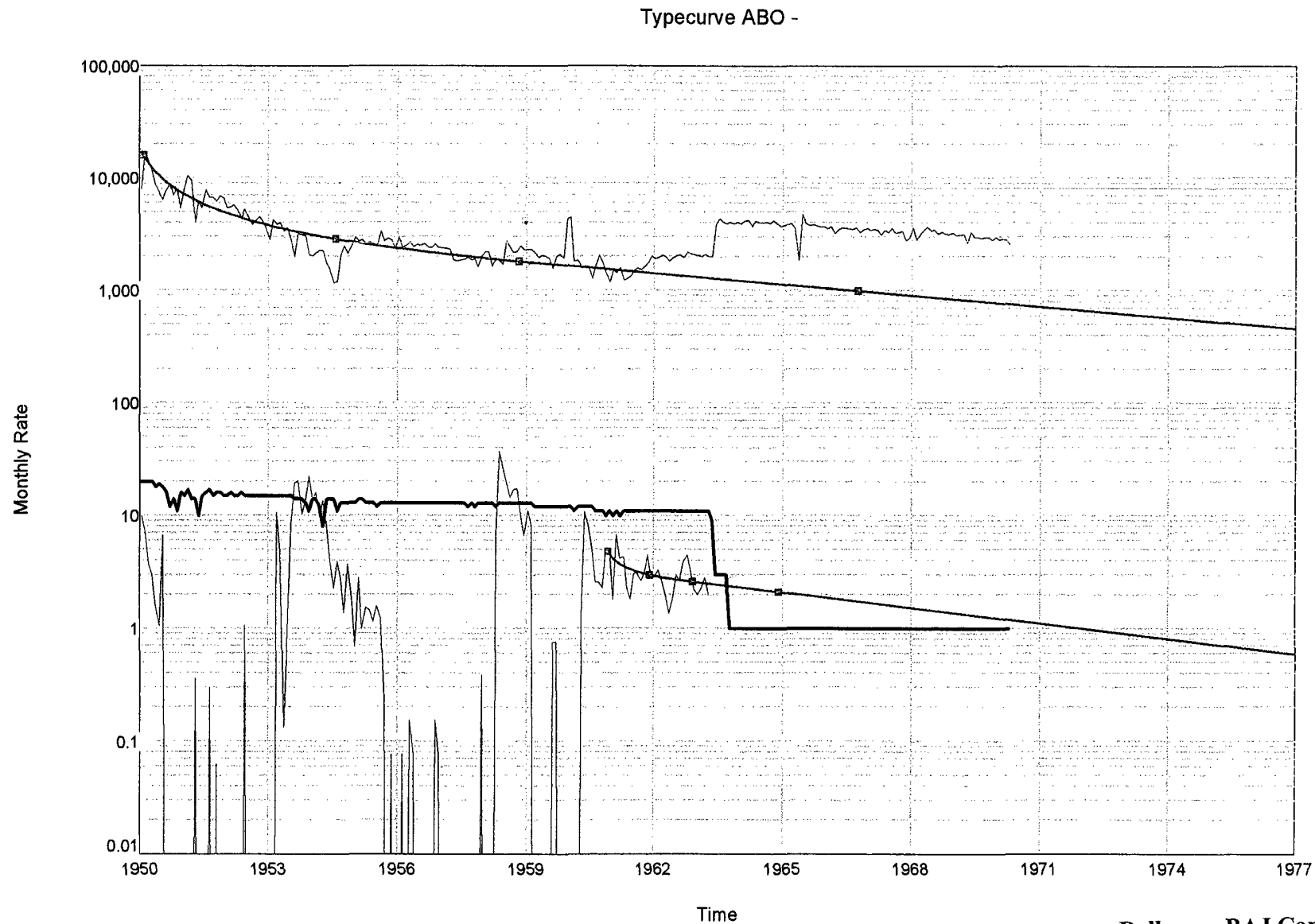
Lease Name: Typecurve ABO ()

County, ST: ,

Location: 0-0-0

Operator:

Field Name:



Delhagen BAJ Com #1

Figure #3

Abo Normalized Decline Curve

Rate/Time Graph

Project: D:\power tools\chaveswoircamp.mad

Date: 7/31/2004

Time: 4:50 PM

Lease Name: wcnorm1 (COPY) ()

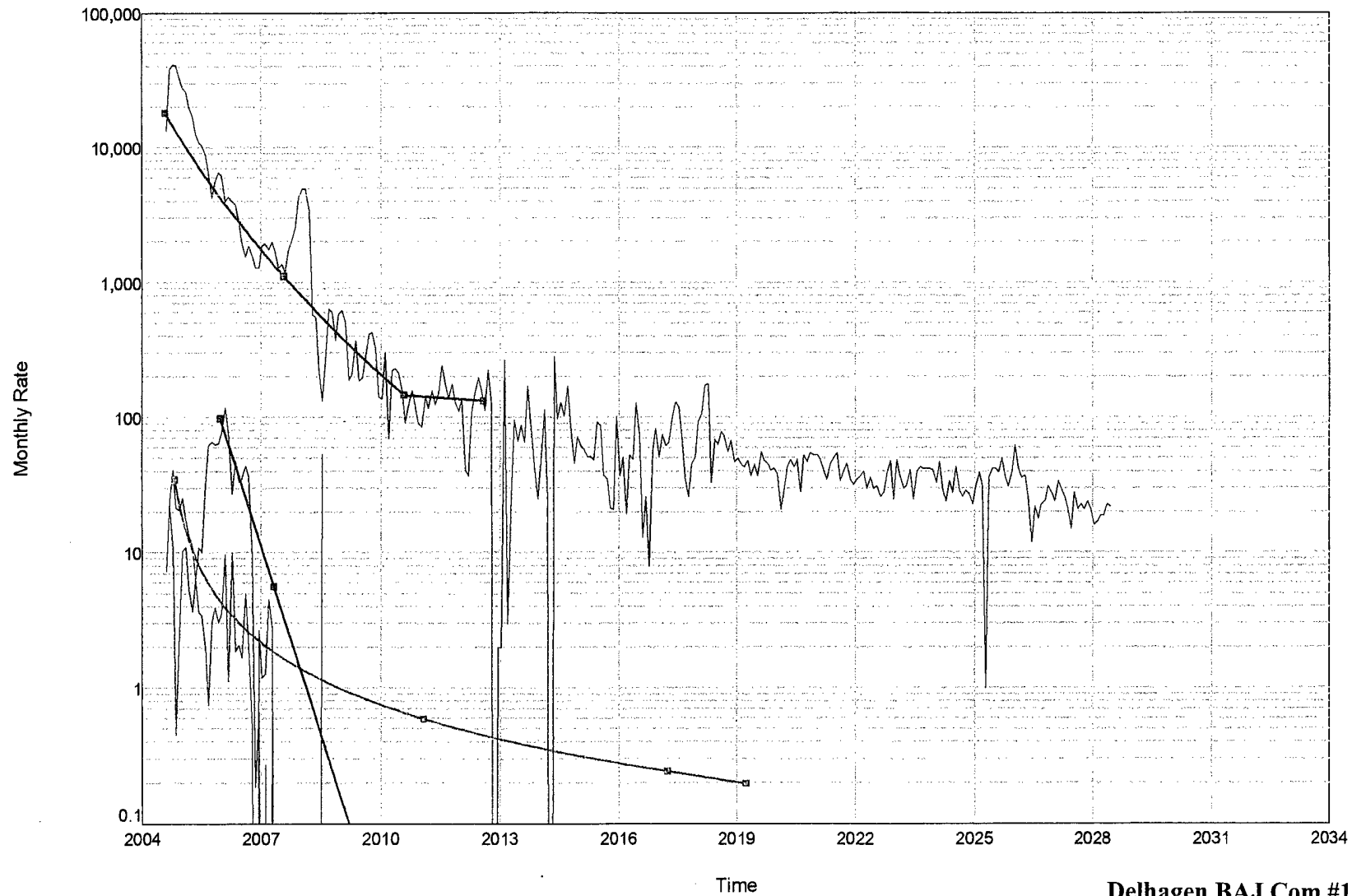
County, ST: ,

Location: 0-0-0

Operator:

Field Name:

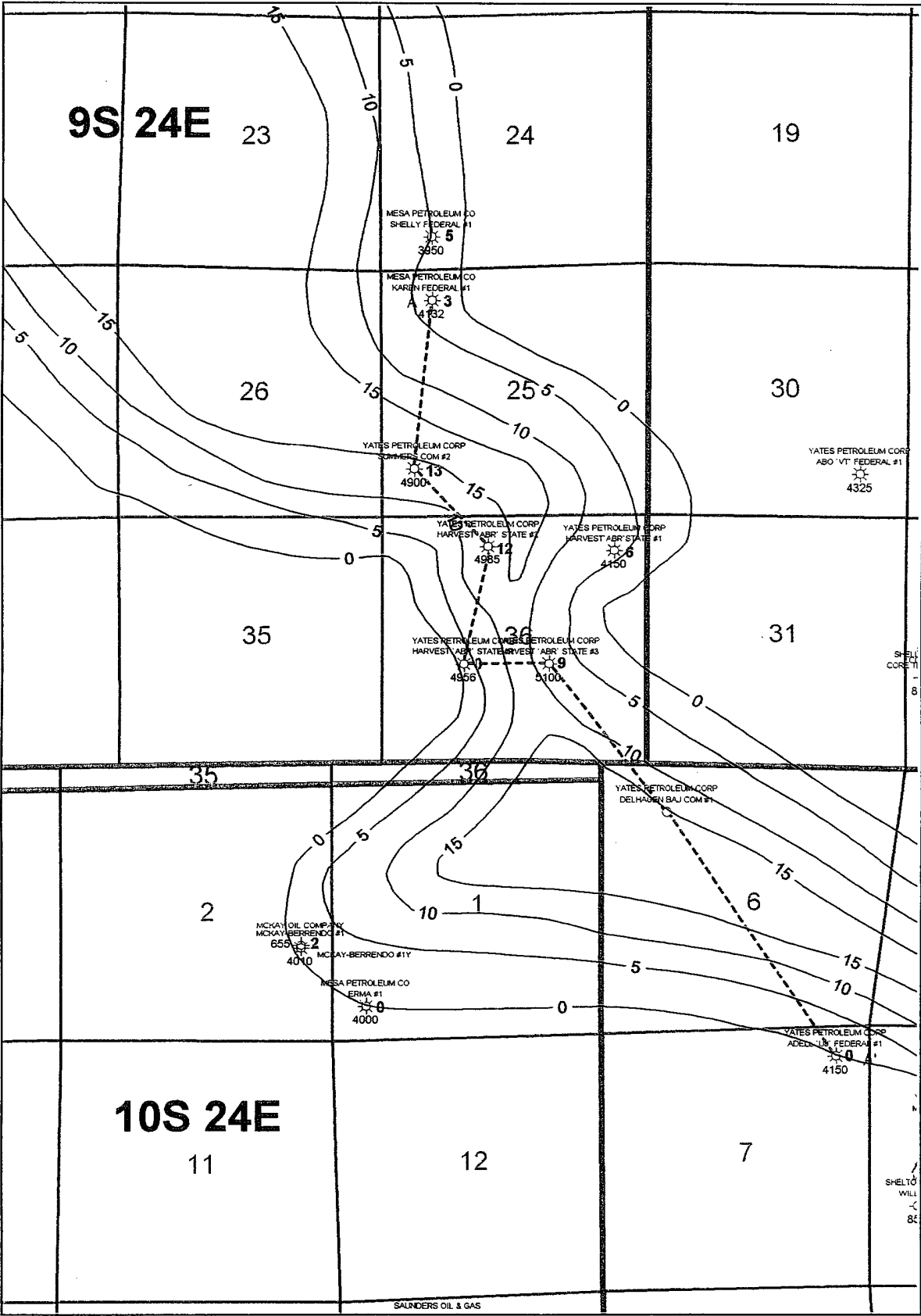
Normalized Wolfcamp Decline Curve



Delhagen BAJ Com #1

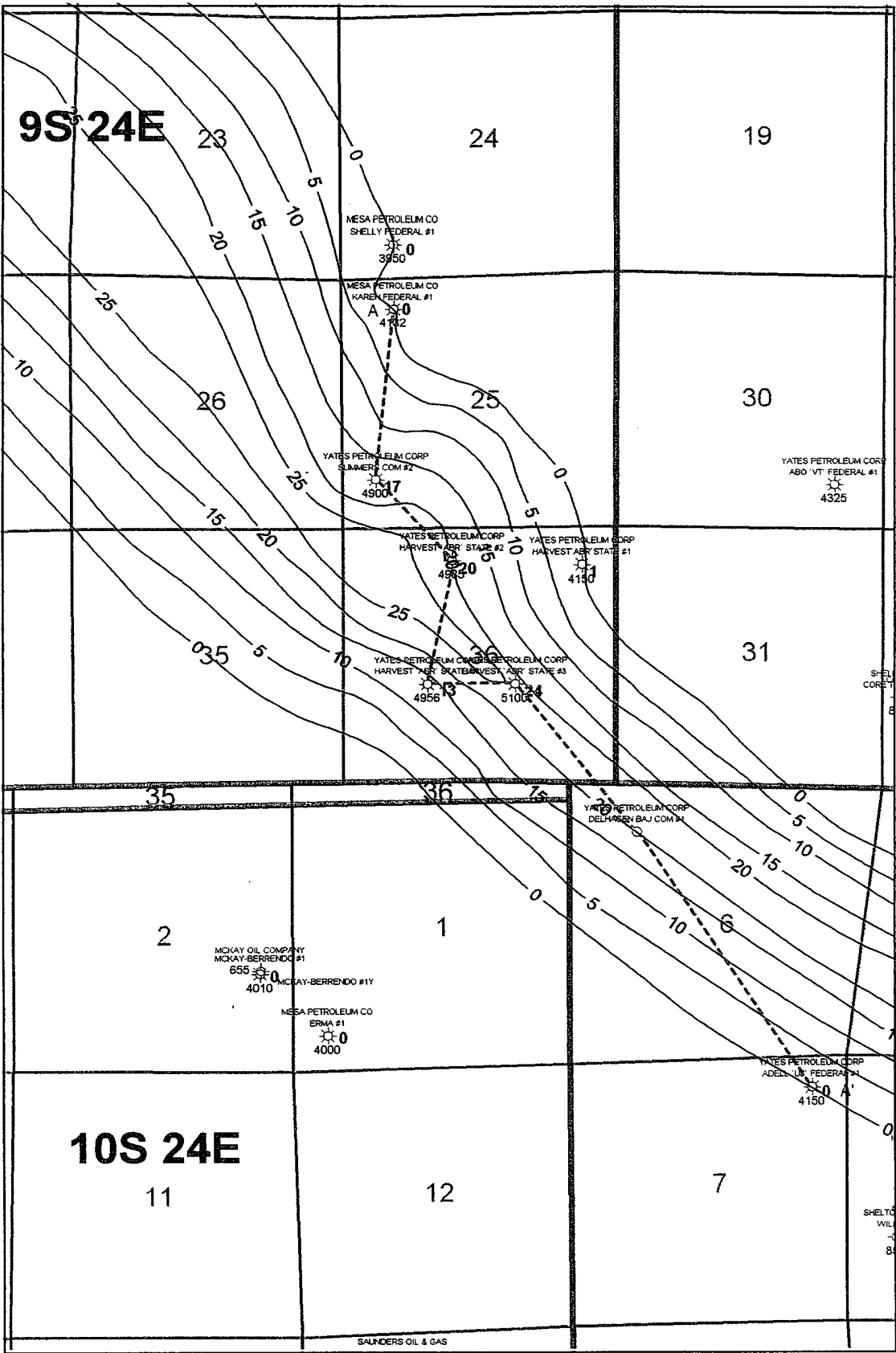
Figure #4

Wolfcamp Normalized Decline Curve



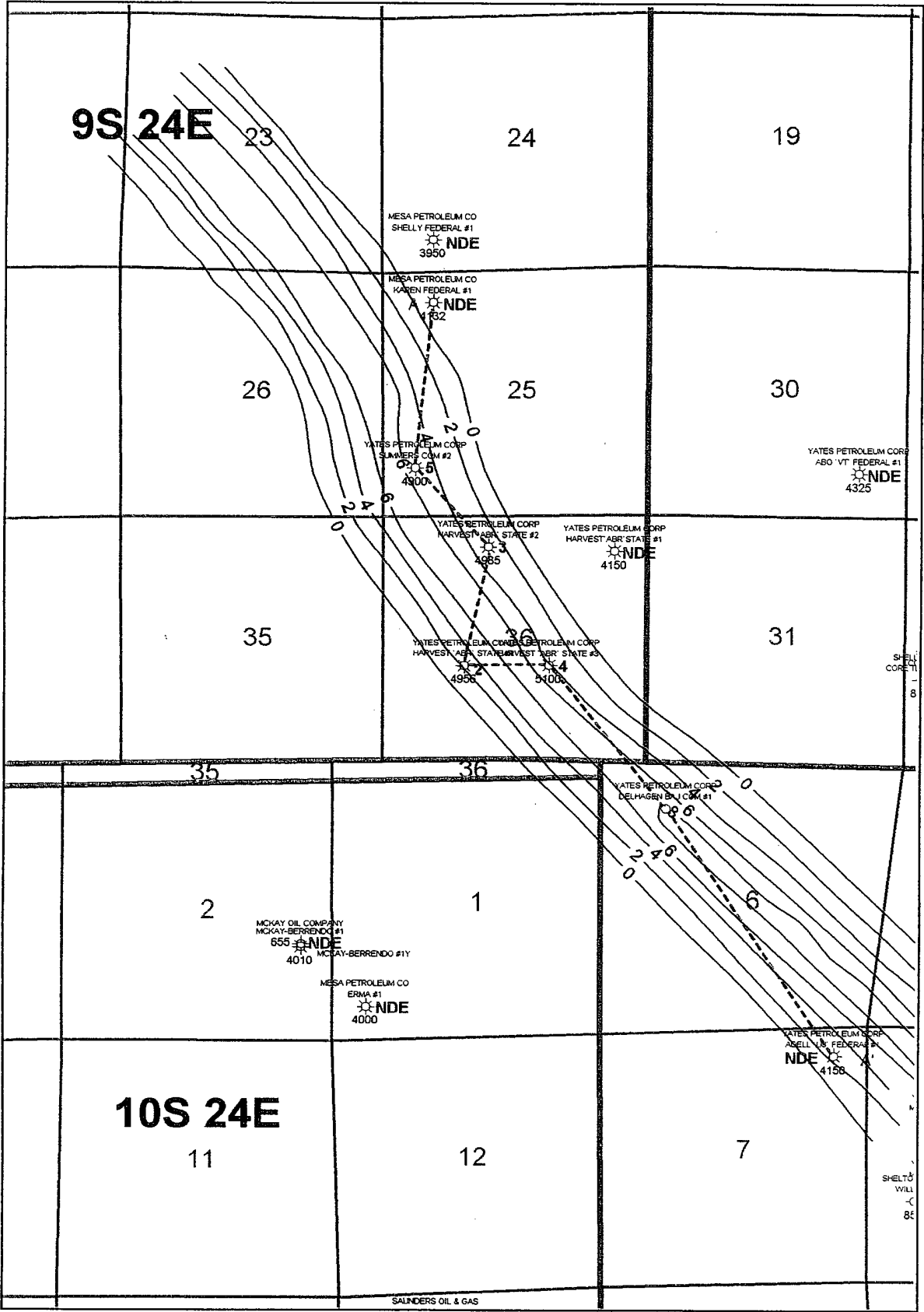
YATES PETROLEUM CORPORATION		
NET POROSITY ISOPACH ≥ 9% NEUTRON DENSITY X-OVER ABO B SAND INTERVAL CI: 5'		
Author: TIM MILLER		Date: 1 August, 2003
	Scale: 1"=3000'	DELHAGENABOB.GMP

Delhagen BAJ Com #1
Figure #6
Net Sand Isopach Abo B Sand



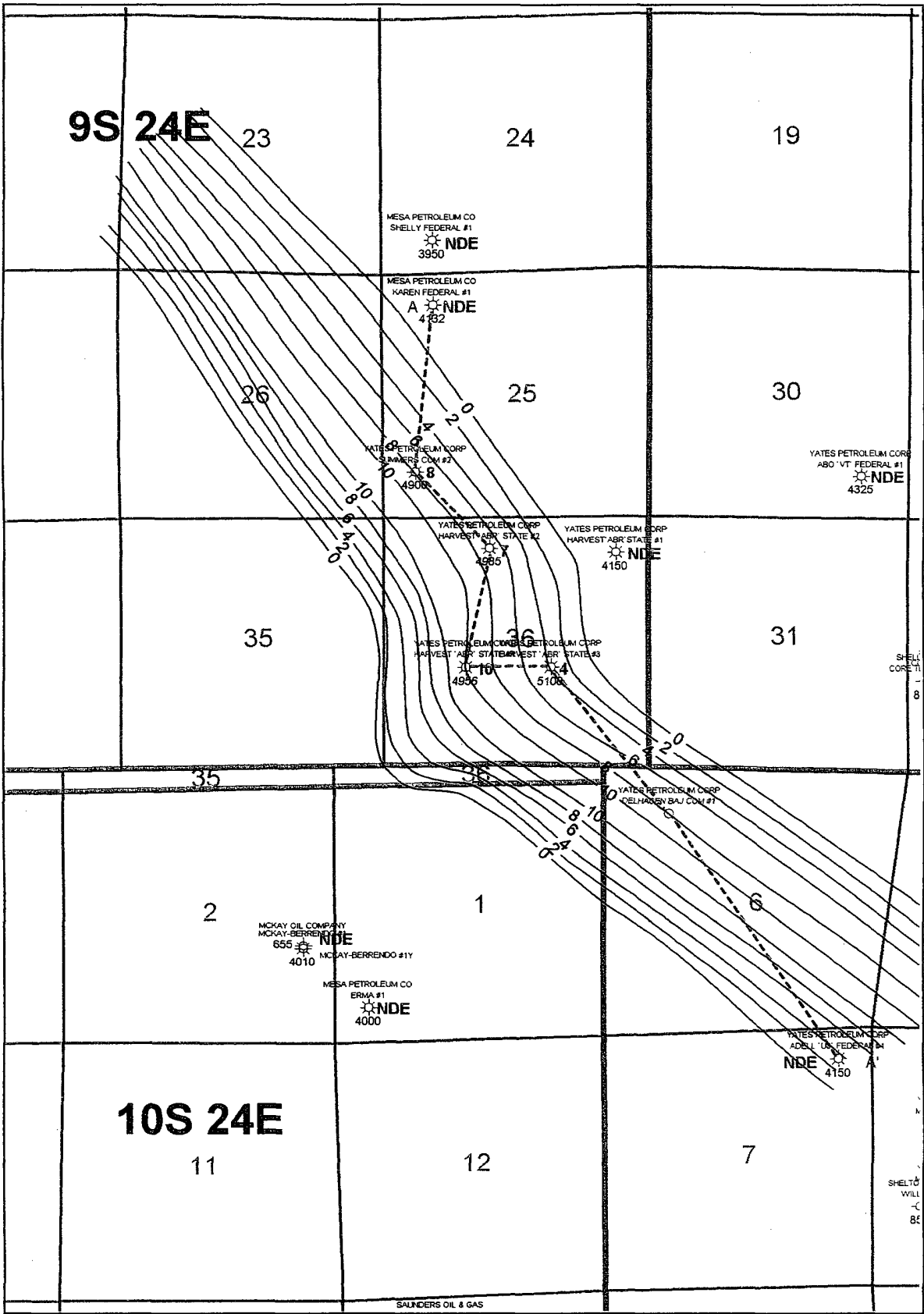
YATES PETROLEUM CORPORATION		
NET POROSITY ISOPACH ≥ 9% NEUTRON DENSITY X-OVER ABO C SAND INTERVAL CI: 5'		
Author: TIM MILLER		Date: 4 August, 2003
	Scale: 1"=3000'	DELHAGENABOC.GMP

Delhagen BAJ Com #1
Figure #7
Net Sand Isopach Abo C Sand



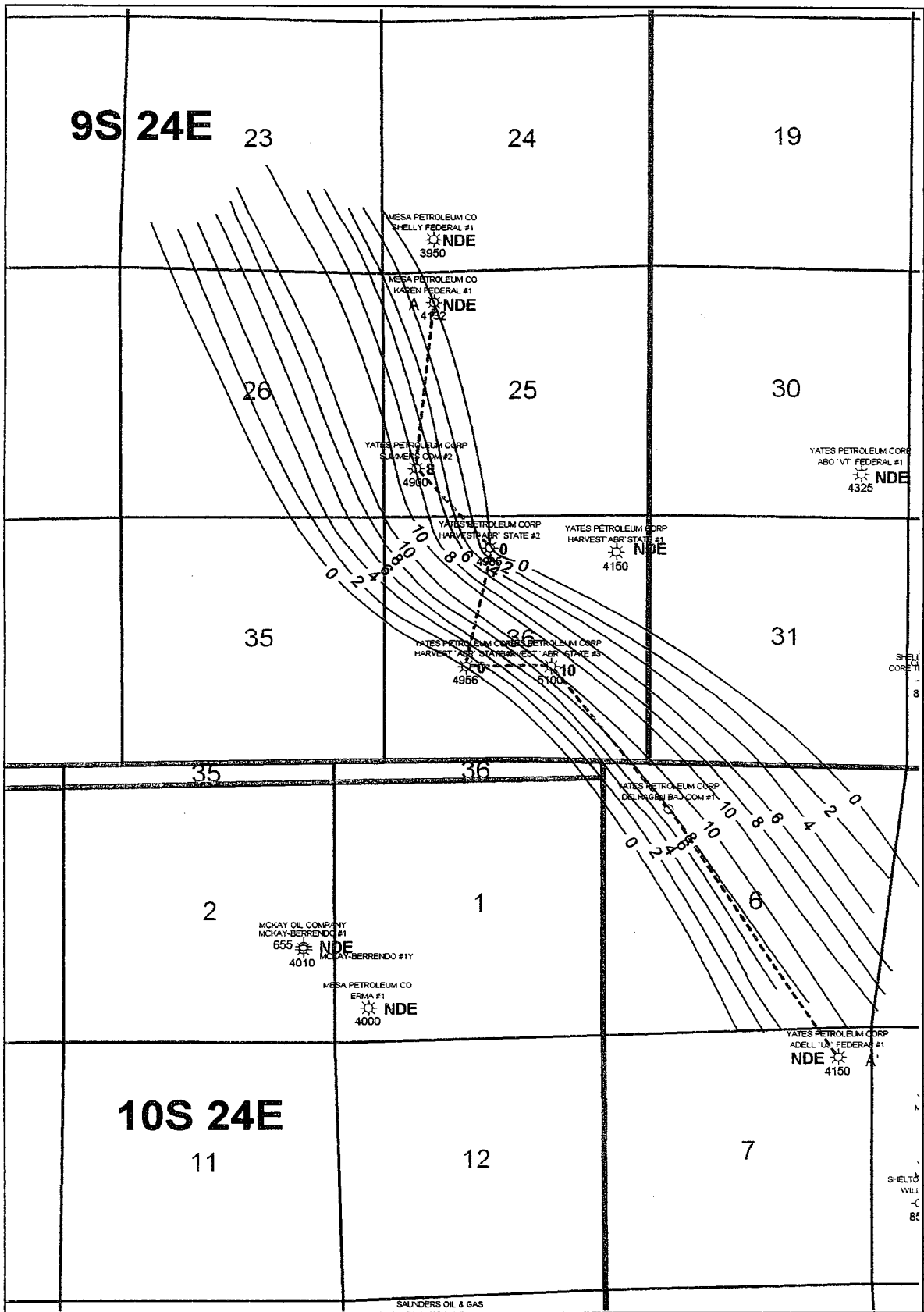
YATES PETROLEUM CORPORATION		
GROSS ISOPACH ≥ 9% NEUTRON DENSITY X-OVER WOLFCAMP A SAND INTERVAL CI: 2'		
Author: TIM MILLER		Date: 4 August, 2003
	Scale: 1"=3000'	DELHAGENWFA.GMP

Delhagen BAJ Com #1
Figure #8
Gross Isopach Wolfcamp A Sand



YATES PETROLEUM CORPORATION		
GROSS ISOPACH ≥ 9% NEUTRON DENSITY X-OVER WOLFCAMP B SAND INTERVAL CI: 2'		
Author: TIM MILLER		Date: 4 August, 2003
	Scale: 1"=3000'	DELHAGENWFB.GMP

Delhagen BAJ Com #1
Figure #9
Gross Isopach Wolfcamp B Sand



YATES PETROLEUM CORPORATION		
GROSS ISOPACH ≥ 9% NEUTRON DENSITY X-OVER WOLFCAMP C SAND INTERVAL CI: 2'		
Author: TIM MILLER	Date: 4 August, 2003	DELHAGENWFC.GMP
Scale: 1"=3000'		

Delhagen BAJ Com #1
Figure #10
Gross Isopach Wolfcamp C Sand

OGRE(R) V2.2 BTAX
 FILE NAME: DELHAGEN(24)
 CASE NAME: DELHAGEN BAJ COM #1
 101 DELHAGEN BAJ COM #1
 102 C 6 10S 25E, CHAVES
 103 PECOS SLOPE ABO FIELD
 104 YATES PETROLEUM CORP
 105 ABO RESERVOIR
 106 API NUMBER 3000563508

DATA REPORT

DATE: 07/29/04
 TIME: 15:53:46

-1 -PECOS SLOPE ABO -NM-CHAVES -C 6 10S 25E

117 CASE NONE
 120 11 2003 12 11 1 2003 18 M

	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)
210	1.000000000	.00	400.00	2.000	GAS	11/01/2003

	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
221	OIL	.000	.82500000	29.000	7.500	.0	
222	GAS	.000	.82500000	4.500	7.500	1.0	

300 SERIES LINES:

305	MAN	GAS	OIL
310	FACT	1.000	1.000
315	7.		

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE
405	GAS	135.000	40.000	5891.530	X	8.000	M	
CALC	GAS	135.000END=	8.000	5891.530	1538.563	8.017	YRS	237.213 MMCF
406	GAS	EXP	LAST	LAST	EL	X	M	
CALC	GAS	EXP	END=	1538.563	118.857	38.727	YRS	441.532 MMCF

	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC	OVHD FLAG
805	INVEST	-4.000	MOS	G	64.000	645.000	.000	

204 000

Delhagen BAJ Com #1
 Table #1
 Abo Production Forecast Input

DELHAGEN BAJ COM #1
C 6 10S 25E, CHAVES
PECOS SLOPE ABO FIELD
YATES PETROLEUM CORP

DATE: 07/29/04
TIME: 15:53:46
FILE: DELHAGEN
PROP: 24
STID: BASE
.CMD: ACTIVE:
.OUT: SAMPLE

RESERVES AND ECONOMICS

DRILLING
YATES PETROLEUM CORPORATION

AS OF NOVEMBER 1, 2003

ABO RESERVOIR
API NUMBER 3000563508

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		---PRICES---		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	18.00 PCT CUM. DISC BTAX, M\$
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12-03	.000	.000	.000	.000	29.00	4.50	.000	.000	.800	709.000	-709.800	-709.789
12-04	.000	36.226	.000	29.886	29.00	4.50	134.487	12.575	4.800	.000	117.112	-604.912
12-05	.000	47.164	.000	38.910	29.00	4.50	175.095	16.371	4.800	.000	153.924	-488.096
12-06	.000	36.709	.000	30.285	29.00	4.50	136.283	12.742	4.800	.000	118.741	-411.727
12-07	.000	30.469	.000	25.137	29.00	4.50	113.117	10.577	4.800	.000	97.740	-358.454
12-08	.000	26.264	.000	21.668	29.00	4.50	97.506	9.117	4.800	.000	83.589	-319.844
12-09	.000	23.211	.000	19.149	29.00	4.50	86.171	8.057	4.800	.000	73.314	-291.146
12-10	.000	20.881	.000	17.227	29.00	4.50	77.522	7.248	4.800	.000	65.474	-269.426
12-11	.000	19.035	.000	15.704	29.00	4.50	70.668	6.607	4.800	.000	59.261	-252.766
12-12	.000	17.495	.000	14.433	29.00	4.50	64.949	6.073	4.800	.000	54.076	-239.883
12-13	.000	16.094	.000	13.278	29.00	4.50	59.751	5.586	4.800	.000	49.365	-229.916
12-14	.000	14.808	.000	12.217	29.00	4.50	54.977	5.140	4.800	.000	45.037	-222.210
12-15	.000	13.622	.000	11.238	29.00	4.50	50.571	4.729	4.800	.000	41.042	-216.259
12-16	.000	12.533	.000	10.340	29.00	4.50	46.530	4.351	4.800	.000	37.379	-211.666
12-17	.000	11.530	.000	9.512	29.00	4.50	42.804	4.002	4.800	.000	34.002	-208.125
12-18	.000	10.608	.000	8.752	29.00	4.50	39.384	3.683	4.800	.000	30.901	-205.398
12-19	.000	9.759	.000	8.051	29.00	4.50	36.230	3.387	4.800	.000	28.043	-203.301
12-20	.000	8.978	.000	7.407	29.00	4.50	33.332	3.117	4.800	.000	25.415	-201.690
12-21	.000	8.260	.000	6.815	29.00	4.50	30.668	2.867	4.800	.000	23.001	-200.455
12-22	.000	7.600	.000	6.270	29.00	4.50	28.215	2.638	4.800	.000	20.777	-199.509
12-23	.000	6.991	.000	5.768	29.00	4.50	25.956	2.427	4.800	.000	18.729	-198.787
12-24	.000	6.432	.000	5.306	29.00	4.50	23.877	2.233	4.800	.000	16.844	-198.236
12-25	.000	5.918	.000	4.882	29.00	4.50	21.969	2.054	4.800	.000	15.115	-197.817
12-26	.000	5.444	.000	4.491	29.00	4.50	20.210	1.890	4.800	.000	13.520	-197.500
12-27	.000	5.008	.000	4.132	29.00	4.50	18.594	1.739	4.800	.000	12.055	-197.260
12-28	.000	4.608	.000	3.802	29.00	4.50	17.109	1.600	4.800	.000	10.709	-197.079
12-29	.000	4.239	.000	3.497	29.00	4.50	15.737	1.471	4.800	.000	9.466	-196.944
12-30	.000	3.901	.000	3.218	29.00	4.50	14.481	1.354	4.800	.000	8.327	-196.843
12-31	.000	3.588	.000	2.960	29.00	4.50	13.320	1.245	4.800	.000	7.275	-196.768
12-32	.000	3.301	.000	2.723	29.00	4.50	12.254	1.146	4.800	.000	6.308	-196.713
12-33	.000	3.037	.000	2.506	29.00	4.50	11.277	1.055	4.800	.000	5.422	-196.673
12-34	.000	2.794	.000	2.305	29.00	4.50	10.373	.970	4.800	.000	4.603	-196.644
12-35	.000	2.570	.000	2.120	29.00	4.50	9.540	.892	4.800	.000	3.848	-196.624
12-36	.000	2.365	.000	1.951	29.00	4.50	8.780	.821	4.800	.000	3.159	-196.610
12-37	.000	2.176	.000	1.795	29.00	4.50	8.078	.755	4.800	.000	2.523	-196.600
12-38	.000	2.001	.000	1.651	29.00	4.50	7.430	.694	4.800	.000	1.936	-196.594
12-39	.000	1.842	.000	1.520	29.00	4.50	6.840	.640	4.800	.000	1.400	-196.590
12-40	.000	1.694	.000	1.398	29.00	4.50	6.291	.588	4.800	.000	.903	-196.588
12-41	.000	1.559	.000	1.286	29.00	4.50	5.787	.541	4.800	.000	.446	-196.587
12-42	.000	.818	.000	.675	29.00	4.50	3.038	.284	2.691	.000	.063	-196.587
S TOT	.000	441.532	.000	364.265	.00	4.50	1639.201	153.266	185.891	709.000	591.044	-196.587
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	-196.587
TOTAL	.000	441.532	.000	364.265	.00	4.50	1639.201	153.266	185.891	709.000	591.044	-196.587
CUM.	.000	.000										
ULT.	.000	441.532										
-----PRESENT WORTH PROFILE-----												
BTAX RATE OF RETURN (PCT)		9.63	PROJECT LIFE (YEARS)				38.727	.0	591.044	30.0	-336.675	
BTAX PAYOUT		12/30/2010	DISCOUNT RATE (PCT)				18.000	2.0	398.874	35.0	-373.575	
BTAX PAYOUT (DISC)		LIFE	GROSS OIL WELLS				.000	5.0	196.590	40.0	-403.366	
BTAX NET INCOME/INVEST		1.83	GROSS GAS WELLS				1.000	8.0	57.446	45.0	-427.949	
BTAX NET INCOME/INVEST (DISC)		.72	GROSS WELLS				1.000	10.0	-13.065	50.0	-448.607	
								12.0	-71.133	60.0	-481.446	
INITIAL W.I. FRACTION		1.000000	INITIAL NET OIL FRACTION				.825000	15.0	-141.213	70.0	-506.426	
FINAL W.I. FRACTION		1.000000	FINAL NET OIL FRACTION				.825000	18.0	-196.587	80.0	-526.105	
PRODUCTION START DATE		11/01/03	INITIAL NET GAS FRACTION				.825000	20.0	-227.491	90.0	-542.025	
MONTHS IN FIRST LINE		2.00	FINAL NET GAS FRACTION				.825000	25.0	-289.645	100.0	-555.182	

Delhagen BAJ Com #1
Table #2
Abo Production Forecast
Tabular Output

OGRE(R) V2.2 BTAX
 FILE NAME: DELHAGEN(25)
 CASE NAME: DELHAGEN BAJ COM #1
 101 DELHAGEN BAJ COM #1
 102 C 6 10S 25E, CHAVES
 103 PECOS SLOPE ABO FIELD
 104 YATES PETROLEUM CORP
 105 WOLFCAMP RESERVOIR
 106 API NUMBER 3000563508

DATA REPORT

DATE: 07/29/04
 TIME: 15:53:46

-1 -PECOS SLOPE ABO -NM-CHAVES -C 6 10S 25E

117 CASE NONE
 120 11 2003 12 11 1 2003 18 M

	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)		
210	1.00000000	.00	400.00	2.000	GAS	11/01/2003		
	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH	
221	OIL	.000	.82500000	29.000	7.500	.0		
222	GAS	.000	.82500000	4.500	7.500	1.0		

300 SERIES LINES:

305	MAN	GAS	OIL
310	FACT	1.000	1.000
315	7.		

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE	
405	GAS	13.500	67.740	18228.000	147.327	X X	M		
CALC	GAS	13.500END=	44.587	18228.000	147.327	6.583 YRS	M	220.055	MMCF
406	GAS	EXP	LAST	LAST	EL	X X	M		
CALC	GAS	EXP	END=	44.587	147.327	6.947 YRS	M	220.633	MMCF
	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC	OVHD FLAG	
805	INVEST	-4.000	MOS	G	64.000	645.000	.000		

Delhagen BAJ Com #1
 Table #3
 Wolfcamp Production Forecast Input

DELHAGEN BAJ COM #1
C 6 10S 25E, CHAVES
PECOŞ SLOPE ABO FIELD
YATES PETROLEUM CORP

DATE: 07/29/04
TIME: 15:53:46
FILE: DELHAGEN
PROP: 25
STID: BASE
.CMD: ACTIVE:
.OUT: SAMPLE

R E S E R V E S A N D E C O N O M I C S

DRILLING
YATES PETROLEUM CORPORATION

AS OF NOVEMBER 1, 2003

WOLFCAMP RESERVOIR
API NUMBER 3000563508

-END- MO-YR	---GROSS PRODUCTION---			---NET PRODUCTION---			--PRICES--		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	18.00 PCT CUM. DISC BTAX, M\$
	OIL, MBBL	GAS, MMCF	MMCF	OIL, MBBL	GAS, MMCF	MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12-03	.000	.000	.000	.000	.000	.000	29.00	4.50	.000	.000	.800	709.000	-709.800	-709.789
12-04	.000	94.151	.000	.000	77.675	.000	29.00	4.50	349.538	32.681	4.800	.000	312.057	-430.334
12-05	.000	73.567	.000	.000	60.693	.000	29.00	4.50	273.119	25.537	4.800	.000	242.782	-246.082
12-06	.000	29.262	.000	.000	24.141	.000	29.00	4.50	108.635	10.158	4.800	.000	93.677	-185.833
12-07	.000	12.902	.000	.000	10.644	.000	29.00	4.50	47.898	4.478	4.800	.000	38.620	-164.783
12-08	.000	6.175	.000	.000	5.094	.000	29.00	4.50	22.923	2.143	4.800	.000	15.980	-157.402
12-09	.000	3.161	.000	.000	2.608	.000	29.00	4.50	11.736	1.097	4.800	.000	5.839	-155.116
12-10	.000	1.415	.000	.000	1.167	.000	29.00	4.50	5.252	.491	3.746	.000	1.015	-154.773
S TOT	.000	220.633	.000	.000	182.022	.00	4.50		819.101	76.585	33.346	709.000	.170	-154.773
REM.	.000	.000	.000	.000	.000	.00	.00		.000	.000	.000	.000	.000	-154.773
TOTAL	.000	220.633	.000	.000	182.022	.00	4.50		819.101	76.585	33.346	709.000	.170	-154.773
CUM.	.000	.000												
ULT.	.000	220.633												
<div> <div>NET OIL REVENUES (M\$)</div> <div>NET GAS REVENUES (M\$)</div> <div>TOTAL REVENUES (M\$)</div> </div> <div> <div>819.101</div> <div>819.101</div> <div>819.101</div> </div> <div> <div>.000</div> <div></div> <div></div> </div> <div> <div>DISC</div> <div>RATE</div> <div></div> </div> <div> <div>PRESENT WORTH PROFILE</div> <div></div> <div></div> </div> <div> <div>PW OF NET</div> <div>BTAX, M\$</div> <div></div> </div> <div> <div>DISC</div> <div>RATE</div> <div></div> </div> <div> <div>PW OF NET</div> <div>BTAX, M\$</div> <div></div> </div>														
<div> <div>BTAX RATE OF RETURN (PCT)</div> <div>08/25/2010</div> <div>PROJECT LIFE (YEARS)</div> <div>DISCOUNT RATE (PCT)</div> <div>GROSS OIL WELLS</div> <div>GROSS GAS WELLS</div> <div>GROSS WELLS</div> </div> <div> <div>.02</div> <div>LIFE</div> <div>1.000</div> <div>1.000</div> <div>1.000</div> <div>1.000</div> <div>1.000</div> </div> <div> <div>6.947</div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div> <div> <div>.0</div> <div>5.0</div> <div>8.0</div> <div>10.0</div> <div>12.0</div> <div>15.0</div> <div>18.0</div> <div>20.0</div> <div>25.0</div> </div> <div> <div>.170</div> <div>-51.471</div> <div>-78.823</div> <div>-95.755</div> <div>-111.742</div> <div>-134.122</div> <div>-154.773</div> <div>-167.674</div> <div>-197.252</div> </div> <div> <div>30.0</div> <div>40.0</div> <div>45.0</div> <div>50.0</div> <div>60.0</div> <div>70.0</div> <div>80.0</div> <div>90.0</div> <div>100.0</div> </div> <div> <div>-223.522</div> <div>-268.114</div> <div>-287.201</div> <div>-304.538</div> <div>-334.855</div> <div>-360.486</div> <div>-382.449</div> <div>-401.485</div> <div>-418.150</div> </div>														
<div> <div>INITIAL W.I. FRACTION</div> <div>FINAL W.I. FRACTION</div> <div>PRODUCTION START DATE</div> <div>MONTHS IN FIRST LINE</div> </div> <div> <div>1.000000</div> <div>1.000000</div> <div>11/01/03</div> <div>2.00</div> </div> <div> <div>INITIAL NET OIL FRACTION</div> <div>FINAL NET OIL FRACTION</div> <div>INITIAL NET GAS FRACTION</div> <div>FINAL NET GAS FRACTION</div> </div> <div> <div>.825000</div> <div>.825000</div> <div>.825000</div> <div>.825000</div> </div>														

Delhagen BAJ Com #1
Table #4
Wolfcamp Production Forecast
Tabular Output

Table 5
Delhagen BAJ Com Well #1
Abo and Wolfcamp Formations
Estimated Reservoir Properties

Abo 3460'-3770'

Net pay	: 64 ft
Drainage area (85% recovery factor)	: 63 acres
Average effective porosity for this net pay	: 6 %
Water Saturation	: 35%
Expected water and condensate production	: minimal
Reserves (decline curve based on surrounding prod)	: 441 MMscf
Gross Heating Value	: 1019.8 Btu/scf

Wolfcamp 4646'-4660'

Net	: 14 ft
Drainage area (85% recovery factor)	: 41 acres
Average effective porosity for this net pay	: 14%
Water Saturation	: 35%
Expected water and condensate production	: minimal
Reserves (decline curve based on surrounding prod)	: 220 MMscf
Gross Heating Value	: 987.3 Btu/scf

Table 6
Delhagen BAJ Com Well #1
Abo and Wolfcamp Formations
Measured Reservoir Pressure

Initial reservoir pressure:

<u>Well Name</u>	<u>Date</u>	<u>Formation</u>	<u>Pressure (psia)</u>
Summers Com #1	8/7/86	Abo	1142
	4/12/02	Abo	764
Summers Com #2	1/27/03	Abo	813
Harvest ABR St #1	8/7/86	Abo	1138
Harvest ABR St #4	4/14/03	Wolfcamp	2006
	6/25/03	Abo	878
Delhagen BAJ Com #1	11/10/03	Abo	1050
	9/23/04	Wolfcamp	1599 *

* calculated from ONSITP = 1400 psia after frac and flow back. Well had been shut in for one day.

Abandonment pressure:

Abandonment pressure is estimated to be 123 psia based on an economical limit of 5McfD and a line pressure of 110 psi.

Delhagen BAJ Com #1
Table #6
Abo and Wolfcamp Reservoir
Pressure Measurement

3) Statistics on gas recovery of existing Abo and Wolfcamp wells

WOLFCAMP AND ABO PRODUCTION IN 25 SECTIONS SURROUNDING DELHAGEN LOCATION

API	OPERATOR	LEASE NAME	SPOT	SEC	TWP	RNG	STATUS	PROD START DATE	PROD ZONE NAME	GAS CUM	OIL CUM	WTR CUM	1ST MONTH GAS	LAST MONTH GAS
30005616290000	YATES PETROLEUM CORP	KAREN FEDERAL #1		25	9E	24S	ACTIVE	11/1/1983	ABO	975202	1	33	20323	2572
30005634690001	YATES PETROLEUM CORP	SUMMERS COM #2	N2 SW SW	25	9E	24S	ACTIVE	7/1/2003	WOLFCAMP	65360			9151	6579
								1/1/2003	ABO	359349		310	5560	13979
30005622360000	YATES PETROLEUM CORP	HARVEST ABR STATE #1		36	9E	24S	ACTIVE	6/1/1990	ABO	775731			5515	5469
30005632320000	YATES PETROLEUM CORP	HARVEST ABR STATE #2	E2 NE NW	36	9E	24S	ACTIVE	8/1/2000	ABO	802469			28756	6781
30005634460000	YATES PETROLEUM CORP	HARVEST ABR STATE #3	C NW SE	36	9E	24S	ACTIVE	8/1/2002	WOLFCAMP	69534			5712	2383
								6/1/2002	ABO	379959			25386	11120
30005634470001	YATES PETROLEUM CORP	HARVEST ABR STATE #4	W2 NE SW	36	9E	24S	ACTIVE	6/1/2003	ABO	135637			4902	9954
								4/1/2003	WOLFCAMP	51847		68	12094	2488
30005618220000	YATES PETROLEUM CORP	ABO VT FEDERAL #1		30	9E	25S	ACTIVE	6/1/1990	ABO	433006			5702	2161
30005617390000	YATES PETROLEUM CORP	ERMA #1		1	10E	24S	ACTIVE	9/1/1998	ABO	19911			2938	92
30005621610000	MCKAY OIL CORPORATION	MCKAY BERRENDO #1		2	10E	24S	ACTIVE	10/1/2001	ABO	1684			25	126
30005635080000	YATES PETROLEUM CORP	DELHAGEN BAJ COM #1	SW NE NW	6	10E	25S	ACTIVE	11/1/2003	ABO	30206		328	6406	6774
30005616460000	YATES PETROLEUM CORP	ADELL UJ FEDERAL COM #1		7	10E	25S	ACTIVE	10/1/1990	ABO	329178			2214	1023
30005626180000	YATES PETROLEUM CORP	HARGROVE AFH #1	SE NE	8	10E	25S	ACTIVE	10/1/1990	ABO	712729			2496	2251
30005618240000	YATES PETROLEUM CORP	MOUNTAIN VR FEDERAL COM #1		8	10E	25S	ACTIVE	10/1/1990	ABO	896642			4498	2203
30005619200000	YATES PETROLEUM CORP	MOUNTAIN VR FEDERAL COM #2		8	10E	25S	ACTIVE	10/1/1990	ABO	176479			1512	509
30005619690000	YATES PETROLEUM CORP	MOUNTAIN VR FEDERAL COM #3		8	10E	25S	ACTIVE	10/1/1990	ABO	203413			2213	452
30005619000000	YATES PETROLEUM CORP	BITTER LAKE PX STATE #2		16	10E	25S	ACTIVE	11/1/1990	ABO	634445			14968	1126
30005609380000	YATES PETROLEUM CORP	BITTER LAKE PX STATE #1		16	10E	25S	ACTIVE	11/1/1990	ABO	183990		1599	9957	689
30005629310000	YATES PETROLEUM CORP	CANNON XF #1	SE NE	17	10E	25S	ACTIVE	8/1/1993	ABO	218232		899	13707	453
30005626140000	YATES PETROLEUM CORP	EAKIN AFB COM #1	NE NW	17	10E	25S	ACTIVE	10/1/1990	ABO	104927			1376	326
30005619700000	YATES PETROLEUM CORP	ROSE CANNON AOR COM #1		17	10E	25S	ACTIVE	1/1/1995	ABO	493808		3854	1554	3620

Delhagen BAJ Com #1

Table #7

Abo and Wolfcamp Production Statistics
from Nearest 25 Sections

WOLFCAMP PRODUCTION IN WEST HALF OF TOWNSHIPS T9S AND T10S, R26E

API	OPERATOR	LEASE NAME	SPOT	SEC	TWP	RNG	STATUS	PROD START DATE	PROD ZONE NAME	GAS CUM	OIL CUM	WTR CUM	1ST MONTH GAS	LAST MONTH GAS
30005605860000	LANEXCO INC	BLAKEMORE FEDERAL #1	NE NE	20	9S	26E	ACTIVE	4/1/80	WOLFCAMP	44955	107		1005	20
30005625610001	MCCLELLAN OIL CORP	ROSS FEDERAL #1	NW NE	6	10S	26E	ACTIVE	2/1/03	WOLFCAMP	345657	101	60	29790	11151
30005635460000	MCCLELLAN OIL CORP	ROSS FEDERAL #2	NE SW NW	6	10S	26E	ACTIVE	5/1/03	WOLFCAMP	196252		14	11056	10849
30005635470000	MCCLELLAN OIL CORP	ROSS FEDERAL #3	C NE SW	6	10S	26E	ACTIVE	6/1/03	WOLFCAMP	68158		12	2183	3853
30005636040000	MCCLELLAN OIL CORP	ROSS FEDERAL #4	SW NE NE	7	10S	26E	ACTIVE	11/1/03	WOLFCAMP	64411	8	139	4788	5959
30005602750001	YATES PETROLEUM CORP	ALLIED AUS STATE COM #1	C SW NE	33	9S	26E	ACTIVE	8/1/00	WOLFCAMP	1139277	1441	115	28111	11311
30005632870000	YATES PETROLEUM CORP	ALLIED AUS STATE COM #2	C NW SW	33	9S	26E	ACTIVE	1/1/01	WOLFCAMP	507599	234	4973	42937	
30005632360000	YATES PETROLEUM CORP	AURORA AUR STATE #1	N2 NE SE	16	9S	26E	ACTIVE	7/1/00	WOLFCAMP	2040614	1562	22	13565	20639
30005632590000	YATES PETROLEUM CORP	AVENUE AVU STATE #1	S2 NE SE	21	9S	26E	ACTIVE	11/1/00	WOLFCAMP	931641	782	12	7100	8485
30005632600000	YATES PETROLEUM CORP	AVENUE AVU STATE #2	W2 NE SW	21	9S	26E	ACTIVE	6/1/01	WOLFCAMP	130793		27	732	494
30005627560001	YATES PETROLEUM CORP	BITTERSWEET AOZ STATE COM #1	C NW SE	28	9S	26E	ACTIVE	7/1/00	WOLFCAMP	366407	208	246	42308	296
30005632440000	YATES PETROLEUM CORP	ENGWALL RL FEDERAL #3	SW NE NE	4	9S	26E	ACTIVE	10/1/00	WOLFCAMP	443091	277	176	25801	3960
30005633160000	YATES PETROLEUM CORP	HORIZON AWH STATE #1	SW NE NE	16	9S	26E	ACTIVE	2/1/01	WOLFCAMP	123150		21	2642	173
30005633600000	YATES PETROLEUM CORP	KENO AWK STATE #1	C NW NE	4	10S	26E	ACTIVE	8/1/01	WOLFCAMP	62774		5160	1002	11
30005633180000	YATES PETROLEUM CORP	KENO AWK STATE #2	C NW SE	4	10S	26E	ACTIVE	2/1/01	WOLFCAMP	60674	78	3045	393	52
30005633650000	YATES PETROLEUM CORP	PROGRAM AXP STATE #1	C SW SE	5	10S	26E	ACTIVE	11/1/01	WOLFCAMP	17437			2233	177
30005633640000	YATES PETROLEUM CORP	QUINIELA AXQ STATE #2	C SW NE	5	10S	26E	ACTIVE	11/1/01	WOLFCAMP	7347			3174	27
30005628220000	YATES PETROLEUM CORP	ROLLA TC #2	SW NE	29	9S	26E	ACTIVE	5/1/92	WOLFCAMP	27046			275	298
30005633920001	YATES PETROLEUM CORP	SPEAR OA FEDERAL #6	C NW NE	9	9S	26E	ACTIVE	3/1/03	WOLFCAMP	22543			2407	1542
30005633930001	YATES PETROLEUM CORP	SPEAR OA FEDERAL #7	C NW SE	9	9S	26E	ACTIVE	1/1/03	WOLFCAMP	17609			195	1020
30005632610000	YATES PETROLEUM CORP	VISTA AVS STATE #1	S2 NE NE	21	9S	26E	ACTIVE	12/1/00	WOLFCAMP	626093	221	41	73126	579
30005632620000	YATES PETROLEUM CORP	VISTA AVS STATE #2	C SE NW	21	9S	26E	ACTIVE	9/1/01	WOLFCAMP	121724	25	15	1292	1527

Delhagen BAJ Com #1

Table #8

Wolfcamp Production Statistics
T9S and T10S, R26E

AGAVE ENERGY
105 SOUTH 4TH ARTESIA N.M. 88210
(505) 748-1471

Source: METER RUN Report Date: 05/04/2004 15:47
Station #: 015228 Sample Date: 05/04/04
Station Name: DELHAGEN BAJ COM. #1 Flowing Pressure: 101 psig
Field: BITTER LAKES Flowing Temp.: 93 F

Method: c:\mti\ezchrom\200\methods\agave me.
File: c:\mti\ezchrom\200\chrom\015228.1

Gas Analysis by Chromatograph

Name	Mole %	BTU	RD	GPM
Nitrogen	9.375	0.000	0.091	
Methane	83.046	840.705	0.460	
CO2	0.190	0.000	0.003	
Ethane	4.198	74.460	0.044	1.123
H2S	0.000	0.000	0.000	
Propane	1.606	40.502	0.024	0.443
i-Butane	0.303	9.876	0.006	0.099
n-Butane	0.582	19.031	0.012	0.183
i-Pentane	0.172	6.897	0.004	0.063
n-Pentane	0.183	7.353	0.005	0.066
Hexanes	0.182	8.676	0.005	0.075
Heptanes	0.102	5.626	0.004	0.047
Octanes	0.058	4.067	0.003	0.033
Nonanes	0.003	0.188	0.000	0.002

Ideal Total 100.000 1017.381 0.660 2.133
Unnormalized Total 98.188

Gross BTU/Real Cu. Ft. (@ 60 deg F, 14.730)	Gasoline Content
Dry = 1019.763	Propane GPM = 0.443
Sat. = 1003.227	Butane GPM = 0.283
Actual = 1019.763	Gasoline GPM = 0.284
(0.000 lbs. water/MMCF)	26# Gasoline GPM = 0.467
	Total GPM = 2.133

Real Relative Density Calculated = 0.6611
On-Site Relative Density = 0.6590

Gas Compressibility = 0.9977

Remarks:



ABO

EFM 5/12/04

Delhagen BAJ Com #1
Table #9
Abo Gas Composition

AGAVE ENERGY
105 SOUTH 4TH ARTESIA N.M. 88210
(505) 748-1471

Source: METER RUN Report Date: 04/15/2003 16:49:30
Station #: 015549 Sample Date: 04/15/03
Station Name: HARVEST ABR ST. #4 Flowing Pressure: 271 psig
Field: BITTER LAKES Flowing Temp.: 69 F

Method: c:\mti\ezchrom\200\methods\agave me.
File: c:\mti\ezchrom\200\chrom\015549.1

Gas Analysis by Chromatograph

Name	Mole %	BTU	RD	GPM
Nitrogen	5.280	0.000	0.051	
Methane	91.709	928.404	0.508	
CO2	0.029	0.000	0.000	
Ethane	2.607	46.240	0.027	0.697
H2S	0.000	0.000	0.000	
Propane	0.288	7.263	0.004	0.079
i-Butane	0.019	0.619	0.000	0.006
n-Butane	0.033	1.079	0.001	0.010
i-Pentane	0.003	0.120	0.000	0.001
n-Pentane	0.008	0.321	0.000	0.003
Hexanes	0.006	0.286	0.000	0.002
Heptanes	0.013	0.717	0.000	0.006
Octanes	0.001	0.070	0.000	0.001
Nonanes	0.004	0.251	0.000	0.002

Ideal Total 100.000 985.371 0.593 0.808
Unnormalized Total 99.017

Gross BTU/Real Cu. Ft.
(@ 60 deg F, 14.730)
Dry = 987.346
Sat. = 971.345
Actual = 985.893
(70.000 lbs. water/MMCF)

Gasoline Content
Propane GPM = 0.079
Butane GPM = 0.017
Gasoline GPM = 0.013
26# Gasoline GPM = 0.023
Total GPM = 0.808

Real Relative Density Calculated = 0.5940
On-Site Relative Density = 0.5920

Gas Compressibility = 0.9980

Remarks: I.D. NO H2S FOUND.

Post-it® Fax Note	7671	Date	7/12	# of pages	1
To	George Freeman		From	Riann	
Co./Dept.			Co.		
Phone #			Phone #		
Fax #	585		Fax #		

EFM 4/28/03

Delhagen BAJ Com #1
Table #10
Wolfcamp Gas Composition

POSTED
4/25/03 AH

6) Details on the 4-day test of the Wolfcamp after fracing and prior to setting the plug on September 23.2003

9-10-03 Cleaned location. Set and test anchors. Moved in and rigged up. Unloaded rental equipment and tubing. Nippled up wellhead and BOP. TIH with bit and scraper to 4864'. Shut well in and shut down for night. Will circulate and log and perforate. DC \$4135; CC \$5935

9-11-03 Rigged up Baker Atlas. Run GR/CBL/CCL from 4859' up to 2350'. TOC was at 2590'. Perf'd Wolfcamp sand as follows: 4646-4660' (4 SPF - 56 holes). Rigged down Baker. TIH with 4-1/2" ASI OK packer with 1.87 on/off tool and set at 4580'. Test OK. Nippled down BOP and nipped up tree. Rigged up swab. Made 4 runs and swabbed tubing dry. Shut well in and shut down for night. Prep to acidize. THIS AM: SITP 1150#. DC \$13,175; CC \$19,110

9-12-03 SITP 1150 psi. Bled down. Rigged up HOWCO. Acidized perfs with 750 gals of 7-1/2% IC acid and 84 balls. Broke at 2769#. Avg 3.8 @ 2300 psi. ISDP 2000, 15 mins 1049#. TLTR 36 bbls. Rigged down Howco. Rigged up swab. IFL surface, FFL 3000'. Made 9 runs and recovered 34 bbls. Swabbed well dry. Put on 3/8" choke. Built up to 70#. Levelled out at 50# on 3/8" choke. Shut well in and shut down for night.

TIME	PSI/CHOKE	WATER	GAS
9 AM	surf - 3	12	
10 AM	1200' - 4	16	
11 AM	3000' - 2	6	swabbed dry
Noon	30# - 3/8"		146, good gas
1 PM	50# - 3/8"		214, good gas
2 PM	70# - 3/8"		282, good gas
3 PM	50# - 3/8"		214, good gas
4 PM	50# - 3/8"		214, good gas
5 PM	50# - 3/8"		214, good gas

THIS AM: SITP 1550#. DC \$6285; CC \$25,395

9-13-15-03 SITP 1550#. Opened on a 3/8" choke. Bled down to 50#. Good gas. Loaded tubing. Nipple down tree. Nippled up BOP. Unset packer and POOH. SWI. Shut down for night. Prep to perf and acidize Monday. Swab report as follows:

TIME	PSI/CHK	MCF	REMARKS
7 AM	1550#		Opened on a 3/8" choke
8 AM	170#- 3/8"	622	Good gas
9 AM	50#	214	Good gas
10 AM	50#	214	Good gas
11 AM	50#	214	Good gas

DC \$3185; CC \$28,580

9-16-03 SICP 400#. Bled down - good gas. Rigged up Baker Atlas and perf'd Wolfcamp sands at 4556-62' (4 SPF - 24 holes); 4590-94' (4 SPF - 16 holes); 4598-4600' (4 SPF - 8 holes); 4610-14' (4 SPF - 16 holes) for a total of 64 holes. Rigged down Baker. Tih with packer and plug. Set RBP at 4630'. Pulled packer an dset at 4524'. Acidized perfs with 1600 gals of 7-1/2% IC acid and 96 balls. Broke at 1510'. Avg 4 BPM @ 2800 psi. ISDP 1554#, 15 mins 1270#. TLTR 81 bbls. Rigged down Howco. Rigged up swab. IFL surface, FFL 2000'. Made 9 runs and recovered 33 bbls, good gas during run. Shut well in and shut down for night.

TIME	FL/#SR	WATER
3 PM	surf - 3	12
4 PM	1200' - 3	10

Delhagen BAJ Com #1
Table #11
Details of Wolfcamp
Completion and Testing

DR

Page 2:

Yates Petroleum - Delhagen "BAJ" Com #1 (Unit C) 6-10S-25E Chaves
*****Co., NM*****

5 PM 2000' - 3 1 good gas during run
DC \$11,320; CC \$39,900

9-17-03 SITP 250#, good gas. Bled down. Rigged up swab. IFL 3400', FFL 4300'. Made 3 runs and recovered 7 bbls. Put on 1/8" choke. Would not build any pressure, 1' flare. Shut well in and shut down for night.

TIME	FL/#SR	WATER
7 AM	250# - bled down	good gas
8 AM	3400' - 3	7 fair gas
9 AM	4300' - 1	0 fair gas
10 AM	0 - 1/8"	1' lazy flare
11 AM	0	1' lazy flare
Noon	0	1' lazy flare
1 PM	0	1' lazy flare
2 PM	0	1' lazy flare

DC \$2835; CC \$42,735

9-18-03 SITP 50#. Bled down fair gas. Wait on pump truck. Loaded tubing and nipped down tree. Nipped up BOP. Unset packer and RBP. POOH. Shut well in and shut down for night. Will nipple up frac valve and frac Friday. DC \$2235; CC \$44,970

9-19-03 SICP 4003. Bled down. Nipped down BOP and nipped up frac valve. Prep to frac Friday. DC \$1535; CC \$46,505

9-20-03 Rigged up BJ. Frac'd Wolfcamp Sand perms 4646-60' with 55,500 gals of 650Q C02 foam with 2500# of 100 mesh and 75000# of 20/40 started feeding at 3719'. Avg pressure 33950 at 40 BPM. ISDP 2276#, 15 min 2140#. TLTR = 509 bbls. Rigged down BJ. Opened well on a 1/4" choke with 2000#. Flowed back frac for clean up. Swab report as follows:

TIME	PSI/CHK	REMARKS
Noon	2000#	C02 & water
1 PM	1950#	C02 & Water
2 PM	1850#	C02 & Water
3 PM	1700#	C02 & Water
4 PM	1200#- 3/8"	C02 & Water
6 PM	975#	C02 & Water
8 PM	1000#	C02 & Water
10 PM	860#	C02 & Water
Midn	650#	C02 & Water
2 AM	475#	C02 & Water
4 AM	300#	C02 & Water
6 AM	260#	C02 & Water

DC \$64,700; CC \$111,205.

9-21-03 Flowed back frac for clean up. Swab report as follows:

TIME	PSI/CHK	REMARKS
7 AM	250#	C02 & Water
8 AM	250#	C02 & Water
9 AM	250#	C02 & Water
10 AM	250#	C02 & Water
11 AM	250#	C02 & Water
Noon	250#	C02 & Water
1 PM	250#	C02 & Water
2 PM	250#	C02 & Water
3 PM	250#	C02 & Water
4 PM	250#	C02 & Water
5 PM	200#	C02 & Water
6 PM	190#	C02 & Water
8 PM	150#	C02 & Water
10 PM	250#	C02 & Water
Midn	150#	Burning off/on
2 AM	150#	Burning off/on
4 AM	150#	Burning off/on
6 AM	150#	Burning off/on

DC \$3585; CC \$114,790.

9-22-03 Flow back frac on a 3/8" choke burning good gas. SWI.

DR

Page 3:

Yates Petroleum - Delhagen "BAJ" Com #1 (Unit C) 6-10S-25E Chaves

*****Co., NM*****

Shut down for night at 5:00 pm. SICP 1400# on 9/22/03.

Swab report as follows:

TIME	PSI/CHK	MCF	REMARKS
7 AM	150#	554	Gd gas/trace water
8 AM	150#	554	Gd gas/trace water
9 AM	160#	588	Gd gas/trace water
10 AM	160#	588	Gd gas/trace water
11 AM	150#	554	Gd gas/trace water
Noon	150#	554	Gd gas/trace water
1 PM	150#	554	Gd gas/trace water
2 PM	150#	554	Gd gas/trace water
3 PM	160#	588	Gd gas/trace water
4 PM	160#	588	Gd gas/trace water
5 PM	160#	588	Gd gas/trace water

DC \$3585; CC \$114,790.

9-23-03

SICP 1400#. Opened on 3/8" choke. Bled down to 300#, good gas. Shut well in and shut down for night. Prep to move up to Abo.

TIME	PSI/CHOKE	GAS
7 AM	1400# - opened on 3/8" choke	
8 AM	720# - 3/8"	2493 good gas, trace water
9 AM	300#	1064 good gas, trace water

DC \$1585; CC \$116,375

9-24-03

SICP 1400#. Rigged up Baker Atlas. Run GR/JB to 4500'. Set composite bridge plug at 4500'. Perf'd Abo as follows: 3460-66' (1 SPF - 7 holes); 3468-72' (1 SPF - 5 holes); 3478-82' (1 SPF - 5 holes); 3486-88' (1 SPF - 3 holes); 3494-96' (1 SPF - 3 holes); 3524-26' (1 SPF - 3 holes); 3564-78' (1 SPF - 15 holes); 3592-3600' (1 SPF - 9 holes); 3606-10' (1 SPF - 5 holes); 3702-12' (1 SPF - 11 holes); and 3762-70' (1 SPF - 9 holes) for a total of 75 holes. Rigged down Baker and shut well in. Shut down for night. DC \$12,200; CC \$128,575

7002 2030 0001 8265 8343

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	5.80

Sent To: **Geneva Walker**
 907 N. Atkinson #38
 Roswell, NM 88201

Postmark Here: **ROSWELL NM 88201 AUG 12 2004**

7002 2030 0001 8265 8350

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	5.80

Sent To: **Betty Jones**
 P.O. Box 160
 Capitan, NM 88316

Postmark Here: **CAPITAN NM 88316 AUG 12 2004**

7002 2030 0001 8265 8367

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	5.80

Sent To: **Bobby Branbury**
 P.O. box 1042
 Afton, WY 833110

Postmark Here: **AFTESSA NM 88210 AUG 12 2004**

7002 2030 0001 8265 8374

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	5.80

Sent To: **Claudette Gifford**
 P.O. box 222
 Camp Verde, AZ 86322

Postmark Here: **CAMP VERDE AZ 86322 AUG 12 2004**

7002 2030 0001 8265 8381

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	5.80

Sent To: **Patsy Allen**
 A/k/a Patsy Barrera
 907 N. Atkinson #38
 Roswell, NM 88201

Postmark Here: **ROSWELL NM 88201 AUG 12 2004**

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

August 12, 2004

Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
1301 W. Grand
Artesia, New Mexico 88210

RE: Form C-107A
Delhagen BAJ Com #1
Unit C, Sec 6, T10S, R25E,
Chaves County, New Mexico

RECEIVED
AUG 16 2004
OCD-ARTESIA

Dear Mr. Gum;

Please find enclosed Yates Petroleum Corporation's response to Mr. William V. Jones with the Oil Conservation Division's letter dated July 1, 2004. Mr. Williams requested additional information which has now been provided by Yates Petroleums Reservoir Engineering Supervisor Mr. George Freeman. If you have any questions or need additional information Mr. Freeman can be reached at (505) 748-4211 or Jim Pringle at (505) 748-4182.

Sincerely,

Cherry Matchus
Engineering Technician

GF/cm
Enclosure

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

August 12, 2004

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

RE: Form C-107A
Delhagen BAJ Com #1
Unit C, Sec 6, T10S, R25E,
Chaves County, New Mexico

RECEIVED

AUG 16 2004

ODD-ARTESIA

Dear Mr. Lopez

Please find enclosed Yates Petroleum Corporation's response to Mr. William V. Jones with the Oil Conservation Division's letter dated July 1, 2004. Mr. Williams requested additional information which has now been provided by Yates Petroleum's Reservoir Engineering Supervisor Mr. George Freeman. If you have any questions or need additional information Mr. Freeman can be reached at (505) 748-4211 or Jim Pringle at (505) 748-4182.

Sincerely,

Cherry Matchus
Engineering Technician

GF/cm
Enclosure

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

August 12, 2004

RE: Delhagen BAJ Com #1
Unit C, Sec 6, T10S, R25E
Chaves County, New Mexico

RECEIVED
AUG 16 2004
OCD-ARTESIA

To: Interest Owner

Please find enclosed a copy of Yates Petroleum Corporation's Amended C-107A and all support data on the above referenced well. Mr. William V. Jones requested additional information regarding this well by letter dated July 1, 2004. Yates Petroleum's Reservoir Engineering Supervisor Mr. George Freeman has now provided the information to the OCD. If you should have any questions or need additional information Mr. Freeman can be reached at (505) 748-4211 or Mr. Jim Pringle at (505) 748-4182.

Sincerely,

Cherry Matchus
Engineering Technician

GF/cm
Enclosure



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 1, 2004

James W. Pringle
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Re: Administrative Application for Downhole Commingling
Delhagen BAJ Com Well No. 1
Unit C, Section 6, T10S, R25E, NMPM, Chaves County, New Mexico

RECEIVED

AUG 16 2004

OOD-ARTESIA

Dear Mr. Pringle:

The division received your application May 28, 2004, to commingle the diversely owned Abo gas and Wolfcamp gas pools within the wellbore.

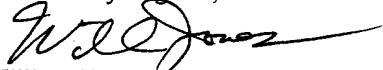
The Division has not received any objections from revenue interest owners to your production split using the tests as shown on the C-107A. However, in general and with exceptions, allocation of production between pools on down hole commingles should be done using estimated remaining reserves for each of the pools being commingled. If the allocation is to be based solely on production testing with no explanation of why this will be valid for the life of the well, then future testing may be required, such as periodic velocity surveys.

Please send by mail to my attention in the Santa Fe office, a **gas well reserves analysis of these two formations**. In support of this analysis, also send your assumptions used in the analysis, such as the following.

- 1) Net pay above the cutoffs, drainage area, average effective porosity of this net pay, water saturation of this net pay and expected water and condensate production,
- 2) Estimated initial reservoir pressure and estimated abandonment reservoir pressure,
- 3) Statistics on gas recovery of existing Abo and Wolfcamp wells,
- 4) Geologist's mapped extent of the reservoirs as this affects the drainage areas,
- 5) Gas stream percentage of inerts such as H₂S, CO₂, N₂, and gas heating value,
- 6) Details on the 4-day test of the Wolfcamp after fracing and prior to setting the plug on September 23, 2003

Please reply as soon as is practical, preferably before July 16, 2004. Also, let us know if you prefer this be set to hearing before a Division appointed examiner for a more interactive discussion of this issue and how best to protect correlative rights.

Many Regards,


William V Jones, P.E.
engineer/examiner
505-476-3448
wvjones@state.nm.us

cc: Oil Conservation Division - Artesia