



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

23 September 2005

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

Dear Sir or Madam:

A segregation and/or packer leakage test is to be filed with this office annually. Please test and chart the subject well(s), fill out a Southeast Packer Leakage Test form, and send the results to this office on or before 30 November, 2005.

Please notify this office 72 hours prior to the test in order that our representative may be present to witness the test.

Southeast New Mexico Packer Leakage Test forms and test charts;
Please submit the original charts and form(s) and one copy of each.

If you no longer operate the well(s) listed, have received a down hole commingle permit, or abandoned one zone please contact me at 505-748-1283.

Well	LOCATION	API #
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ALLIED AUS STATE COM #002	L-33-09S-26E	30-005-63287
Dazed BDZ Federal Com # 1	E-3-21-24	30-015-33090
ENGWALL RL FEDERAL #003	I-04-09S-26E	30-005-63244
HNULIK EJ COM #001	D-26-17S-26E	30-015-21558
IBIS XU STATE COMM #002	C-25-09S-26E	30-005-62582
LUCKY WOLF # 1	I-32-16-27	30-015-30623
MARATHON AGI STATE #001	A-33-17S-24E	30-015-10268
SIEGENTHALER IS COM #001	I-21-17S-26E	30-015-22329
TERRA 35 STATE #001	H-35-09S-26E	30-005-62653
TIDWELL ED COM #001	P-22-17S-26E	30-015-21445
Value BCV State Com # 1	O-2-8-26	30-005-63590
WINSTON AII #001	E-14-19S-24E	30-015-26498
WITZ VN STATE #003	I-26-09S-26E	30-005-62626



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INSTRUCTIONS FOR SOUTHEAST NEW MEXICO PACKER LEAKAGE TEST

1. A packer leakage test shall be commenced on each multiply completed well within seven days after actual completion of the well, and annually thereafter as prescribed by the order authorizing the multiple completion. Such test shall also be commenced on all multiple completions within seven days following recompletion and/or chemical or fracture treatment, and whenever remedial work has been done on a well during which the packer or the tubing have been disturbed. Tests shall also be taken any time that communication is suspected or when requested by the Division.

2. **At least 72 hours prior to the commencement of any packer leakage test**, the operator shall notify the District of the exact time the test is to be commenced. Please contact

Van Barton
505-748-1283 ext. 109

3. The packer leakage test shall commence when both zones of the dual completion are shut-in for pressure stabilization. Both zones shall remain shut-in until the well-head pressure in each has stabilized and for minimum of two hours thereafter, provided, however, that they need not remain shut-in more than 24 hours.

4. For Flow Test No. 1, one zone of the dual completion shall be produced at the normal rate of production while the other zone remains shut-in. Such test shall be continued until the flowing wellhead pressure has become stabilized and for minimum of two hours thereafter, provided however, that the flow test need not continue for more than 24 hours.

5. Following completion of Flow Test No. 1, the well shall again be shut-in, in accordance with Paragraph 3 above.

6. Flow Test No. 2 shall be conducted even though no leak was indicated during Flow Test No. 1. Procedure for Flow Test No. 2 is to be the same as for Flow Test No. 1 except that the previously produced zone shall remain shut-in while the previously shut-in zone is produced.

7. All pressures, throughout the entire test, shall be continuously measured and recorded with recording pressure gauges, the accuracy of which must be checked with deadweight tester at least twice, once at the beginning and once at the end, of each flow test.

8. The results of the above-described tests shall be filed in duplicate within immediately after completion of the test. Tests shall be filed with the appropriate District Office of the New Mexico Oil Conservation Division on Southeast New Mexico Packer Leakage Test Fore Revised 1-1-89, together with the original pressure recording gauge charts with all the deadweight pressures which were taken indicated thereon. In lieu of filing the aforesaid charts, the operator may construct a pressure versus time curve from each zone of each test, indicating thereon all pressure changes which may be reflected by the gauge charts as well as all deadweight pressure readings which were taken. If the pressure curve is submitted, the original chart must be permanently filed in the operator's office.