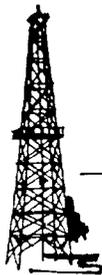


**HEYCO**



**HARVEY E. YATES COMPANY**

**PETROLEUM PRODUCERS**

P.O. BOX 1933

ONE SUNWEST CENTRE

505/623-6601

FAX 505/622-4221

ROSWELL, NEW MEXICO 88202-1933

August 9, 1991

CERTIFIED MAIL

Mr. Edgar J. Braun  
One Embrarcadero Center, Suite 310  
San Francisco, California 94111

Re: Atlantic 32 State #4  
Section 32: NW/4 NE/4  
T-18S, R-33E, N.M.P.M.  
Lea County, New Mexico

Dear Mr. Braun:

Harvey E. Yates Company (HEYCO) proposes the drilling of the Atlantic 32 State #4 well to be located at a legal location in the NW/4 NE/4 of Section 32, T-18S, R-33E, Lea County, New Mexico. Said well will be drilled to a depth of 5150', or to a depth sufficient to test the Queen and the Grayburg formations. The anticipated spud date for this well is November 15, 1991.

We have enclosed two copies of the AFE, which lists approximate costs of \$131,985 for a dry hole and \$350,555 for a producing well. Please return one signed copy of the AFE to our office at your earliest convenience.

Thank you for your consideration of this proposal. If you have any questions, please feel free to call.

Very truly yours,

Robert H. Bell  
Landman

RHB/sm  
Enclosures

atnt32s4.brn/LL

<b>BEFORE EXAMINER STOGNER</b>	
<b>OIL CONSERVATION DIVISION</b>	
HEYCO	EXHIBIT NO. A
CASE NO.	10365

HARVEY E. YATES COMPANY

LEASE NAME & WELL NUMBER: ATLANTIC 32 STATE #4  
 LEGAL LOCATION: NW OF THE NE SEC.32 T-18S R-33E  
 COUNTY: LEA DEPTH: 4560  
 AFE TYPE: (1)DRILLING (2)WD (3)RE-COMPLETION (4)OTHERS (5)P&A = 1

ACCT NO.  
 AFE NO. D-01  
 FORMATION: PENROSE

DRILLING & COMPLETION COSTS:		DRY HOLE COSTS	PRODUCING WELL COSTS
<b>920-000 INTANGIBLE DRILLING COSTS:</b>			
921-000 STAKING DAMAGES & LEGAL FEES-----		\$2,000	\$2,000
921-001 LOCATION, RIGHT OF WAY-----		\$15,000	\$15,000
921-002 FOOTAGE: FEET @ \$/FOOT 4560 \$15.00 -----		\$68,400	\$68,400
921-003 DAYWORK: DAYS & \$/DAY -----		\$0	\$0
921-004 SURFACE CASING CEMENTING & SERVICE-----		\$4,500	\$4,500
921-005 DRILLING MUD, ADDITIVES & WATER-----		\$9,000	\$9,000
921-006 MUD LOGGING UNIT, SURVEYS ETC.-----		\$2,000	\$2,000
921-007 INTERMEDIATE CASING CEMENTING & SERVICES-----		\$0	\$0
921-008 GENERAL MISC. (BOP TEST, RATHOLE...ETC)-----		\$0	\$0
922-000 RENTAL TOOLS & EQUIPMENT-----		\$0	\$0
922-001 COMPANY SUPERVISION-----		\$3,500	\$3,500
922-004 MISC. BITS, TOOLS & SUPPLIES-----		\$0	\$0
TOTAL INTANGIBLE DRILLING COSTS-----		\$104,400	\$104,400
<b>923-000 INTANGIBLE FORMATION EVALUATION:</b>			
923-001 CORING, TOOLS & SERVICE-----		\$0	\$0
923-002 DST: # DST TO RUN/ \$ CHARGE -----		\$0	\$0
923-003 ELECTRIC LOGS, SAMPLE SACKS...ETC-----		\$6,500	\$6,500
923-004 MISC. FORMATION EVAL.-----		\$0	\$0
TOTAL INTANGIBLE FORMATION EVALUATION-----		\$6,500	\$6,500
<b>924-000 INTANGIBLE COMPLETION COSTS:</b>			
924-001 COMPLETION UNIT COST: DAYS & \$/DAY 5 \$1,800 -----			\$9,000
924-003 MUD, WATER & ADDITIVES-----			\$3,000
924-004 CEMENT, TOOLS & SERVICES (PROD. STRING...ETC)-----			\$15,000
924-005 ELECTRIC LOGS (CBL...ETC.), TESTING-----			\$3,000
924-006 TOOL & EQUIPMENT RENTAL & TRUCKING-----			\$1,500
924-007 STIMULATION & TREATING-----			\$20,000
924-008 COMPANY SUPERVISION-----			\$4,000
925-001 BITS, TOOLS & SUPPLIES-----			\$0
925-002 PLUG BACK-----			\$0
925-003 MISC. CONTINGENCIES-----			\$8,320
950-000 PLUGGING EXPENSE-----		\$7,000	\$0
TOTAL INTANGIBLE COMPLETION COSTS-----		\$7,000	\$63,820
<b>930-000 TANGIBLE DRILLING &amp; COMPLETION COSTS:</b>			
930-001 SURFACE CASING COSTS: (SIZE & FEET) 8 5/8 400 -----		\$7,800	\$7,800
930-002 INTERMEDIATE CASING: (SIZE & FEET) -----		\$0	\$0
930-003 PRODUCTION CASING: (SIZE & FEET) 5 1/2 4560 -----			\$45,600
930-004 PRODUCTION TUBING: (SIZE & FEET) 2 3/8 4560 -----			\$15,960
930-005 CASING HEAD-----			\$1,000
930-006 CASING SPOOL-----			\$0
930-007 TUBING HEAD-----			\$1,000
930-008 CHRISTMAS TREE-----			\$1,500
931-000 SUBSURFACE EQUIPMENT-----			\$6,840
931-001 MISC PIPE CONNECTIONS-----			\$1,000
931-002 PACKER & SPECIAL EQUIPMENT-----			\$2,000
931-003 MISCELLANEOUS CONTINGENCIES-----		\$6,285	\$4,135
TOTAL TANGIBLE DRILLING & COMPLETION COSTS-----		\$14,085	\$86,835
<b>940-000 GENERAL LEASE &amp; BATTERY EQUIPMENT:</b>			
940-001 PUMPING UNIT (PRIME MOVER)-----			\$30,000
940-002 SEPARATORS, GAS PROD. UNITS, ...ETC.-----			\$8,000
940-005 TANKS: NO. & SIZE 2 400 BBLs-----			\$12,000
941-000 INSTALLATION COSTS-----			\$12,000
941-001 FLOW LINES, VALVES...ETC-----			\$5,500
941-005 MISCELLANEOUS LEASE EQUIPMENT-----			\$1,500
TOTAL GENERAL LEASE & BATTERY EQUIPMENT COSTS-----		\$0	\$69,000

PLEASE SIGN AND RETURN ONE COPY TO:  
 ROBERT H. BELL  
 P.O. Box 1933  
 Roswell, New Mexico 88202

TOTAL INTANGIBLE COSTS:	\$117,900	\$174,720
TOTAL TANGIBLE COSTS:	\$14,085	\$86,835
TOTAL LEASE & BATTERY EQUIPMENT:	\$0	\$69,000
<b>TOTAL COSTS:</b>	<b>\$131,985</b>	<b>\$330,555</b>

PREPARED BY: N.M. YOUNG DATE: JULY 8, 1991

APPROVED BY: \_\_\_\_\_

"IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY, AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED, WHETHER MORE OR LESS THAN HEREIN SET OUT"

COMPANY: \_\_\_\_\_ DATE: \_\_\_\_\_

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge)      2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
Edgar J. Braun  
One Embarcadero Center, Ste. 310  
San Francisco, Ca. 94111

4. Article Number  
P 664 428 865

Type of Service:  
 Registered       Insured  
 Certified       COD  
 Express Mail       Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature Addressee  
X *Kate Cranley*

6. Signature - Agent  
X

7. Date of Delivery  
8-13-91



8. Addressee's Address (ONLY if requested and fee paid)  
*1 Embarcadero  
SF, Ca.*

**HEYCO****HARVEY E. YATES COMPANY**

PETROLEUM PRODUCERS



P. O. BOX 1933

ONE SUNWEST CENTRE

505/623-6501

FAX 505/622-4221

August 27, 1991

ROSWELL, NEW MEXICO 88202-1933

CERTIFIED MAIL

Mr. Edgar J. Braun  
One Embarcadero Center, Suite 310  
San Francisco, California 94111

Re: Atlantic 32 State #4  
Section 32: SE/4 NW/4  
T-18S, R-33E, N.M.P.M.  
Lea County, New Mexico

Dear Mr. Braun:

Harvey E. Yates Company (HEYCO) proposes the drilling of the Atlantic 32 State #4 well to be located at a legal location in the SE/4 NW/4 of Section 32, T-18S, R-33E, Lea County, New Mexico. Said well will be drilled to a depth of 4,560', or to a depth sufficient to test the Queen and the Penrose formations. We anticipate spudding this well sometime within the next two weeks.

The #4 location is a south offset to the Atlantic 32 State #1, the discovery well for the Buffalo Queen field, which has produced 29 MBO since recompletion in the Queen/Penrose sand in November, 1990. The #1 Well produced 159 BOPD in July, 1991, and should produce 190 MBO before depletion.

The #2 well, drilled in May, 1991, is 700' southwest of this new location and is also completed in the Queen/Penrose. It is capable of pumping 70-80 BOPD.

We have enclosed two copies of the AFE, (revised from the AFE we sent you in our August 9, 1991 letter) which lists approximate costs of \$140,711 for a dry hole and \$345,056 for a producing well. Please return one signed copy of the AFE to our office at your very earliest convenience.

Thank you for your consideration of this proposal. If you have any questions, please feel free to call.

Very truly yours,

Robert H. Bell  
Landman

RHB/dlm  
Enclosures  
atnt324b.rn2/LL

**BEFORE EXAMINER STOGNER**  
**OIL CONSERVATION DIVISION**

EXHIBIT NO. \_\_\_\_\_

CASE NO. \_\_\_\_\_

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF HARVEY E. YATES COMPANY FOR  
COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. 10365

AFFIDAVIT

STATE OF NEW MEXICO     )  
  )ss.  
COUNTY OF SANTA FE     )

<b>BEFORE EXAMINER STOGNER</b>	
<b>OIL CONSERVATION DIVISION</b>	
<u>HECO</u>	<b>EXHIBIT NO. <u>B</u></b>
<b>CASE NO. <u>10365</u></b>	

WILLIAM F. CARR, attorney in fact and authorized representative of Harvey E. Yates Company, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

William F. Carr  
WILLIAM F. CARR

SUBSCRIBED AND SWORN to before me this 4th day of September, 1991.

Markel J. [Signature]  
Notary Public

My Commission Expires:

August 19, 1995

**EXHIBIT A**

Edgar J. Braun  
One Embarcadero Center, Suite 310  
San Francisco, California 94111

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY  
ANNIE-LAURIE COOGAN

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

August 15, 1991

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Edgar J. Braun  
One Embarcadero Center, Suite 310  
San Francisco, California 94111

Re: Oil Conservation Division Case 10365:  
Application of Harvey E. Yates Company for Compulsory Pooling,  
Lea County, New Mexico

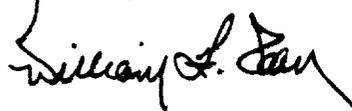
Dear Mr. Braun:

This letter is to advise you that the Oil Conservation Division hearing on the application of Harvey E. Yates Company seeking the force pooling of all mineral interests in the NW/4 NW/4 of Section 32, Township 18 South, Rang 33 East, N.M.P.M., Lea County, New Mexico has been continued to September 5, 1991.

You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
Attorney for Harvey E. Yates Company

WFC:mtb

P-106 676 213

RECEIPT FOR CERTIFIED MAIL  
(U.S. AIR MAIL COVER RATE PROVIDED)  
 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

Sent to <b>Mr. Edgar J. Braun</b>	
Street and No. <b>One Embarcadero Ctr. #310</b>	
P.O., State and ZIP Code <b>San Francisco, CA 94111</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date <b>8.15.91</b>	

PS Form 3800, June 1985

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**3. Article Addressed to:**  
 Mr. Edgar J. Braun  
 One Embarcadero Ctr.  
 Suite 310  
 San Francisco, CA 94111

**4. Article Number:**  
 P-106 676 213

**5. Signature - Agent:**  
 X *[Signature]*

**6. Signature - Addressee:**  
 X *[Signature]*

**7. Date of Delivery:**  
 SF, Ca. 94111

**8. Addressee's Address (ONLY if requested and fee paid):**  
 1 Embarcadero  
 SF, Ca. 94111

**Type of Services:**  
 Registered  
 Certified  
 Insured  
 COD  
 Return Receipt for Merchandise  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

**1. Show to whom delivered, date, and addressee's address.**  
 Show to whom delivered, date, and addressee's address. (Extra charge)

**2. Restricted Delivery** (Extra charge)

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.**  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.