



10135

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

October 24, 1995

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

Attn: Ms. Mecca Mauritsen

Re: Voluntary Termination
Hourglass State Unit
Lea County, New Mexico

Dear Ms. Mauritsen:

This office is in receipt of your letter of October 16, 1995, wherein as unit operator of the Hourglass State Unit, Lea County, New Mexico, you have requested our approval to voluntarily terminate the Hourglass State Unit. Also attached with your termination request are executed counter-parts of over seventy five percent (75%) of the unit working interest owners.

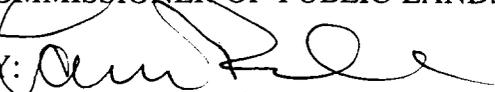
Pursuant to Section 17. EFFECTIVE DATE AND TERM: of the unit agreement, please be advised that the Hourglass State Unit Agreement has this date been terminated effective October 16, 1995. All future production from former unit wells will now be reported on a lease basis.

Please advise the New Mexico Oil Conservation Division and all other interested parties of this action.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/pm

cc: Reader File
OCD-Santa Fe Attn: Roy Johnson
TRD-Santa Fe, Attn: Valdean Severson

REPORT TO DEPARTMENTS

05 08 31 117 8 52

UNIT NAME HOURGLASS UNIT
 OPERATOR YATES PETROLEUM CORPORATION
 COUNTY LEA COUNTY, NEW MEXICO

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
11-27-90		11-27-90	560.00	560.00	-0-	-0-		5 years As long as...

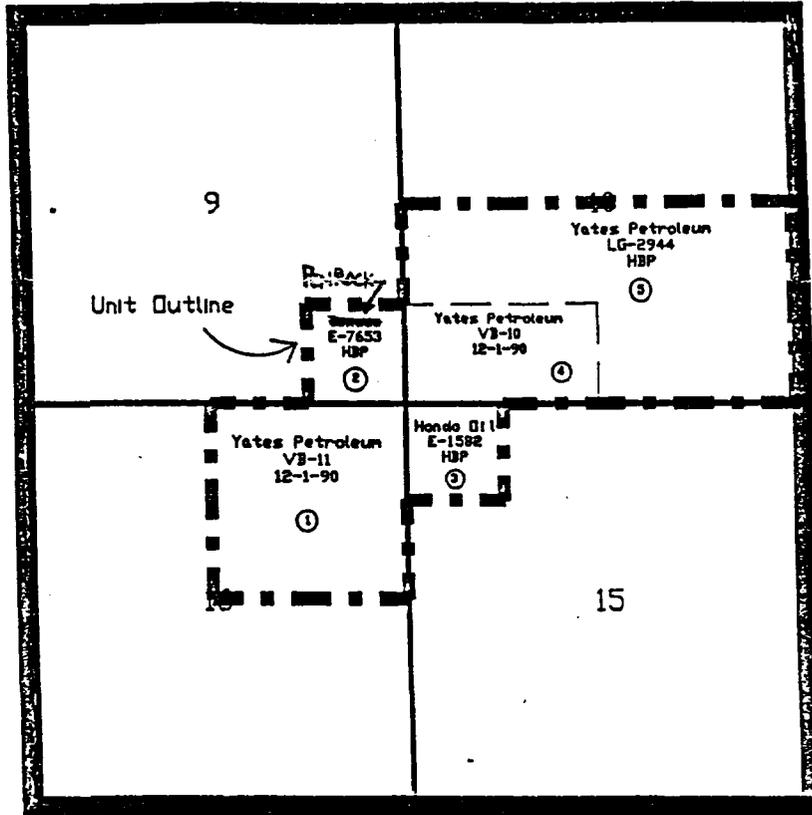
TERMINATED
 EFFECTIVE DATE 10-16-95
 APPROVAL DATE 10-29-95

- UNIT AREA
- Sec. 9-18S-35E -- SE/4SE/4
 - Sec. 10-18S-35E -- S/2SW/4, SE/4, NW/4SW/4 *9/2*
 - Sec. 15-18S 35E -- NW/4NW/4
 - Sec. 16-18S-35E -- NE/4

Committed - Tracts 1, 4 & 5
 Not Committed - Tracts 2 & 3

R 35 E

T
18
S



TERMINATED
EFFECTIVE DATE 10-16-95
APPROVAL DATE 10-24-95

Yates Petroleum Corporation
Hourglass State Unit
Lea County, New Mexico
Exhibit A
560.00 Acres State Land

EXHIBIT - B
HOURGLASS UNIT AGREEMENT
 Lea County, New Mexico

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO.	EXP. DATE	BASIC ROYALTY OWNERSHIP & RATE	LESSEE OF RECORD	OVERLAPPING ROYALTY OWNERS	WORKING INTEREST OWNERS	BENEFICIARY INSTITUTION
1	T188-R33E-SEC. 16 NE/4	160.00	VB-11	12-1-90	STATE OF NEW MEXICO 3/16	YATES PETROLEUM CORPORATION	NONE	YATES PETROLEUM CORPORATION - 70% YATES DRILLING COMPANY - 10% ABO PETROLEUM CORPORATION - 10% MCO INDUSTRIES, INC. - 10%	CS
2	T188-R33E-SEC. 9 SE/4SE/4	40.00	E-7653	HBP	STATE OF NEW MEXICO 1/8	PERROCK OIL CORPORATION	NONE	PERROCK OIL CORPORATION - 100%	CS
3	T188-R33E-SEC. 15 NW/4NW/4	40.00	E-1582	HBP	STATE OF NEW MEXICO 1/8	HONDO OIL & GAS COMPANY	NONE	HONDO OIL & GAS COMPANY - 100%	MB
4	T188-R33E-SEC. 10 S/2SW/4	80.00	VB-10	12-1-90	STATE OF NEW MEXICO 3/16	YATES PETROLEUM CORPORATION	NONE	YATES PETROLEUM CORPORATION - 70% YATES DRILLING COMPANY - 10% ABO PETROLEUM CORPORATION - 10% MCO INDUSTRIES INC. - 10%	CS
5	T188-R33E-SEC. 10 N/2SW/4, SE/4	240.00	LG-2944	HBP	STATE OF NEW MEXICO 1/8	YATES PETROLEUM CORPORATION	NONE	YATES PETROLEUM CORPORATION - 25% YATES DRILLING COMPANY - 25% ABO PETROLEUM CORPORATION - 25% MCO INDUSTRIES INC. - 25%	CS

560.00 ACRES - STATE LAND

TERMINATED
 EFFECTIVE DATE 10-16-95
 APPROVAL DATE 10-24-95

PERMIAN BASIN DIVISION
EE RD

'90 NOV 7 AM 9 12

Hondo Oil & Gas Company

Box 2208
Roswell, New Mexico 88202
(505)625-8700



#10135

November 2, 1990

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

Attention: Mr. Michael R. Burch

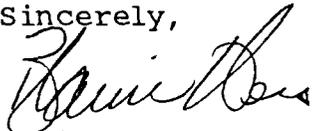
Re: Your Proposed Hour Glass State Unit
Covering Hondo Lease No. 30-0001-00
NW/4NW/4 Section 15, T-28-S, R-35-E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

We have completed our review of your proposal as stated in your letter of October 31, 1990. Please be advised, Hondo Oil & Gas Company has decided not to participate in the formation of said unit and drilling of your proposed Bone Springs test.

Thank you for the opportunity to review your proposal and please feel free to contact me if questions or comments arise.

Sincerely,



Blaine Hess
Division Land Manager
Permian Basin Division

BH/arw

cc: Oil Conservation Commission
Post Office Box 2088
State Land Office Building
Santa Fe, NM 87501

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 27, 1990

Fisk & Vandiver
Attorneys-at-Law
Seventh and Mahone, Suite E
Artesia, New Mexico 88210

Attn: David Vandiver

Re: Hourglass Unit
Lea County, New Mexico
Final Approval

Dear Mr. Vandiver:

Please be advised that the Commissioner of Public Lands this date has granted final approval for the exploratory Hourglass Unit in Lea County, New Mexico. This office understands that Tracts 2 and 3 are not committed at this time.

Our approval is subject to like approval by the Oil Conservation Division. Enclosed are five (5) Certificates of Approval and One (1) copy of the Approved Hourglass Unit Agreement. Your filing fee in the amount of one hundred twenty dollars (\$120.00) was received.

If you have any question please contact Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

By: *Floyd O. Prando*
Floyd O. Prando, Director
Oil, Gas & Minerals Division

WRH/FOP/CL/dm

cc: TRD - Oil & Gas Accounting Division
OCD - Santa Fe
BLM - Jerry Dutchover
SLO - Royalty Management

REPORT TO DEPARTMENTS

UNIT NAME _____ HOURGLASS UNIT
 OPERATOR YATES PETROLEUM CORPORATION
 COUNTY LEA COUNTY, NEW MEXICO

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
11-27-90		11-27-90	560.00	560.00	-0-	-0-		5 years As long as...

UNIT AREA

- Sec. 9-18S-35E -- SE/4SE/4 Committed - Tracts 1, 4 & 5
- Sec. 10-18S-35E -- S/2SW/4, SE/4, NW/4SW/4 Not Committed - Tracts 2 & 3
- Sec. 15-18S 35E -- NW/4NW/4
- Sec. 16-18S-35E -- NE/4

EXHIBIT 'B'

**HOURGLASS UNIT AGREEMENT
Lea County, New Mexico**

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO.	EXP. DATE	BASIC ROYALTY OWNERSHIP & RATE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNERS	WORKING INTEREST OWNERS	BENEFICIARY INSTITUTE
1	T18S-R35E-SEC. 16 NE/4	160.00	VB-11	12-1-90	STATE OF NEW MEXICO 3/16	YATES PETROLEUM CORPORATION	NONE	YATES PETROLEUM CORPORATION - 70% YATES DRILLING COMPANY - 10% ABO PETROLEUM CORPORATION - 10% MYCO INDUSTRIES, INC. - 10%	CS
2	T18S-R35E-SEC. 9 SE/4SE/4	40.00	E-7653	HBP	STATE OF NEW MEXICO 1/8	PENROCK OIL CORPORATION	NONE	PENROCK OIL CORPORATION - 100%	CS
3	T18S-R35E-SEC. 15 NW/4NW/4	40.00	E-1582	HBP	STATE OF NEW MEXICO 1/8	HONDO OIL & GAS COMPANY	NONE	HONDO OIL & GAS COMPANY - 100%	MH
4	T18S-R35E-SEC. 10 S/2SW/4	80.00	VB-10	12-1-90	STATE OF NEW MEXICO 3/16	YATES PETROLEUM CORPORATION	NONE	YATES PETROLEUM CORPORATION - 70% YATES DRILLING COMPANY - 10% ABO PETROLEUM CORPORATION - 10% MYCO INDUSTRIES INC. - 10%	CS
5	T18S-R35E-SEC. 10 N/2SW/4, SE/4	240.00	LG-2944	HBP	STATE OF NEW MEXICO 1/8	YATES PETROLEUM CORPORATION	NONE	YATES PETROLEUM CORPORATION - 25% YATES DRILLING COMPANY - 25% ABO PETROLEUM CORPORATION - 25% MYCO INDUSTRIES INC. - 25%	CS

560.00 ACRES - STATE LAND

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 16, 1990

Fisk & Vandiver
Attorney at Law
Seventh & Mahone, Suite E
Artesia, NM 88210

Attn: Mr. David Vandiver

Re: Hourglass State Unit
Lea County, New Mexico
Preliminary Approval

Dear Mr. Vandiver:

This office has reviewed the proposed agreement and accompanying data and we find that with the following exception the general requirements of the Commissioner of Public Lands are present.

- Page 7, paragraph 17 - Effective Date and Term - should read ..."shall terminate in five (5) years..."

Preliminary Approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following items.

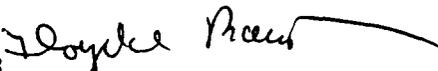
1. Application for final approval by the Commissioner of Public Lands setting forth the tracts that have been committed and those that are not committed.
2. All ratifications from the Lessee of Record and Working Interest Owners, all signatures should be acknowledged by a Notary Public and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be contingent upon subsequent favorable approval by the New Mexico Oil Conservation Division.
4. An original and one copy of both the Unit Agreement and the Unit Operating Agreement for our files. Again, the original set must contain original signatures.

We received your filing fee in the amount of \$120.00.

If we can be of further help, please contact Clyde Langdale at
(505) 827-5791.

Sincerely,

W. R. HUMPHRIES
COMMISSONER OF PUBLIC LANDS

By: 
Floyd O. Prando, Director
Oil, Gas & Minerals Division

WRH/FOP/CL/dm

cc: OCD
BLM

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

(505) 746-9841

DIVISION

3

NOV 9 17

JOHN FISK
DAVID R. VANDIVER
HARRY T. NUTTER

FAX
(505) 746-4208

10,135

December 13, 1990

Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 10,135
Order No. R-9370
Hourglass Unit
Lea County, New Mexico

Gentlemen:

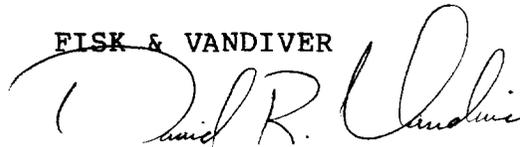
Enclosed for filing are executed counterparts of the Unit Agreement for the Development and Operation of the Hourglass Unit Area, Lea County, New Mexico, and Unit Operating Agreement dated October 4, 1990, as required by Order No. R-9370 entered in Case No. 10,135 on November 20, 1990. Also enclosed is a copy of the Certificate of Approval dated November 27, 1990, whereby the Commissioner of Public Lands approved the Unit Agreement.

Please contact me if you require anything further in connection with this matter.

Thank you.

Very truly yours,

FISK & VANDIVER



David R. Vandiver

DRV:pvw
Enclosures

cc: Mr. Mike Burch

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

October 4 , 19 90 ,

OPERATOR YATES PETROLEUM CORPORATION

CONTRACT AREA Township 18 South, Range 35 East, N.M.P.M.
Section 9: SE/4SE/4
Section 10: S/2
Section 15: NW/4NW/4
Section 16: NE/4
Containing 560.00 acres, more or less

COUNTY OR PARISH OF Lea STATE OF New Mexico

FISK & VANDIVER

OIL CONSERVATION DIVISION ATTORNEYS AT LAW
SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210
(505) 746-9841

JOHN FISK
DAVID R. VANDIVER
HARRY T. NUTTER

FAX
(505) 746-4208

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November 21, 1990

Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

DRV
CASE FILE 10135

Re: Case No. 10,135
Examiner Hearing of November 14, 1990
Hourglass State Unit
Lea County, New Mexico

Gentlemen:

Enclosed for your information is a copy of our letter to the Commissioner of Public Lands requesting final approval of the Hourglass State Unit.

Please contact me if you have any questions regarding this matter.

Very truly yours,

FISK & VANDIVER

David R. Vandiver

David R. Vandiver

DRV:pvw
Enclosure

cc: Mr. Mike Burch
Mr. Brent May

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

(505) 746-9841

JOHN FISK
DAVID R. VANDIVER
HARRY T. NUTTER

FAX
(505) 746-4208

November 21, 1990

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

Attention: Mr. Clyde Langdale

Re: Hourglass State Unit
Lea County, New Mexico

Gentlemen:

On behalf of Yates Petroleum Corporation, application is hereby made for final approval of the Hourglass State Unit, Lea County, New Mexico. Enclosed for this purpose are the original and one copy of the Unit Agreement and the original and one copy of the Unit Operating Agreement, which have been executed by the lessees of record and working interest owners. As requested in your letter of November 16, 1990, Paragraph 17 of the Unit Agreement has been revised to state that the agreement shall terminate in five years. This exploratory unit consists of 560 acres of state lands. Tracts 1, 4 and 5 (85.71428%) are committed to the unit as of the date hereof, and Tracts 2 and 3 (14.28572%) are not currently committed to the unit. Hondo Oil & Gas Company has verbally agreed to commit Tract 3 to the unit.

Hearing before the New Mexico Oil Conservation Division was held in Case No. 10,135 on November 14, 1990, and we anticipate that the Division will approve the Hourglass State Unit within the next few days, effective upon approval of the agreement by the Commissioner of Public Lands. We will furnish you with a copy of such Order upon our receipt of the same.

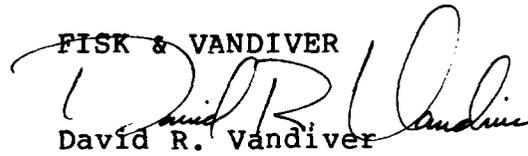
State Leases VB-11 and VB-10 (Unit Tracts 1 and 4) have an expiration date of December 1, 1990, and your prompt attention to this matter will be appreciated. Please contact me if you need anything further prior to approval of this agreement.

Commissioner of Public Lands
-2-

November 21, 1990

Thank you for your cooperation in this matter.

Very truly yours,

FISK & VANDIVER

David R. Vandiver

DRV:pvw
Enclosures

cc: Oil Conservation Division
Mr. Mike Burch
Mr. Brent May

OIL CONSERVATION DIVISION
RECEIVED

PENROC

Penroc Oil Corporation / P. O. Box 5970, Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051

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CASE FILE
10/35*

November 2, 1990

Mr. David Catanach
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Proposed Hourglass State Unit
Lea County, New Mexico

Dear Mr. Catanach:

This letter is to inform you of PENROC OIL CORPORATION's decision of not participating in the captioned unit proposed by Yates Petroleum Corporation. PENROC owns 100% WI and a 87.5% NRI in the S/2 of Section 9, T-18-S, R-35-E, and the acreage is HBP, and PENROC has its own plan for future development.

In view of the above, we respectfully request PENROC's 40-acre should be deleted from the unit. If in the future conditions dictate, PENROC may re-consider its position. Thank you.

Sincerely,

PENROC OIL CORPORATION

M. Y. (Merch) Merchant
M. Y. (Merch) Merchant
President

MYM/br

CC: Michael R. Burch
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

(505) 746-9841

JOHN FISK
DAVID R. VANDIVER
HARRY T. NUTTER

FAX
(505) 746-4208

November 7, 1990

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

ATTENTION: Mr. Clyde Langsdale

Re: Hourglass State Unit
Lea County, New Mexico

Dear Mr. Langsdale:

On behalf of Yates Petroleum Corporation, application is hereby made for preliminary approval of the Hourglass State Unit, Lea County, New Mexico. This exploratory unit consists entirely of state lands. Submitted herewith are the following:

1. Two copies of the draft Unit Agreement, with Exhibits "A" and "B".
2. Draft of the Unit Operating Agreement.
3. Geological Explanation in duplicate, with maps.

On behalf of the Applicant, it is hereby alleged:

- A. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
- B. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
- C. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
- D. That such unit agreement is in other respects for the best interest of the trust.

YATES PETROLEUM CORPORATION
Case No. 10135
11/14/90 Examiner Hearing
Exhibit No. 4

November 7, 1990

Our check in the amount of \$120, representing \$30 for each section or fractional part thereof, is also enclosed.

Please contact me if you have any questions or requirements. This application is set for hearing before the New Mexico Oil Conservation Division on November 14, 1990. Two of the state leases to be committed to the unit have an expiration date of December 1, 1990, and your early review of this proposal unit will be appreciated.

Thank you for your cooperation in this matter.

Very truly yours,

FISK & VANDIVER

A handwritten signature in cursive script, appearing to read "David R. Vandiver", is written over the typed name.

David R. Vandiver

DRV:kp
Enclosures

cc: Mr. Mike Burch
Mr. Brent May

FISK & VANDIVER

OIL CONSERVATION DIVISION
RECEIVED
ATTORNEYS AT LAW
SEVENTH & MAHONE / SUITE E
ALBUQUERQUE, NEW MEXICO 88210
'90 NOV 1 AM 8 45
(505) 746-9841

JOHN FISK
DAVID R. VANDIVER

FAX
(505) 746-4208

October 30, 1990

M.S.

Mr. Michael E. Stogner
Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 10,135
Yates Petroleum Corporation
Proposed Hourglass State Unit
Lea County, New Mexico

Dear Mr. Stogner:

As we discussed, please do not dismiss the Application of Yates Petroleum Corporation, for Approval of a Unit Agreement, Hourglass State Unit Area, Lea County, New Mexico, which is set for the Examiner Hearing of October 31, 1990, but instead continue the hearing until the Examiner Hearing of November 14, 1990.

Thank you.

Very truly yours,

FISK & VANDIVER

David R. Vandiver
David R. Vandiver

DRV:pvw

cc: Mr. Mike Burch
Mr. Brent May

Florine

October 29, 1990

Per my telephone conversation w/
David Van Der Puer Case No. 10135 will
be dismissed. Thanks.

~~W. L. L. L.~~

FISK & VANDIVER

ATTORNEYS AT LAW

OIL CONSERVATION DIVISION
RECEIVED SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

JOHN FISK
DAVID R. VANDIVER

'90 OCT 30 AM 8 36 (505) 746-9841

FAX
(505) 746-4208

October 29, 1990

Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 10,135
Yates Petroleum Corporation
Proposed Hourglass State Unit
Lea County, New Mexico

Gentlemen:

Please dismiss the Application of Yates Petroleum Corporation, for Approval of a Unit Agreement, Hourglass State Unit Area, Lea County, New Mexico, which is set for the Examiner Hearing of October 31, 1990.

Thank you.

Very truly yours,

FISK & VANDIVER

David R. Vandiver
David R. Vandiver

DRV:pvw

cc: Mr. Mike Burch
Mr. Brent May

10/30/90

David Vandiver now wishes to continue this case until the 11/14/90 hearing instead of dismissing it at this time. M.S.



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

10135

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

SLO REF NO. OG-1240

February 17, 1993

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

Attn: Ms. Mecca Mauritsen

Re: 1993 Plan of Development
Hourglass State Unit
Lea County, New Mexico

Dear Ms. Mauritsen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You will be contacted at a later date regarding these possibilities.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm
cc: OCD
BLM