



State of New Mexico

10383

OFFICE OF THE

Commissioner of Public Lands

JIM BACA  
COMMISSIONER

Santa Fe

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

**REGISTERED MAIL - RETURN RECEIPT REQUESTED**

August 24, 1992

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

Attn: Mr. Robert Bullock

Re: **Termination of Moonshine State Unit**  
Lea County, New Mexico

Dear Mr. Bullock:

A review of the Moonshine State Unit reveals the following:

1. The unit agreement was approved effective September 26, 1992.
2. The Moonshine State Unit Well No. 1 was spudded on September 30, 1991. Your C-105 dated January 9, 1992 notified this office that the Moonshine State Unit Well No. 1 had been completed as a "Dry" hole.
3. Section 8 of the unit agreement provides that the Operator shall drill one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a commercial well has been completed.
4. Our records reflect that the Moonshine State Unit Well No. 2 was due to be commenced on or before July 9, 1992, being six months from the completion date of the initial test well. Our records do not reflect that a 2nd unit well was timely commenced pursuant to the unit terms.

In view of the above, please be advised that the Moonshine State Unit Agreement has this date been terminated effective July 9, 1992, being six months from the completion date of the initial test well. Please notify all 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,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

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

*by James R. [Signature]*

OCD

REPORT TO DEPARTMENTS

UNIT NAME Moonshine State Unit

OPERATOR Yates Petroleum Corporation

COUNTY Lea County, New Mexico

TERMINATED JUL 09 1992

EFFECTIVE DATE

APPROVAL DATE AUG 24 1992

| DATE APPROVED | OCC CASE NO.     | OCC ORDER NO. | EFFECTIVE DATE | TOTAL ACREAGE | STATE | FEDERAL | INDIAN-FEE | SEGREGATION CLAUSE | TERM  |
|---------------|------------------|---------------|----------------|---------------|-------|---------|------------|--------------------|-------|
| 9-26-91       | Case No. 10383   |               | 9-26-91        | 2,238.08      |       |         | 2,238.08   | strict             | 5 yrs |
|               | Order No. R-9588 |               |                |               |       |         |            |                    |       |

**TERMINATED**

UNIT AREA

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

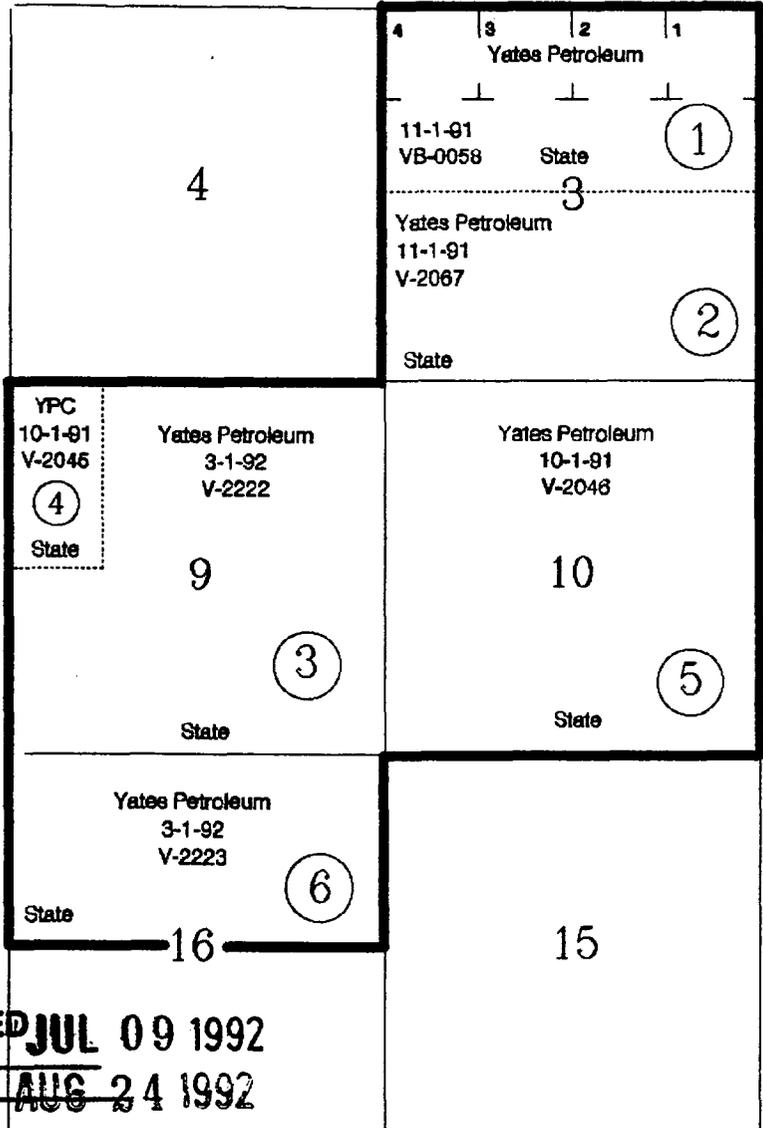
Section 3: All

Section 9: All

Section 10: All

Section 16: N/2

R 36 E



**TERMINATED**  
 EFFECTIVE DATE JUL 19 1992  
 APPROVAL DATE \_\_\_\_\_  
 AUG 24 1992

**TERMINATED**  
 EFFECTIVE DATE JUL 09 1992  
 APPROVAL DATE AUG 24 1992

**Yates Petroleum Corp.**  
 105 South Fourth Street (505) 748-1471 Artesia, NM 88210

**MOONSHINE STATE UNIT**  
 Lea County, New Mexico T19S / R36E

| Tract Number        | Acres        | Percentage  |
|---------------------|--------------|-------------|
| (1)                 | 2,238.08     | 100%        |
| <u>Unit Outline</u> | <b>TOTAL</b> | <b>100%</b> |

**TERMINATED**  
**EXHIBIT B**  
**MOONSHINE STATE UNIT**  
 Lea County, New Mexico

**TERMINATED**  
 EFFECTIVE DATE JUL 09 1992  
 APPROVAL DATE AUG 24 1992

| Tract #                    | Land Description                                       | No. of Acres    | Serial No. & Exp. Date    | Basic Royalty Ownership        | Lessee of Record            | Overriding Royalty Owners | Working Interest Owners                                                                                      |                                  |
|----------------------------|--------------------------------------------------------|-----------------|---------------------------|--------------------------------|-----------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1.                         | T19S-R36E<br>Sec. 3: Lots 1, 2, 3,<br>and 4 and S/2N/2 | 318.08          | VB-0038<br>11-1-91<br>Pen | 3/16ths<br>State of New Mexico | Yates Petroleum Corporation | None                      | Yates Petroleum Corporation<br>Abo Petroleum Corporation<br>Yates Drilling Company<br>Mycos Industries, Inc. | - 40%<br>- 20%<br>- 20%<br>- 20% |
| 2.                         | T19S-R36E<br>Sec. 3: S/2                               | 320.00          | V-2067<br>11-1-91<br>Pen  | 1/6th<br>State of New Mexico   | Yates Petroleum Corporation | None                      | Yates Petroleum Corporation<br>Abo Petroleum Corporation<br>Yates Drilling Company<br>Mycos Industries, Inc. | - 40%<br>- 20%<br>- 20%<br>- 20% |
| 3.                         | T19S-R36E<br>Sec. 9: NE/4,<br>E/2NW/4, S/2             | 560.00          | V-2222<br>3-1-92<br>Pen   | 1/6th<br>State of New Mexico   | Yates Petroleum Corporation | None                      | Yates Petroleum Corporation<br>Abo Petroleum Corporation<br>Yates Drilling Company<br>Mycos Industries, Inc. | - 40%<br>- 20%<br>- 20%<br>- 20% |
| 4.                         | T19S-R36E<br>Sec. 9: W/2NW/4                           | 80.00           | V-2045<br>10-1-91<br>Pen  | 1/6th<br>State of New Mexico   | Yates Petroleum Corporation | None                      | Yates Petroleum Corporation<br>Abo Petroleum Corporation<br>Yates Drilling Company<br>Mycos Industries, Inc. | - 40%<br>- 20%<br>- 20%<br>- 20% |
| 5.                         | T19S-R36E<br>Sec. 10: ALL                              | 640.00          | V-2046<br>10-1-91<br>Pen  | 1/6th<br>State of New Mexico   | Yates Petroleum Corporation | None                      | Yates Petroleum Corporation<br>Abo Petroleum Corporation<br>Yates Drilling Company<br>Mycos Industries, Inc. | - 40%<br>- 20%<br>- 20%<br>- 20% |
| 6.                         | T19S-R36E<br>Sec. 16: N/2                              | 320.00          | V-2223<br>3-1-92<br>CS    | 1/6th<br>State of New Mexico   | Yates Petroleum Corporation | None                      | Yates Petroleum Corporation<br>Abo Petroleum Corporation<br>Yates Drilling Company<br>Mycos Industries, Inc. | - 40%<br>- 20%<br>- 20%<br>- 20% |
| <b>TOTAL STATE ACREAGE</b> |                                                        | <b>2,238.08</b> |                           |                                |                             |                           |                                                                                                              |                                  |

**RECAPITULATION**  
 2,238.08 Acres of State of New Mexico Lands 100.00%





JIM BACA  
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

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

REGISTERED MAIL - RETURN RECEIPT REQUESTED

August 11, 1992

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

Attn: Ms. Janet Richardson

Re: **Automatic Elimination and Subsequent Termination  
Moonrise State Unit**  
Eddy County, New Mexico

Dear Ms. Richardson:

Reference is made to our letter of July 28, 1992, wherein your company was advised of the automatic elimination of undeveloped regular well spacing or proration unit tracts within the Moonrise State Unit.

Please be advised that effective February 27, 1992 the Moonrise State Unit was automatically contracted to the 160.00 acre well spacing for the Moonrise State Unit Well No. 1-M. The remaining acreage following the automatic elimination date is described as the SW $\frac{1}{4}$  of Section 27, Township 18 South, Range 36 East.

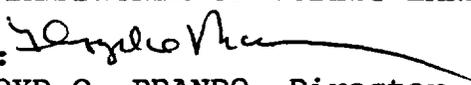
Following the automatic elimination date of February 27, 1992, we received your request of July 31, 1992 to terminate this unit.

In view of the above please be advised that the Moonrise State Unit Agreement has this date been terminated effective July 31, 1992. The production from this well should now be reported on a lease basis.

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, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
JB/FOP/pm  
encls.

cc: Reader File  
OCD-Santa Fe

Unit Name MOONRISE STATE UNIT  
 Operator Yates Petroleum Corporation  
 County LEA

**TERMINATED**

| DATE                 | OCC CASE NO.  | 9076   | EFFECTIVE DATE | TOTAL ACREAGE              | STATE    | FEDERAL | INDIAN-FEE | SEGREGATION CLAUSE | TERM                   |
|----------------------|---------------|--------|----------------|----------------------------|----------|---------|------------|--------------------|------------------------|
| APPROVED             | OCC ORDER NO. | R-8399 |                |                            |          |         |            |                    |                        |
| OCD: 2/24/87         |               |        | 2/27/87        | 1,600.00                   | 1,600.00 | -0-     | -0-        | STRICT             | 5 years and so long as |
| COMMISSIONER 2/27/87 |               |        |                | (1,440.00 acres committed) |          |         |            |                    |                        |

466 LANDS NOT IN A drilling operation UNIT were eliminated 2/23/92

ELIMINATED  
 EFFECTIVE DATE 2/23/92  
 APPROVAL DATE 8/11/92  
 (only THE SW 1/4 of 27-185-36 remained active after 2/23/92)

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM

Section 27: ALL  
 Section 28: SE/4  
 Section 33: NE/4  
 Section 34: ALL

*Voluntarily*  
**TERMINATED**  
 EFFECTIVE DATE 1/31/92  
 APPROVAL DATE 8/11/92  
 SW 1/4 Sec. 27-185-36  
 (land will be reported on a lease basis)

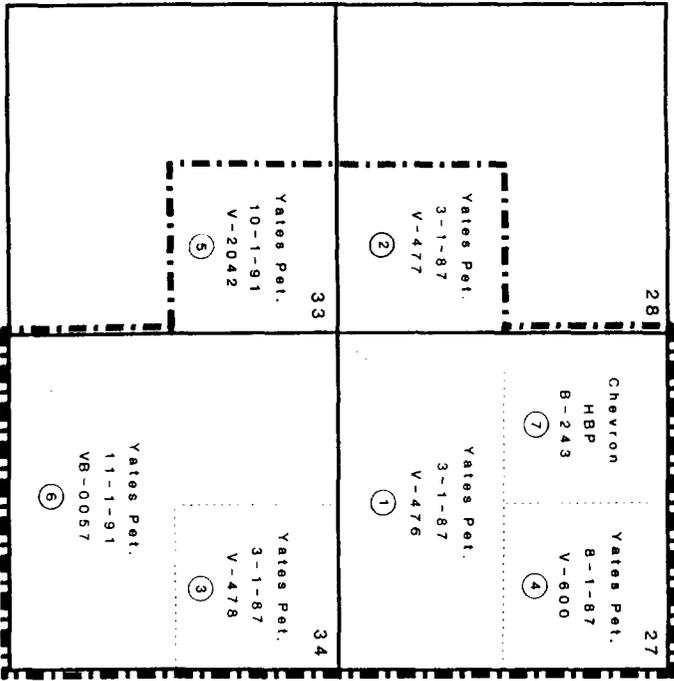
**TERMINATED**  
EFFECTIVE DATE: 2/22/92  
App. 8/11/92

**TERMINATED**  
EFFECTIVE DATE: 2/22/92  
App. 8/11/92

| TRACT NO.    | DESCRIPTION                     | ACRES          | LEASE NO. & EXP. DATE                     | ROYALTY & PERCENTAGE | LESSOR OF RECORD            | OVERRIDE OR PRO-DUCTION PAYMENT AND PERCENTAGE | WORKING INTEREST OWNER-PERCENTAGE                                                                                               |
|--------------|---------------------------------|----------------|-------------------------------------------|----------------------|-----------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1            | T18S-R36E<br>Sec. 27: S/2       | 320.00         | V-476<br>3/1/87                           | New Mexico<br>1/6    | Yates Petroleum Corporation | None                                           | Yates Petroleum Corporation-70%<br>Yates Drilling Company -10%<br>Abo Petroleum Corporation -10%<br>Mycos Industries, Inc. -10% |
| 2            | T18S-R36E<br>Sec. 28: SE/4      | 160.00         | V-477<br>3/1/87                           | New Mexico<br>1/6    | Yates Petroleum Corporation | None                                           | Yates Petroleum Corporation-70%<br>Yates Drilling Company -10%<br>Abo Petroleum Corporation -10%<br>Mycos Industries, Inc. -10% |
| 3            | T18S-R36E<br>Sec. 34: NE/4      | 160.00         | V-478<br>3/1/87                           | New Mexico<br>1/6    | Yates Petroleum Corporation | None                                           | Yates Petroleum Corporation-70%<br>Yates Drilling Company -10%<br>Abo Petroleum Corporation -10%<br>Mycos Industries, Inc. -10% |
| 4            | T18S-R36E<br>Sec. 27: NE/4      | 160.00         | V-600<br>8/1/87                           | New Mexico<br>1/6    | Yates Petroleum Corporation | None                                           | Yates Petroleum Corporation-70%<br>Yates Drilling Company -10%<br>Abo Petroleum Corporation -10%<br>Mycos Industries, Inc. -10% |
| 5            | T18S-R36E<br>Sec. 33: NE/4      | 160.00         | V-2042<br>10/1/91                         | New Mexico<br>1/6    | Yates Petroleum Corporation | None                                           | Yates Petroleum Corporation-40%<br>Yates Drilling Company -20%<br>Abo Petroleum Corporation -20%<br>Mycos Industries, Inc. -20% |
| 6            | T18S-R36E<br>Sec. 34: NW/4, S/2 | 480.00         | VB-0057<br>11/1/91                        | New Mexico<br>3/16   | Yates Petroleum Corporation | None                                           | Yates Petroleum Corporation-40%<br>Yates Drilling Company -20%<br>Abo Petroleum Corporation -20%<br>Mycos Industries, Inc. -20% |
| 7            | T18S-R36E<br>Sec. 27: NW/4      | 160.00         | B-243<br>HBP                              | New Mexico<br>1/8    | Chevron U.S.A. Inc.         | None                                           | Chevron U.S.A. Inc.                                                                                                             |
| <b>TOTAL</b> |                                 | <b>1600.00</b> | <b>acres of State of New Mexico Lands</b> |                      |                             |                                                |                                                                                                                                 |

R36E

TERMINATED



T  
18  
S

|                          |              |       |            |      |
|--------------------------|--------------|-------|------------|------|
| <input type="checkbox"/> | STATE LANDS  | 1,600 | PERCENTAGE | 100% |
| ③                        | TRACT NUMBER |       |            |      |
| ---                      | UNIT OUTLINE |       |            |      |

# MOONRISE STATE UNIT

LEA COUNTY, NEW MEXICO

## EXHIBIT "A"

YATES PETROLEUM CORPORATION  
 105 SOUTH 4TH STREET  
 ARTESIA, NEW MEXICO



CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

ANNIE-LAURIE COOGAN  
PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

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

September 25, 1991

**HAND-DELIVERED**

Mr. David R. Catanach  
Hearing Examiner  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

*WFC*  
*CARR*  
*10383*

RECEIVED  
SEP 28 1991  
OIL CONSERVATION DIVISION

Re: Case No. 10383  
Application of Yates Petroleum Corporation for a Unit Agreement, Lea  
County, New Mexico

Dear Mr. Catanach:

Enclosed for your consideration is the proposed Order of Yates Petroleum Corporation approving its proposed Moonshine State Unit. As you are aware, Yates must spud a well on this unit by September 31, 1991.

Floyd Prando, Director of the Oil and Gas Division at the New Mexico State Land Office, has advised Yates that the Commissioner will give final approval to this agreement as soon as an Oil Conservation Division Order is received. Accordingly, I would appreciate your calling me as soon as an Order is entered so I may hand-deliver it to Mr. Prando.

Your expedited consideration of this application is appreciated.

Very truly yours,

*William F. Carr*

WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

Enclosure

cc w/enc.: Randy Patterson

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

Case No. 10383  
Order No. R-\_\_\_\_\_

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR A UNIT AGREEMENT,  
LEA COUNTY, NEW MEXICO.

**YATES PETROLEUM CORPORATION'S  
PROPOSED ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on September 19, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this \_\_\_\_ day of September, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Yates Petroleum Corporation seeks approval of the Moonshine State Unit Agreement and Area for all oil and gas in any and all formations underlying 2,238.08 acres, more or less, of State lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.
- (3) No interested party appeared and objected to the proposed unit area.
- (4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

**IT IS THEREFORE ORDERED THAT:**

(1) The Moonshine State Unit Agreement is hereby approved for all oil and gas in any and all formations underlying 2,238.08 acres, more or less, of State lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterparts of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division a conformed copy of the agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) This Order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico; this Order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

Case No. 10383

Order No. R-\_\_\_\_\_

Page 3

(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

**DONE** at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY  
Director

S E A L

Case No. 10383  
Order No. R-\_\_\_\_\_  
Page 4

**EXHIBIT "A"**  
**CASE NO. 10383**  
**ORDER NO. R-\_\_\_\_\_**  
**MOONSHINE STATE UNIT AREA**  
**LEA COUNTY, NEW MEXICO**

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

Section 3: All

Section 9: All

Section 10: All

Section 16: N/2

Containing 2,238.08 acres, more or less of State lands.