

requested, postage prepaid envelopes, addressed to the following named parties:

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702-1150

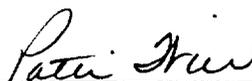
Hondo Oil & Gas Company
P. O. Box 2208
Roswell, New Mexico 88202

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

Enron Oil and Gas Company
P. O. Box 2267
Midland, Texas 79702

Mesa Operating Limited Partnership
P. O. Box 2009
Amarillo, Texas 79189-2009

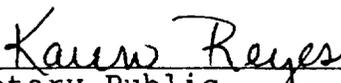
on the 5th day of October, 1988, as reflected by the copies of the letters transmitting such copies of the application and the return receipts executed on behalf of the addressees, attached hereto.



Patti Wier

SUBSCRIBED AND SWORN TO before me this 5th day of October, 1988.

My commission expires:
1-2-90



Notary Public

October 5, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702-1150

Re: New Deal "AFD" Federal No. 1 Well
Township 18 South, Range 25 East, NMPM
Section 6: N/2
Eddy County, New Mexico

Gentlemen:

Enclosed, please find a copy of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Eddy County, New Mexico.

Hearing is scheduled before the New Mexico Oil Conservation Division, in Santa Fe, New Mexico, on October 26, 1988.

Please contact the undersigned if you have any questions regarding this application.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw
Enclosure

cc: Mr. Randy G. Patterson
Mr. Ray Beck

October 5, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Hondo Oil & Gas Company
P. O. Box 2208
Roswell, New Mexico 88202

Re: New Deal "AFD" Federal No. 1 Well
Township 18 South, Range 25 East, NMPM
Section 6: N/2
Eddy County, New Mexico

Gentlemen:

Enclosed, please find a copy of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Eddy County, New Mexico.

Hearing is scheduled before the New Mexico Oil Conservation Division, in Santa Fe, New Mexico, on October 26, 1988.

Please contact the undersigned if you have any questions regarding this application.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw
Enclosure

cc: Mr. Randy G. Patterson
Mr. Ray Beck

October 5, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

Re: New Deal "AFD" Federal No. 1 Well
Township 18 South, Range 25 East, NMPM
Section 6: N/2
Eddy County, New Mexico

Gentlemen:

Enclosed, please find a copy of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Eddy County, New Mexico.

Hearing is scheduled before the New Mexico Oil Conservation Division, in Santa Fe, New Mexico, on October 26, 1988.

Please contact the undersigned if you have any questions regarding this application.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw
Enclosure

cc: Mr. Randy G. Patterson
Mr. Ray Beck

October 5, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Enron Oil and Gas Company
P. O. Box 2267
Midland, Texas 79702

Re: New Deal "AFD" Federal No. 1 Well
Township 18 South, Range 25 East, NMPM
Section 6: N/2
Eddy County, New Mexico

Gentlemen:

Enclosed, please find a copy of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Eddy County, New Mexico.

Hearing is scheduled before the New Mexico Oil Conservation Division, in Santa Fe, New Mexico, on October 26, 1988.

Please contact the undersigned if you have any questions regarding this application.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw
Enclosure

cc: Mr. Randy G. Patterson
Mr. Ray Beck

October 5, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mesa Operating Limited Partnership
P. O. Box 2009
Amarillo, Texas 79189-2009

Re: New Deal "AFD" Federal No. 1 Well
Township 18 South, Range 25 East, NMPM
Section 6: N/2
Eddy County, New Mexico

Gentlemen:

Enclosed, please find a copy of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Eddy County, New Mexico.

Hearing is scheduled before the New Mexico Oil Conservation Division, in Santa Fe, New Mexico, on October 26, 1988.

Please contact the undersigned if you have any questions regarding this application.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw
Enclosure

cc: Mr. Randy G. Patterson
Mr. Ray Beck

P 728 600 811

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Chevron U.S.A., Inc.	
Street and No. P. O. Box 1150	
P.O., State and ZIP Code Midland, TX 79702-1150	
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	

PS Form 3800, June 1985

P 728 600 812

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Hondo Oil & Gas Co.	
Street and No. P. O. Box 2208	
P.O., State and ZIP Code Roswell, NM 88202	
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	

PS Form 3800, June 1985

P 728 600 813

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Amoco Production Co.	
Street and No. P. O. Box 3092	
P.O., State and ZIP Code Houston, TX 77253	
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	

PS Form 3800, June 1985

P 728 600 814

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Enron Oil and Gas Co.	
Street and No. P. O. Box 2267	
P.O., State and ZIP Code Midland, TX 79702	
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	

PS Form 3800, June 1985

P 728 600 815

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Mesa Operating Limited	
Street and No. Partnership	
P.O., State and ZIP Code P. O. Box 2009	
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	

PS Form 3800, June 1985

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. 2. Restricted Delivery.

3. Article Addressed to: Chevron U.S.A., Inc. P. O. Box 1150 Midland, Texas 79702-1150	4. Article Number P 728 600 811
	Type of Service: <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u>	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery <i>6 Oct 88</i>	

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

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. 2. Restricted Delivery.

3. Article Addressed to: Hondo Oil & Gas Company P. O. Box 2208 Roswell, New Mexico 88202	4. Article Number P 728 600 812
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u>	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery <i>10/6/86</i>	

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

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.

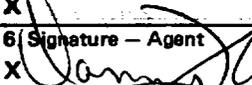
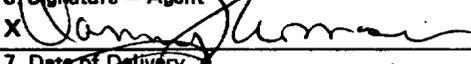
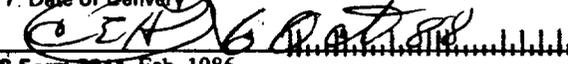
1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Amoco Production Company P. O. Box 3092 Houston, Texas 77253	4. Article Number P 728 600 813
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u>	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery OCT 10 1988	

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

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. 2. Restricted Delivery.

3. Article Addressed to: Enron Oil and Gas Company P. O. Box 2267 Midland, Texas 79702	4. Article Number P 728 600 814
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Addressee X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	
7. Date of Delivery 	

PS Form 3811, Feb. 1986 **DOMESTIC RETURN RECEIPT**

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. 2. Restricted Delivery.

3. Article Addressed to: Mesa Operating Limited Partnership P. O. Box 2009 Amarillo, Texas 79189-2009	4. Article Number P 728 600 815
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	
7. Date of Delivery OCT - 6 OCT - 6	

PS Form 3811, Feb. 1986 **DOMESTIC RETURN RECEIPT**

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. 9510
ORDER NO. R-8808

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 26, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of December, 1988, 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 an unorthodox gas well location for its New Deal "AFD" Federal Well No. 1 located 1980 feet from the North line and 760 feet from the East line (Unit H) of Section 6, Township 18 South, Range 25 East, NMPM, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Mississippian formation (which includes but is not necessarily limited to the Eagle Creek Permo-Pennsylvanian Gas Pool, Undesignated Eagle Creek-Strawn Gas Pool and the Undesignated Richard Knob Atoka-Morrow Gas Pool), Eddy County, New Mexico.

(3) Lots 1, 2, 3, 4 and 5, the SE/4 NW/4, and the S/2 NE/4 of said Section 6 is to be dedicated to the well forming a standard 324.66-acre gas spacing and proration unit.

(4) A well at the proposed unorthodox location will better enable the applicant to produce the gas underlying the proration unit.

(5) No offset operator objected to the proposed unorthodox location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its, just and equitable share of the gas in the affected pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation for an unorthodox gas well location for all formations from the top of the Wolfcamp formation to the base of the Mississippian formation (which includes but is not necessarily limited to the Eagle Creek Permo-Pennsylvanian Gas Pool, Undesignated Eagle Creek-Strawn Gas Pool and the Undesignated Richard Knob Atoka-Morrow Gas Pool), is hereby approved for its New Deal "AFD" Federal Well No. 1 located 1980 feet from the North line and 760 feet from the East line of Section 6, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) Lots 1, 2, 3, 4, and 5, the SE/4 NW/4, and the S/2 NE/4 of said Section 6 shall be dedicated to the well forming a standard 324.66-acre gas spacing and proration unit.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

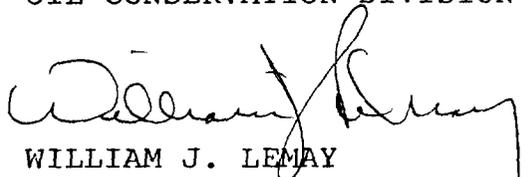
CASE NO. 9510
Order No. R-8808
Page -3-

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director