



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

TO: ALL GAS PRODUCERS AND PURCHASERS
FROM: WILLIAM J. LeMAY, DIRECTOR *WJL*
SUBJECT: MORATORIUM FROM SHUT-IN, OVERPRODUCED WELLS IN
ALL PRORATED GAS POOLS IN NEW MEXICO
DATE: December 15, 1989

In accordance with the showing that a high-demand emergency currently exists, and under the authority granted the Division Director, pursuant to Rule 11 (G) of the General Rules and Regulations for Prorated Gas Pools (Order No. R-8170), a pool-wide moratorium from shut-in for wells for reasons of overproduction is hereby placed in effect.

This moratorium shall apply to all prorated pools in Southeast and Northwest New Mexico. The moratorium shall be effective immediately and continue through March 15, 1990. The moratorium will not be extended beyond the stated period. Please note this measure is being taken for the emergency demand situations that have been documented to exist in the marketplace. During this period every underproduced well should be produced to the maximum of its ability under existing conditions and excessively overproduced wells are to be produced only during and to the extent necessary to meet the emergency demand. Previous moratoriums have been abused by some operators who have produced excessive amounts of gas during the moratorium from overproduced wells, thus violating the spirit of the moratorium and the correlative rights of offset operators.

Excessively overproduced wells will be curtailed or shut-in after March 31, 1990 to help bring prorated pools into balance but gas production should be managed so that no well will be in excess of 24 times overproduced at the end of March 1990.

OIL CONSERVATION DIVISION
RECEIVED
'90 SEP 24 AM 9 43

yates energy corporation

September 20, 1990

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Michael E. Stogner

Re: Case No. 9845
Order No. R-9093
Thornbush Federal #1
Eddy County, NM

M.S.

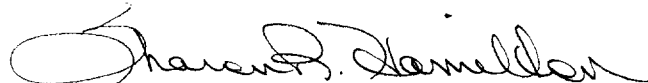
Gentlemen:

Pursuant to the provisions of the captioned order, enclosed please find a copy of the itemized schedule of actual well costs for the captioned well, which includes testing both the Bone Spring and San Andres formations. Said costs will also be provided to all working interest owners.

Should you require additional information, please advise.

Yours very truly,

YATES ENERGY CORPORATION



Sharon R. Hamilton
Landman

SRH/jj
Enclosure

ACTUAL COSTS
THORNBUSH FED #1
#93-005

AUGUST, 1990

	TOTAL COSTS
Location, roads, survey, damages	* 17,372
Rig move in and move out	* 0
Footage or turnkey	* 124,782
Daywork	* 6,633
Fuel, power, water	* 14,612
Mud and additives	* 15,221
Bits and reamers	* 0
Rental equipment	* 0
Casing crew, tongs, tools	* 2,736
Directional drilling svc.	* 0
Fishing tools and svc.	* 0
Cement and svc.	* 41,951
Open hole logs, forms, testing	* 20,814
DST, coring, analysis	* 0
Mud logging	* 8,240
Transportation	* 198
Equipment Inspection	* 0
Supervision	* 13,457
Drilling O/H	* 9,717
Geologist	* 2,713
Misc and contingency	* 25,088
Completion and swab unit	* 45,962
Casing crew, prod string	* 4,520
Cased hole logs, perforate	* 15,388
Stimulation svc	* 45,182
Rental equipment	* 2,933
Transportation, compl chems	* 1,545
Location restoration	* 0
Misc and contingency	* 0
 Total intangible	* 419,063

ACTUAL COSTS
THORNBUSH FED #1
#93-005

AUGUST, 1990

TOTAL
COSTS

Cond. casing	*	
Surf. casing	*	7,782
Inter. casing	*	31,233
Wellhead	*	7,922
float, cent, scratchers	*	0
Prod. casing	*	61,915
Tubing	*	20,566
Downhole, packers, mandrels	*	983
Wellhead, tree and wing	*	7,643
Production facilities	*	42,746
Misc. and contingency	*	136
		<hr/>
Total tangible	*	180,925
		<hr/>
Total well cost	*	599,988

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



February 27, 1990

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9845
~~ORDER~~ NO. R-9093-A

Applicant:

Yates Energy Corporation (De Novo)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Sincerely,

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Ernest L. Padilla

OIL CONSERVATION DIVISION
RECEIVED

'90 FEB 2 AM 9 32

yates energy corporation

February 1, 1990

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attention: Michael E. Stogner

Re: Case No. 9845
Order No. R-9093
Thornbush Federal #1
Eddy County, New Mexico

Gentlemen:

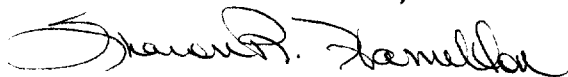
Pursuant to the provisions of the captioned order, enclosed please find our itemized schedule of estimated well costs in the drilling of the captioned well.

Also enclosed please find copies of the correspondence sent to the known working interest owners, furnishing copies of the AFE and Operating Agreement.

Please advise should you require any additional information.

Yours very truly,

YATES ENERGY CORPORATION



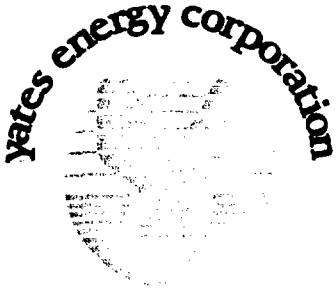
Sharon R. Hamilton
Landman

SRH/mm

Enclosures

"CERTIFIED MAIL"

"RETURN RECEIPT REQUESTED"



February 1, 1990

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attention: Michael E. Stogner

Re: Case No. 9845
Order No. R-9093
Thornbush Federal #1
Eddy County, New Mexico

Gentlemen:

Pursuant to the provisions of the captioned order, enclosed please find our itemized schedule of estimated well costs in the drilling of the captioned well.

Also enclosed please find copies of the correspondence sent to the known working interest owners, furnishing copies of the AFE and Operating Agreement.

Please advise should you require any additional information.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton
Landman

SRH/mm

Enclosures

"CERTIFIED MAIL"

"RETURN RECEIPT REQUESTED"

YATES ENERGY CORPORATION

LEASE NAME & WELL NUMBER: THORNBUSH FEDERAL #1
 LEGAL LOCATION: 330' FSL & 1980' FWL, SECTION 1 T-18S, R-31E
 COUNTY: EDDY STATE: NEW MEXICO DEPTH: 8800

FORMATION: BONE SPRINGS

DRILLING & COMPLETION COSTS:

Dry Hole	Producing
Costs	Costs

INTANGIBLE DRILLING COSTS:

STAKING DAMAGES & LEGAL FEES.	\$1,500	\$1,500
LOCATION, RIGHT OF WAY.	\$15,000	\$15,000
FOOTAGE: FEET @ \$/FOOT 8800 \$12.75	\$112,200	\$112,200
DAYWORK: DAYS & \$/DAY 2 \$3,600	\$7,200	\$7,200
SURFACE CASING CEMENTING & SERVICE.	\$4,000	\$4,000
DRILLING MUD, ADDITIVES & WATER	\$18,000	\$18,000
MUD LOGGING UNIT, SURVEYS, ETC.	\$4,500	\$4,500
INTERMEDIATE CASING CEMENTING & SERVICES.	\$14,500	\$14,500
GENERAL MISC. (BOP TEST, RATHOLE...ETC)	\$0	\$0
RENTAL TOOLS & EQUIPMENT.	\$1,000	\$1,000
COMPANY SUPERVISION	\$6,500	\$6,500
MISC. BITS, TOOLS & SUPPLIES.	\$0	\$0
TOTAL INTANGIBLE DRILLING COSTS.	<u>\$184,400</u>	<u>\$184,400</u>

INTANGIBLE FORMATION EVALUATION:

CORING, TOOLS & SERVICE	\$0	\$0
DST: # DST TO RUN/ \$ CHARGE 1 \$4,000.	\$4,000	\$4,000
ELECTRIC LOGS, SAMPLE SACKS...ETC	\$13,000	\$13,000
MISC. FORMATION EVALUATION.	\$0	\$0
TOTAL INTANGIBLE FORMATION EVALUATION	<u>\$17,000</u>	<u>\$17,000</u>

INTANGIBLE COMPLETION COSTS:

COMPLETION UNIT COST: DAYS & \$/DAY 8 \$1,500		\$12,000
MUD, WATER & ADDITIVES.		\$6,500
CEMENT, TOOLS & SERVICES (PROD. STRING...ETC)		\$20,000
ELECTRIC LOGS (CBL...ETC), TESTING.		\$3,500
TOOL & EQUIPMENT RENTAL & TRUCKING.		\$6,500
STIMULATION & TREATING.		\$70,000
COMPANY SUPERVISION		\$4,500
BITS, TOOLS & SUPPLIES		\$0
PLUG BACK		\$5,000
MISC. CONTINGENCIES		\$16,534
PLUGGING EXPENSE.	\$8,500	\$0
TOTAL INTANGIBLE COMPLETION COSTS	<u>\$8,500</u>	<u>\$144,534</u>

TANGIBLE DRILLING & COMPLETION COSTS:

SURFACE CASING COSTS: (SIZE & FEET) 13 3/8 350	\$13,000	\$13,000
INTERMEDIATE CASING: (SIZE & FEET) 8 5/8 2350	\$32,000	\$32,000
PRODUCTION CASING: (SIZE & FEET) 5 1/2 8800		\$77,000
PRODUCTION TUBING: (SIZE & FEET) 2 3/8 8800		\$24,000
CASING HEAD		\$3,500
CASING SPOOL.		\$0
TUBING HEAD		\$4,000
CHRISTMAS TREE.		\$1,500
SUBSURFACE EQUIPMENT.		\$14,000
MISC PIPE CONNECTIONS		\$500
PACKER & SPECIAL EQUIPMENT.		\$1,500
MISCELLANEOUS CONTINGENCIES	\$12,809	\$8,550
TOTAL TANGIBLE DRILLING & COMPLETION COSTS	<u>\$57,809</u>	<u>\$179,550</u>

GENERAL LEASE & BATTERY EQUIPMENT:

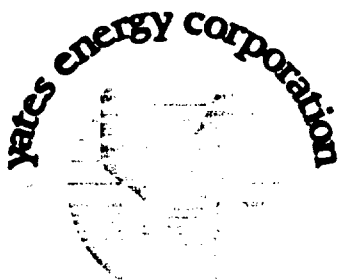
PUMPING UNIT (PRIME MOVER).		\$40,000
SEPARATORS, GAS PRODUCTION UNITS, ETC.		\$8,000
TANKS: NO. & SIZE 2 400 BBLS		\$9,000
INSTALLATION COSTS.		\$15,000
FLOW LINES, VALVES, ETC.		\$4,500
MISCELLANEOUS LEASE EQUIPMENT		\$2,000
TOTAL GENERAL LEASE & BATTERY EQUIPMENT COSTS	<u>\$0</u>	<u>\$78,500</u>

TOTAL INTANGIBLE COSTS:	\$209,900	\$345,934
TOTAL TANGIBLE COSTS:	\$57,809	\$179,500
TOTAL LEASE & BATTERY EQUIPMENT:	<u>\$0</u>	<u>\$78,500</u>

TOTAL COSTS	<u>\$267,709</u>	<u>\$603,934</u>
--------------------	------------------	------------------

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.

APPROVED BY: _____
 COMPANY: _____
 DATE: _____



January 19, 1990

CERTIFIED MAIL

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

Attention: Mickey F. Cohlma

Re: Thornbush Prospect
Joint Operating Agreement
dated September 1, 1989

Dear Mickey:

Under letter dated January 17, 1990, we submitted for your review the compulsory pooling order and AFE concerning the drilling of the Thornbush Federal #1 well.

Enclosed herein please find the captioned Operating Agreement, and Memorandum of Joint Operating Agreement. Should you elect to participate in the drilling of the aforementioned well, please execute and return the extra set of signature pages with your approved AFE no later than February 18, 1990.

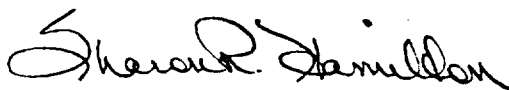
Should you elect to participate, we also request that you prepay your dry hole cost in the amount of \$66,927.25.

Also enclosed please find a partial copy of the Drilling Title Opinion covering this property. Requirement "E" concerns the interest of Chevron. Please provide the necessary documentation to clear said requirement.

Your prompt attention in these matters is appreciated.

Yours very truly,

YATES ENERGY CORPORATION


Sharon R. Hamilton
Landman

SRH/mm

Enclosures

P.O. Box 2323, Sunwest Centre, Suite 1010, Roswell, New Mexico 88202 (505) 623-4935

P 299 868 614


RECEIPT FOR CERTIFIED MAIL

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

* U.S.G.P.O. 1985-480-794 PS Form 3800, June 1985	Sent to	Chevron USA
	Street and No.	PO Box 1150
	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		1-19-90

● **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. Restricted Delivery
†(Extra charge)† †(Extra charge)†

3. Article Addressed to: Chevron USA Inc. PO Box 1150 Midland, TX 79702	4. Article Number P 299-868-614 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 DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X 	
7. Date of Delivery <p style="text-align: center;">JAN 22 1990</p>	



January 19, 1990

CERTIFIED MAIL

W.T. Wynn
1603 W. Dengar
Midland, Texas 79705

Re: Thornbush Prospect
Joint Operating Agreement
dated September 1, 1989

Dear Mr. Wynn,

Under letter dated January 17, 1990, we submitted for your review the compulsory pooling order and AFE concerning the drilling of the Thornbush Federal #1 well.

Enclosed herein please find the captioned Operating Agreement, and Memorandum of Joint Operating Agreement. Should you elect to participate in the drilling of the aforementioned well, please execute and return the extra set of signature pages with your approved AFE no later than February 18, 1990.

Should you elect to participate, we also request that you prepay your dry hole cost in the amount of \$4,684.91.

Your prompt attention in these matters is appreciated.

Yours very truly,

YATES ENERGY CORPORATION

A handwritten signature in cursive script, reading "Sharon R. Hamilton".

Sharon R. Hamilton
Landman

SRH/mm

Enclosures

P 299 868 615

RECEIPT FOR CERTIFIED MAIL

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

★ U.S.G.P.O. 1985-480-794

PS Form 3800, June 1985

Sent to	
WJ Wynn	
Street and No	
1603 W. Dengar	
P.O., State and ZIP Code	
Midland, TX 79705	
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	
1-19-90	

● **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.

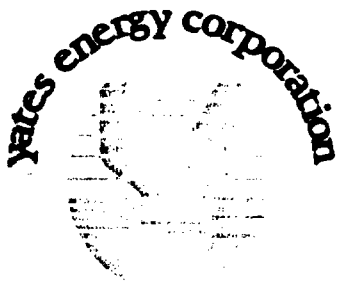
1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: WJ Wynn 1603 W. Dengar Midland, TX 79705	4. Article Number P299 868 615
	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 DATE DELIVERED.	
5. Signature - Addressee X WJ Wynn	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 1-20-90	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT



January 19, 1990

HAND DELIVERED

Explorers Petroleum Corporation
Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202

Re: Thornbush Prospect
Joint Operating Agreement
dated September 1, 1989

Gentlemen:

Under letter dated January 17, 1990, we submitted for your review the compulsory pooling order and AFE concerning the drilling of the Thornbush Federal #1 well.

Enclosed herein please find the captioned Operating Agreement, and Memorandum of Joint Operating Agreement. Should you elect to participate in the drilling of the aforementioned well, please execute and return the extra set of signature pages with your approved AFE no later than February 15, 1990.

Should you elect to participate, we also request that you prepay your dry hole cost in the amount of \$14,707.26 each.

Your prompt attention in these matters is appreciated.

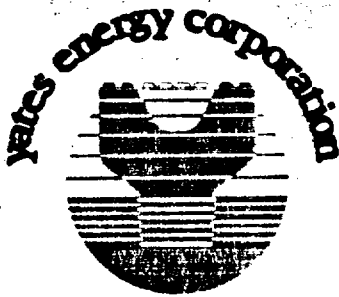
Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton
Landman

SRH/mm

Enclosures



January 17, 1990

Harvey E. Yates Company
Explorers Petroleum Corporation
Siral, Inc.
Heyco Employees, Inc.
P.O. Box 1933
Roswell, New Mexico 88202

*hand
delivered*

Chevron U.S.A., Inc.
P.O. Box 1150
Midland, Texas 79702
Attn: Mickey F. Cohlma

Mr. W.T. Wynn
1603 W. Dengar
Midland, Texas 79705

Re: Compulsory Pooling Order
Thornbush Federal #1
SE/4SW/4 Section 1-18S-31E
Eddy County, New Mexico

Gentlemen:

Enclosed please find a copy of the Oil Conservation Division Order No. R-9093 which was issued January 8, 1990.

Please note that within 30 days from receipt of this notice, any non-consenting working interest owner shall have the right to pay his share of estimated well costs in lieu of being subject to the compulsory pooling order. Also enclosed is a copy of the AFE which was sent previously to you.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton
Landman

SRH/mm

Enclosures