



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

JOHN FISK
DAVID R. VANDIVER

FAX
(505) 746-4208

December 20, 1989

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

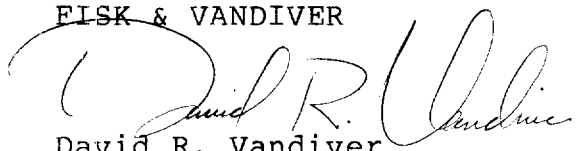
Re: Case No. 9846
Clifford "ADD" No. 1 Well
Township 19 South, Range 24 East, NMPM
Section 35: SE/4
Eddy County, New Mexico

Gentlemen:

Please continue the hearing set on the Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico, which is scheduled for hearing on December 27, 1989, until the Examiner Hearing of January 10, 1990.

Thank you.

Very truly yours,

FISK & VANDIVER

David R. Vandiver

DRV:pvw

- cc: Ms. Kathy Porter
- Mr. Damon Richards
- Mr. Douglas L. Cone
- Mr. Kenneth G. Cone
- Mr. Tom R. Cone
- Ms. Cathie Cone Auvenshine
- Mr. Clifford Cone
- Ms. Kathleen Cone

FISK & VANDIVER

ATTORNEYS AT LAW
SEVENTH & MAHONE / SUITE E
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OIL CONSERVATION DIVISION
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FAX
(505) 746-4208

JOHN FISK
DAVID R. VANDIVER

January 17, 1990

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

*Cont. to
2/7/90
M.S.*

Re: Case No. 9846
Clifford "ADD" No. 1 Well
Township 19 South, Range 24 East, NMPM
Section 35: SE/4
Eddy County, New Mexico

Gentlemen:

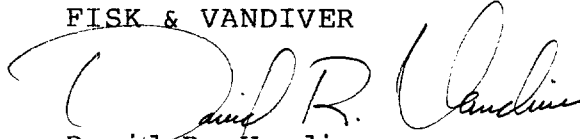
Please continue the hearing set on the Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico, which is scheduled for hearing on January 24, 1990, until the Examiner Hearing of February 7, 1990.

I would also appreciate your placing all applications of Yates Petroleum Corporation set for hearing on February 7 first on the docket, if possible, as I have a prior commitment for that afternoon.

Thank you.

Very truly yours,

FISK & VANDIVER


David R. Vandiver

DRV:pvw

cc: Ms. Kathy Porter
Mr. Damon Richards
Mr. Douglas L. Cone
Mr. Kenneth G. Cone
Mr. Tom R. Cone
Ms. Cathie Cone Auvenshine
Mr. Clifford Cone
Ms. Kathleen Cone

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
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(505) 746-9841

FAX
(505) 746-4208

January 4, 1990

OIL CONSERVATION DIVISION
RECEIVED

80 JAN 8 AM 9 02
JOHN FISK

DAVID R. VANDIVER

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

Re: Case No. 9846
Clifford "ADD" No. 1 Well
Township 19 South, Range 24 East, NMPM
Section 35: SE/4
Eddy County, New Mexico

Gentlemen:

Please continue the hearing set on the Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico, which is scheduled for hearing on January 10, 1990, until the Examiner Hearing of January 24, 1990.

Thank you.

Very truly yours,

FISK & VANDIVER


David R. Vandiver

DRV:pvw

cc: Ms. Kathy Porter
Mr. Damon Richards
Mr. Douglas L. Cone
Mr. Kenneth G. Cone
Mr. Tom R. Cone
Ms. Cathie Cone Auvenshine
Mr. Clifford Cone
Ms. Kathleen Cone

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
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(505) 746-9841

JOHN FISK
DAVID R. VANDIVER

(505) 746-9841

FAX TRANSMITTAL SHEET

TO: Florene Davidson
COMPANY: New Mexico Oil Conservation Division
FAX NUMBER: 827-5741

Case 9846

FROM: David R. Vandiver
COMPANY: Fisk & Vandiver
FAX NUMBER: 746-4208

DATE: December 4, 1989

SUBJECT: Yates Petroleum Corporation
Application for Compulsory Pooling
Clifford "ADD" No. 1 Well
Township 19 South, Range 4 East, NMPM
Section 35: SE/4
Eddy County, New Mexico

NUMBER OF PAGES (including this page): 5

The original application is being mailed to you...

IF THERE ARE ANY PROBLEMS WITH RECEIPT OF THE FOLLOWING PAGES,
PLEASE CONTACT US AT 746-9841.

THANK YOU.

LLEGIBLE

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

(505) 746-9841

JOHN FISK
DAVID R. VANDIVER

FAX
(505) 746-4208

December 4, 1989

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

Case 9846

Re: Clifford "ADD" No. 1 Well
Township 19 South, Range 24 East, NMPM
Section 35: SE/4
Eddy County, New Mexico

Gentlemen:

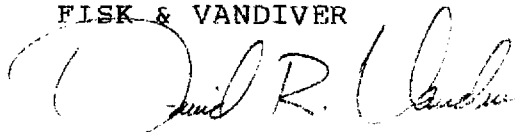
Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after inserting the docket number.

Please set this matter for hearing before an Examiner on December 27, 1989.

Thank you.

Very truly yours,

FISK & VANDIVER



David R. Vandiver

DRV:pvw
Enclosures

cc w/enclosure: Yates Petroleum Corporation

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION :
FOR COMPULSORY POOLING, EDDY : CASE NO. 9846
COUNTY, NEW MEXICO :

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following described lands in Eddy County, New Mexico:

Township 19 South, Range 24 East, N.M.P.M.

Section 35: SE/4

containing 160 acres, more or less,
and proposes to drill its Clifford "ADD" No. 1 Well at an orthodox location 660 feet from the south line and 660 feet from the east line (Unit P) of said Section 35 to a depth sufficient to test all formations from the surface through the base of the Canyon formation, at approximately 8,100 feet.

2. A standard 160-acre proration unit comprising the SE/4 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 160-acre spacing; and a standard 40-acre proration unit comprising SE/4 SE/4 of said Section 35 should be dedicated to such well or to such

lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 40-acre spacing.

3. There are interest owners in the unit who have not agreed to pool their interests.

4. Applicant should be designated the operator of the well and the proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent 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.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the surface down to the base of the Canyon formation, underlying SE/4 Section Township 19 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in all formations which may be developed on 40-acre spacing underlying SE/4 SE/4 said Section 35, or such lesser portions as may be productive of oil and gas and dedicated to Applicant's well.

C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 
David R. Vandiver

FISK & VANDIVER
Seventh and Mahone, Suite F
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986

90 MAR 5 AM 9



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 1, 1990

Catanack
Dr

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87503-2088

Attention: William J. LeMay

RE: Case No. 9846
Order No. R-9113

Gentlemen:

All parties subject to the forced pooling provisions of the captioned order have voluntarily joined in the drilling of the well. Accordingly, the order is of no further effect.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Kathy H. Porter
Kathy H. Porter
Landman

KHP:cp

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

February 26, 1990

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87503-2088

Attention: William J. LeMay

RE: Case No. 9846
Order No. R-9113

Gentlemen:

Enclosed for your records is an itemized schedule of well costs furnished to the working interest owners under the captioned.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Kathy H. Porter
Kathy H. Porter
Landman

KHP:cp

Enclosure



AUTHORITY FOR EXPENDITURE

207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

* Revised 11/27/89
* Revised 12-12-89

AFE # 89-182-0
REVISION #
DATE 10-24-89

LEASE NAME Clifford ADD #1
COUNTY Eddy STATE New Mexico
HORIZON Canyon EST. T. D. 8100'
EST. COMPLETION DATE _____

LOCATION 660' FSL & FEL, Sec. 35-19S-24E
FIELD _____
EST. SPUD DATE _____
DRILLING CONTRACTOR _____

PRIMARY OBJECTIVE: OIL GAS OIL AND/OR GAS
PURPOSE : DRILLING-NEW RECOMPLETION OTHER (SUPPLEMENTAL AFE, ETC.)
TYPE WELL : DEVELOPMENT EXPLORATION

INTANGIBLE COSTS:

		DRY HOLE	COMPLETION
9210	STAKING PERMIT & LEGAL FEES	\$ 500	\$ 500
9211	LOCATION, RIGHT-OF-WAY	10800	10800
9212	DRILLING, FOOTAGE <u>8100'</u> @ <u>\$14.50/ft</u>	117500	117500
9213	DRILLING, DAYWORK <u>5 days</u> @ <u>\$4000/day</u>	20000	20000
9214	DRILLING WATER	12000	12000
9215	DRILLING MUD & ADDITIVES	10000	10000
9216	MUD LOGGING UNIT	5900	5900
9217	SURFACE & INT. CEMENT, CSC., TOOLS & SERVICES	12500	12500
9218	DRILL STEM TESTING	-	-
9219	ELECTRIC LOGS - OPEN HOLE	11000	11000
9220	TOOL & EQUIP. RENTAL, TRUCKING, WELDING	6300	6300
9221	SUPERVISION & OVERHEAD	7500	7500
9223	CORING, TOOLS & SERVICES	-	-
9224	BITS, TOOLS & SUPPLIES	300	300
9235	PRODUCTION CEMENT, CASING, TOOLS & SERVICES	-	8000
9222	CONTINGENCY	10000	10000
9241	COMPLETION UNIT	-	7800
9242	WATER FOR COMPLETION	-	1100
9243	MUD ADDITIVES FOR COMPLETION	-	600
9244	CEMENT, TOOLS, SERVICES & TEMP. SURV. FOR COMP.	-	-
9245	ELECTRIC LOGS, PERFORATION TEST FOR COMPLETION	-	4000
9246	TOOLS, TRUCK, WELD. & EQUIP. RENTAL FOR COMP.	-	8000
9247	STIMULATION - COMPLETION	-	10000
9248	SUPERVISION & OVERHEAD - COMPLETION	-	5400
9249	ADDT'L LOCATION, ROAD WORK & SURFACE DAMAGES	-	3300
9251	BITS, TOOLS, ETC. PURCHASED FOR COMPLETION	-	2300
9250	CONTINGENCY - COMPLETION	-	4500
	<u>TOTAL INTANGIBLES</u>	<u>224300</u>	<u>279300</u>

EQUIPMENT COSTS:

9301	CHRISTMAS TREE AND WELL HEAD	2200	15700
9302	CASING	-	-
9302	<u>9-5/8" 36# K-55 @1150'</u>	14000	14000
9302	<u>7" 26# K-55+23# S-95 @8100'</u>	-	78400
9303	TUBING <u>2-7/8" 6.4# J-55 @7850'</u>	-	19800
9304	PACKER & SPECIAL EQUIPMENT	-	1500
9350	CONTINGENCY	500	1300
	<u>WELL EQUIPMENT</u>	<u>16700</u>	<u>130700</u>

LEASE & BATTERY EQUIPMENT COSTS:

9401	PUMPING EQUIPMENT	-	75000
9402	STORAGE <u>2-500 b. welded tnk/2-210b. fbrgls tnk</u>	-	13500
9403	SEPARATION EQUIP., FLOWLINES, VALVES, FITTINGS	-	21000
9404	TRUCKING & CONSTRUCTION COSTS	-	19500
	<u>TOTAL LEASE & BATTERY EQUIP.</u>	<u>-</u>	<u>129000</u>
	<u>TOTALS</u>	<u>\$241000</u>	<u>\$539000</u>

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

	YATES PETROLEUM CORPORATION	DATE	SHARE
BY	<i>Robert A. Springer III</i>		56.483125%
BY	YATES DRILLING COMPANY		
BY	<i>[Signature]</i>		8.068125%
BY	ABO PETROLEUM CORPORATION		
BY	<i>[Signature]</i>		8.068125%
BY	MYCO INDUSTRIES, INC.		
BY	<i>[Signature]</i>		8.068125%

AFE # 89-182-0
Date - 1-24-89
Clifford ADD #1
660' FSL & FEL
Section 35-T19S-R24E
Eddy County, New Mexico

_____	Date _____	.70000%
KATHLEEN CONE		
_____	Date _____	4.30625%
CLIFFORD CONE		
_____	Date _____	4.30625%
KENNETH G. CONE		
_____	Date _____	4.30625%
MARILYN CONE, TRUSTEE FOR D. C. TRUST		
_____	Date _____	4.30625%
TOM R. CONE		
_____	Date _____	1.38750%
M.R. STIPP		

PADILLA & SNYDER

ATTORNEYS AT LAW
200 W. MARCY, SUITE 212
P.O. BOX 2523
SANTA FE, NEW MEXICO 87504-2523

ERNEST L. PADILLA
MARY JO SNYDER

FAX 988-7592
AREA CODE 505

(505) 988-7577

January 23, 1990

M.S.

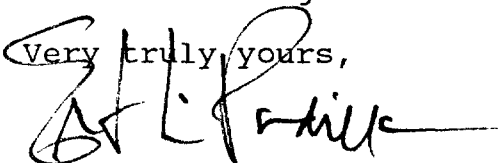
HAND DELIVERED

Mr. Michael Stogner
Hearing Examiner
New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Yates Energy Corporation Applications -
Case Nos 9855, 9856, 9857

Dear Mr. Stogner:

Please consider this letter a consent to continuance of the above referenced cases from the January 24, 1990 hearing date to the February 7, 1990 Division Hearing date.

Very truly yours,


Ernest L. Padilla

ELP:pmc
cc: William F. Carr, Esq.
W. Thomas Kellahin, Esq.
Yates Energy Corporation