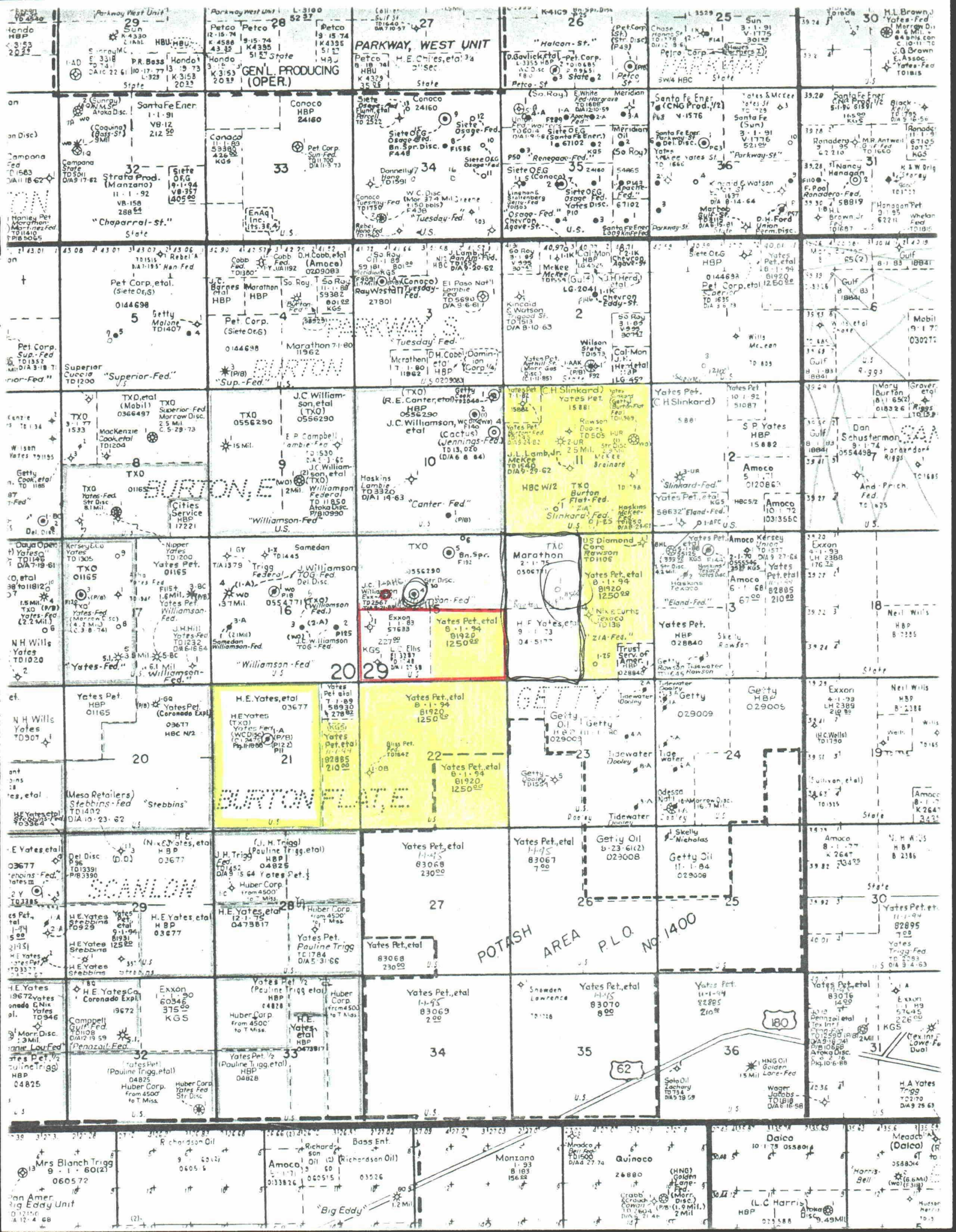




UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.

NM NM 81929

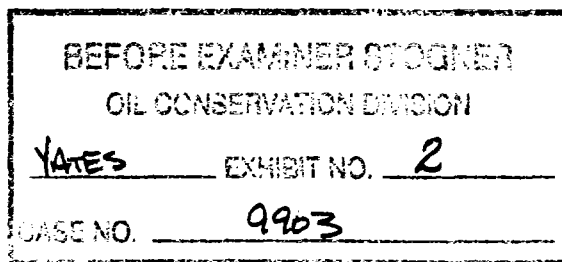
OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (reverse) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

1 Name YATES PETROLEUM CORPORATION
Street 105 S 4TH ST
City, State, Zip Code ARTESIA, NM 88210

2 This application offer lease is for (Check only One) ☒ PUBLIC DOMAIN LANDS ☐ ACQUIRED LANDS (percent U.S. interest _____)
Surface managing agency if other than BLM _____ Unit Project _____
Legal description of land requested _____ *Parcel No. _____ *Sale Date (m/d/y): _____ / _____ / _____
*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.
T _____ R _____ Meridian _____ State _____ County _____



Amount remitted Filing fee \$ _____

Rental fee \$ _____

Total acres applied for _____
Total \$ _____

DO NOT WRITE BELOW THIS LINE

3 Land included in lease

T 20S R 15E Meridian NAD83 State NEW MEXICO County EDDY

SEC. 01: LOT 1, SENE
14 NE, NESE, W2SE
15 SE
22 ALL

Total acres in lease 1160.0100
Rental retained \$ 1741.50

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease

☐ Noncompetitive lease (ten years)

☒ Competitive lease (five years)

☐ Other _____

THE UNITED STATES OF AMERICA

by Martha A. Rinera
(Signing Officer)

CHIEF, OIL & GAS LEASING UNIT

JUL 27 1989

(Title)

EFFECTIVE DATE OF LEASE

AUG - 1 1989 (Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

**COMPETITIVE OIL AND GAS OR
GEOTHERMAL RESOURCES LEASE BID**
30 U.S.C. 181 et seq.; 30 U.S.C. 351-359;
30 U.S.C. 1001-1025; 42 U.S.C. 6508

81929

FORM APPROVED
OMB NO. 1004-0074
Expires: Feb. 28, 1991

State

NM

Date of sale

6/21/89

PARCEL NUMBER

(Include name of known geothermal resource area
if bid is for geothermal resources lease)

NM NM 241

AMOUNT OF BID (See Instructions on reverse)

TOTAL BID

1,451,250.⁰⁰

PAYMENT SUBMITTED
WITH BID

1453,066.⁵⁰

The appropriate regulations applicable to this bid are: (1) for oil and gas leases—43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases—43 CFR 3132; and (3) for Geothermal resources leases—43 CFR 3220. (See details concerning lease qualifications on reverse.)

I CERTIFY THAT I have read and am in compliance with, and not in violation of, the lessee qualification requirements under the applicable regulations for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition.

IMPORTANT NOTICE: Execution of this form, where the offer is the high bid, constitutes a binding lease offer, including all applicable terms and conditions. Failure to comply with the applicable laws and regulations under which this bid is made shall result in rejection of the bid and forfeiture of all monies submitted.

ATTEST:

By

Assistant Secretary

YATES PETROLEUM CORPORATION

By

President

Address: 105 South Fourth Street
Artesia, New Mexico 88210

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on reverse)

Form 3000-2 (June 1988)

1-75
7- 1,452,991.50

QUALIFICATIONS

For leases that may be issued as a result of this sale under the Geothermal Steam Act of 1970, as amended, the bidder must: (1) Be a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; and (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres; and (3) Certify that all parties in interest in this bid are in compliance with 43 CFR Group 3200 and the leasing authority cited herein.

For leases that may be issued as a result of this sale under the Department of the Interior Appropriations Act of 1981, the bidder must: (1) Be a citizen or national of the United States; an alien lawfully admitted for permanent residence; a private, public or municipal corporation organized under the laws of the United States or of any State or Territory thereof; an association of such citizens, nationals, resident aliens or private, public or municipal corporations; and (2) Certify that all parties in interest in this bid are in compliance with 43 CFR Part 3130 and the leasing authorities cited herein.

INSTRUCTIONS FOR GEOTHERMAL OR NPR-A OIL AND GAS BID

1. Separate bid for each parcel is required. Identify parcel by the number assigned to a tract.
2. Bid must be accompanied by one-fifth of the total amount of bid. The remittance must be in the form specified in 43 CFR 3220.4 for a Geothermal Resources bid and 3132.2 for a NPR-A lease bid.
3. Mark envelope Bid for Geothermal Resources Lease in (Name of AGR) or Bid for NPR-A Lease, as appropriate. Be sure correct parcel number of tract on which bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indicated in the Notice of Competitive Lease Sale.
5. If bidder is not the sole party in interest in the lease for which bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.

NOTICE

ROUTINE USES: (1) The adjudication of the bidder's right to the resources for which this bid is made. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when comment or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. If all the information is not provided, your bid may be rejected.

This information will be used to determine the bidder submitting the highest bid.

Response to this request is required to obtain a benefit.

For leases that may be issued as a result of this sale under the Mineral Leasing Act (The Act) of 1920, as amended, the oral bidder must: (1) Be a citizen of the United States; an association (including partnership and trusts) of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, in oil and gas leases in the State identified do not exceed 246,080 acres each in public domain or acquired lands including acreage covered by this bid, of which not more than 200,000 acres are under options. If this bid is submitted for lands in Alaska, the bidder's holdings in each of the Alaska leasing districts do not exceed 300,000 acres, of which no more than 200,000 acres are under options in each district; (3) Be in compliance with Federal coal lease holdings as provided in sec. 2(a)(2)(A) of the Act; (4) Be in compliance with reclamation requirements for all Federal oil and gas holdings as required by sec. 17 of the Act; (5) Not be in violation of sec. 41 of the Act; and (6) Certify that all parties in interest in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authorities cited herein.

INSTRUCTIONS FOR OIL AND GAS BID

(Except NPR-A)

1. Separate bid for each parcel is required. Identify parcel by the parcel number assigned in the Notice of Competitive Lease Sale.
2. Bid must be accompanied by the national minimum acceptable bid, the first year's rental and the administrative fee. The remittance must be in the form specified in 43 CFR 3103.1-1. The remainder of the bonus bid, if any, must be submitted to the proper BLM office within 10 working days after the last day of the oral auction.
3. If bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.
4. This bid may be executed (signed) before the oral auction. If signed before the oral auction, this form cannot be modified without being executed again.
5. In view of the above requirement (4), bidder may wish to leave AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the Bureau of Land Management at the oral auction.

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this bid for a Competitive Oil and Gas or Geothermal Resources Lease.

AUTHORITY: 30 U.S.C. 181 et seq.; 30 U.S.C. 351-359; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

PRINCIPLE PURPOSE: The information is to be used to process your bid.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected in accordance with 43 CFR 3120, 43 CFR 3130, or 43 CFR 3220.

NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other mineral lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A), or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee, sublessee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor, sublessor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

STIPULATION

(NO SURFACE OCCUPANCY)

No surface occupancy or use is allowed on the lands described below
(legal subdivision or other description).

T. 20 S., R. 29 E., NMPM
Sec. 14: NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 15: SE $\frac{1}{4}$
Sec. 22: All

For the purpose of:

- a. Preventing hazards to oil and gas drilling operations due to drilling through open potash mine workings, cavities or voids over which the lands are situated.
- b. Preventing open potash mine workings from becoming gassey thereby creating a hazard to human health and safety during underground mining.
- c. Protecting critical, economically important potash resources within the Secretary's Potash Area as discussed in the Carlsbad RMP.

BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE

Roswell 43
May 1989

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE

Potash Stipulation

Stipulations to be executed and made part of any oil and gas lease involving lands described in Departmental Notice of November 5, 1975.

The lessee further agrees that:

- (1) No wells will be drilled for oil or gas except upon approval of the District Manager, BLM, it being understood that drilling will be permitted only in the event that it is satisfactorily established that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States would best be subserved thereby.
- (2) No wells will be drilled for oil or gas at a location which, in the opinion of the District Manager, BLM, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.
- (3) When it is determined by the District Manager, BLM, that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the District Manager, BLM.
- (4) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations including such requirements as the District Manager, BLM, may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

This Stipulation applies only to the following lands:

T. 20 S., R. 29 E., NMPM
Sec. 1: Lot 1, SE~~1~~NE~~4~~

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION FOR
DIRECTIONAL DRILLING AND AN
UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

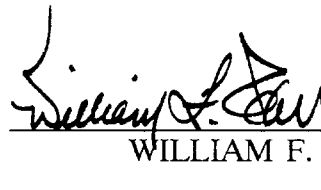
CASE NO. 9903

AFFIDAVIT

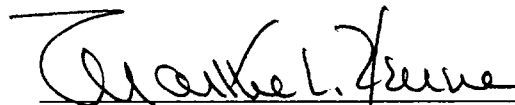
STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>YATES</u>	EXHIBIT NO. <u>3</u>
CASE NO. <u>9903</u>	

WILLIAM F. CARR, attorney in fact and authorized representative of Yates Petroleum Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.


WILLIAM F. CARR

SUBSCRIBED AND SWORN to before me this 17th day of April, 1990.


Notary Public

My Commission Expires:

August 19, 1991

EXHIBIT A

Bureau of Land Management
1717 W. 2nd Street
Roswell, New Mexico 88201

TXO Production Corp.
415 W. Wall Avenue
Suite 900
Midland, Texas 79701

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88202

J.C. Williamson
Post Office Box 16
Midland, Texas 79702

Texaco USA
Post Office Box 3109
Midland, Texas 79702

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bureau of Land Management
1717 W. 2nd Street
Roswell, New Mexico 88201

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

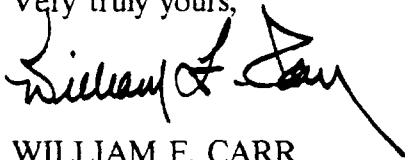
Enclosed is an amended application which Yates Petroleum Corporation has filed with the New Mexico Oil Conservation Division seeking approval to directionally drill its Gazelle AHG Federal Com Well from a surface location 2280 feet from the North line and 1180 feet from the West line to a standard bottom hole location in the Strawn formation within 150 feet of a point 1815 feet from the South line and 2145 feet from the East line and a non-standard bottom hole location in the Morrow formation within 150 feet of a point 1566 feet from the South line and 1734 feet from the East line of Section 15, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The S/2 of Section 15 will be dedicated to this well. The bottom hole location for the well will be within 150 feet of a point 1468 feet from the South line and 1573 feet from the East line of said Section 15.

This letter is to provide you with notice of this application as required by Oil Conservation Division Rule 111(d). If you have no objection to the directional drilling of this well or the proposed unorthodox location in the Morrow formation, please sign below and return one copy to us for filing with the Division. A self-addressed stamped envelope has been provided for your convenience.

Bureau of Land Management
March 27, 1990
Page Two

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1990. You do not need to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear and become a party of record by that time will preclude you from challenging this matter at a later date.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: _____

By: _____

Date: _____

● **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 the 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 rates and check box(es) for additional service(s) requested.
 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Bureau of Land Management
 1717 W. 2nd Street
 Roswell, New Mexico 88201

4. Article Number
 P 106 676 861

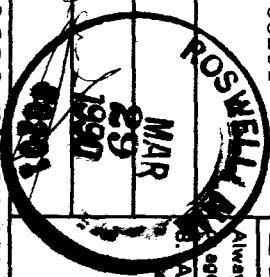
Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee
 agent and DATE DELIVERED.

5. Signature - Address
 X

6. Signature - Agent
 X

7. Date of Delivery
 X



PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 676 861

Bureau of Land Management	
1717 W. 2nd Street	
Roswell, New Mexico 88201	
Postage	5
Postage Fee	
Express 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	5
Postmark or Date MAR 27 1990	

CAMPBELL & BLACK. P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TXO Production Corp.
415 W. Wall Avenue
Suite 900
Midland, Texas 79701

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

Enclosed is an amended application which Yates Petroleum Corporation has filed with the New Mexico Oil Conservation Division seeking approval to directionally drill its Gazelle AHG Federal Com Well from a surface location 2280 feet from the North line and 1180 feet from the West line to a standard bottom hole location in the Strawn formation within 150 feet of a point 1815 feet from the South line and 2145 feet from the East line and a non-standard bottom hole location in the Morrow formation within 150 feet of a point 1566 feet from the South line and 1734 feet from the East line of Section 15, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The S/2 of Section 15 will be dedicated to this well. The bottom hole location for the well will be within 150 feet of a point 1468 feet from the South line and 1573 feet from the East line of said Section 15.

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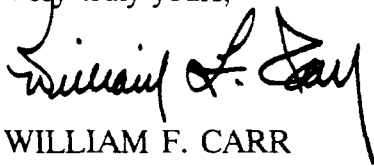
TXO Production Corp.

March 27, 1990

Page Two

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1990. You do not need to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear and become a party of record by that time will preclude you from challenging this matter at a later date.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive, flowing style.

WILLIAM F. CARR

WFC:mlh

Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: _____

By: _____

Date: _____

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 the 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 bags and check boxes (for additional services) requested.
 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: TXO Production Corp. 415 W. Wall Avenue, Suite 900 Midland, Texas 79701		4. Article Number P 106 676 862	
5. Signature - Address X		Type of Service: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail ☐ Return Receipt for Merchandise	
6. Signature - Agent X <i>Shirley Johnson</i>		8. Addressee's Address (ONLY if requested and fee paid) Always obtain signature of addressee or agent and DATE DELIVERED.	
7. Date of Delivery 3-3-90		<i>Shirley Johnson</i>	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-885

DOMESTIC RETURN RECEIPT

P-106 676 862

106 676 862 MAIL

106 676 862 MAIL
 106 676 862 MAIL
 106 676 862 MAIL

Sent to: TXO Production Corp.	
Street and No. 415 W. Wall Ave., Suite 900	
City, State and ZIP Code Midland, Texas 79701	
Postage	3
Carrier 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	3
Postmark or Date MAR 27 1990	

PS Form 3800, June 1985

CAMPBELL & BLACK. P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88202

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

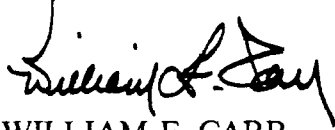
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Harvey E. Yates Company
March 27, 1990
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Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

WILLIAM F. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: _____

By: _____

Date: _____

● **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 and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88202

4. Article Number

P 106 676 863

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address

X

6. Signature — Agent

X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

P-106 676 863

Harvey E. Yates Company	
Post Office Box 1933	
Roswell, New Mexico 88202	
Postage	
Certified Fee	
Special Delivery Fee	
Registered 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	
MAR 27 1990	

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

J.C. Williamson
Post Office Box 16
Midland, Texas 79702

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Dear Mr. Williamson:

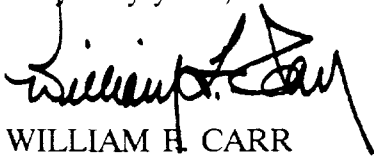
Enclosed is an amended application which Yates Petroleum Corporation has filed with the New Mexico Oil Conservation Division seeking approval to directionally drill its Gazelle AHG Federal Corn Well from a surface location 2280 feet from the North line and 1180 feet from the West line to a standard bottom hole location in the Strawn formation within 150 feet of a point 1815 feet from the South line and 2145 feet from the East line and a non-standard bottom hole location in the Morrow formation within 150 feet of a point 1566 feet from the South line and 1734 feet from the East line of Section 15, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The S/2 of Section 15 will be dedicated to this well. The bottom hole location for the well will be within 150 feet of a point 1468 feet from the South line and 1573 feet from the East line of said Section 15.

This letter is to provide you with notice of this application as required by Oil Conservation Division Rule 111(d). If you have no objection to the directional drilling of this well or the proposed unorthodox location in the Morrow formation, please sign below and return one copy to us for filing with the Division. A self-addressed stamped envelope has been provided for your convenience.

J.C. Williamson
March 27, 1990
Page Two

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1990. You do not need to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear and become a party of record by that time will preclude you from challenging this matter at a later date.

Very truly yours,

A handwritten signature in black ink, appearing to read "William H. Carr", written over the typed name.

WILLIAM H. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: _____

By: _____

Date: _____

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

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

3. Article Addressed to:

J.C. Williamson
Post Office Box 16
Midland, Texas 79702

4. Article Number
P 106 676 865

Type of Service:

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

5. Signature - Address
X

6. Signature - Agent
X *J.C. Williamson*

7. Date of Delivery
3-30-90

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P-106 676 865

POST OFFICE BOX 16
MIDLAND, TEXAS 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
MAR 27 1990

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Texaco USA
Post Office Box 3109
Midland, Texas 79702

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

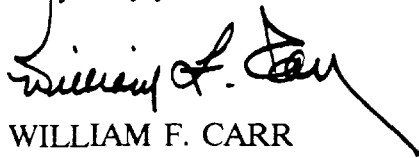
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Texaco USA
March 27, 1990
Page Two

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1990. You do not need to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear and become a party of record by that time will preclude you from challenging this matter at a later date.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

WILLIAM F. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: _____

By: _____

Date: _____

● **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 the 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 boxes for additional service(s) requested.
 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Texaco USA Post Office Box 3109 Midland, Texas 79702		4. Article Number P 106 676 864	
5. Signature - Address X		Type of Service: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail ☐ Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature - Agent X <i>[Signature]</i>		8. Addressee's Address (ONLY if requested and fee paid) SAME	
7. Date of Delivery MAR 30 1990			

PS Form 3811, Mar. 1985 * U.S.G.P.O. 1985-218-895 DOMESTIC RETURN RECEIPT

P-106 676 864

TEXACO USA
 POST OFFICE BOX 3109
 MIDLAND, TEXAS 79702

Texaco USA	
Post Office Box 3109	
Midland, Texas 79702	
Postage	5
Registered 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	
U.S.A. Postage and Fees	5
No Mark or Date MAR 27 1990	

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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

MAR 28 1990

March 27, 1990

RECEIVED
APR -6 1990
CAMPBELL & BLACK

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88202

Re: Application of Yates Petroleum Corporation for Approval of Directional Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

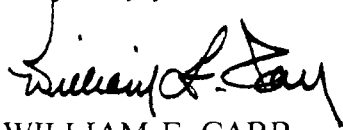
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Harvey E. Yates Company
March 27, 1990
Page Two

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Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: HEYCO
By: JBP
Date: 4/4/90

*This supersedes the
previous waiver of objection
signed on March 20, 1990
JBP*

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RECEIVED
APR - 2 1990
CAMPBELL & BLACK

J.C. Williamson
Post Office Box 16
Midland, Texas 79702

Re: Application of Yates Petroleum Corporation for Approval of Directional Drilling and an Unorthodox Location, Eddy County, New Mexico

Dear Mr. Williamson:

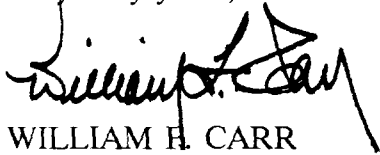
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J.C. Williamson
March 27, 1990
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Very truly yours,



WILLIAM H. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: J. C. Williamson

By: J. C. Williamson

Date: March 28 1990

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK P. SHERIDAN
WILLIAM R. SLATTERY
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-8043

cc

March 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TXO Production Corp.
415 W. Wall Avenue
Suite 900
Midland, Texas 79701

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

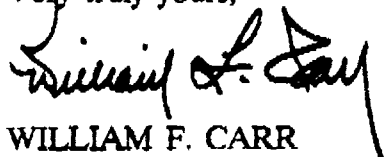
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TXO Production Corp.
March 27, 1990
Page Two

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Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

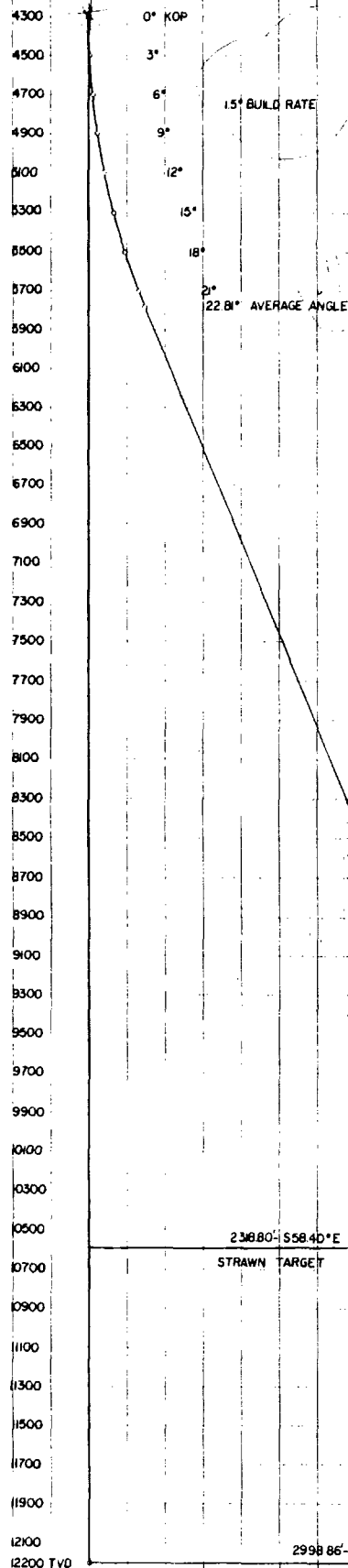
Company: TXO PRODUCTION CORP.

By: L. A. Varela

Date: 4/17/90

YATES PETROLEUM CORPORATION
GAZELLE A.H.G. FEDERAL COMM NO.1
EDDY COUNTY, NEW MEXICO

VERTICAL SECTION
1"=200'

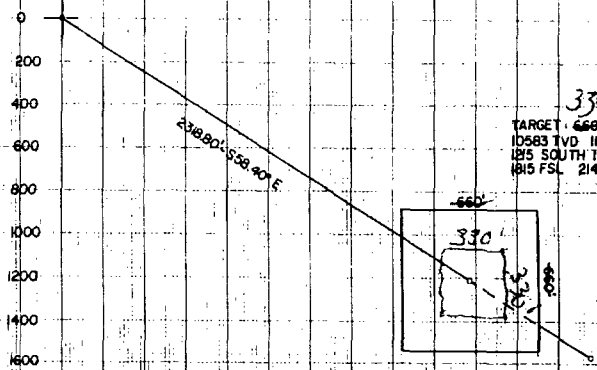


DIG
9° EAST DECLINATION

PLAN VIEW
1"=200'

2250 FNL + 1160 FWL
SURFACE LOCATION
10583 TWD 11030 MD
1215 SOUTH 1975 EAST
1815 FSL 2145 FEL

0 200 400 600 800 1000 1200 1400 1600 1800 2000 2200 2400 2600



TARGET: 660' SQUARE
10583 TWD 11030 MD
1215 SOUTH 1975 EAST
1815 FSL 2145 FEL

TD: 12200 TWD 12785 MD
1579 SOUTH 2654 EAST
1459 FSL 1566 FEL

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

YATES EXHIBIT NO. 4

PSINO 9903