



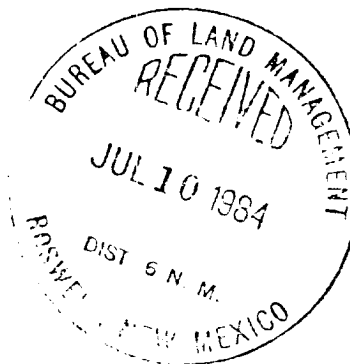
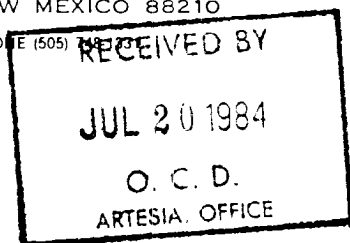
207 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 781-1201

NM OIL CONS. COMMISSION  
Drawer DB  
Artesia, NM 88210

S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

July 9, 1984



*NM-28162*

Bureau of Land Management  
P. O. Box 1397  
Roswell, New Mexico 88201

ATTN: Peter Chester  
Engineer

Re: Thorpe MI Federal No. 9

Dear Mr. Chester:

Yates Petroleum Corporation hereby makes application for approval of off-lease measurement of gas produced from the Thorpe MI Federal well No. 9. Location of this well is 1880 feet from the north line and 660 feet from the west line of Section 22, Township 7 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. The well was completed on February 22, 1983, for 1522 MCFGPD from Abo perforations 3618 to 3784 feet. The NW quarter of Section 22 is dedicated to the well involving 160 acres of Federal lease NM28162.

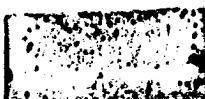
As you know, many natural gas wells in the Pecos Slope Abo field in North Chaves County have been shut-in since completion waiting on pipeline connection. Transwestern Pipeline Company, the only pipeline company serving the field, has agreed to purchase gas from some wells on the condition that the operators lay gathering lines from these wells to Transwestern metering stations. In some cases, the metering station provided by Transwestern is located off-lease. In the case of Thorpe MI Federal well No. 9, it will be necessary to take the gas about 0.4 mile southeast of the well site for off-lease sales measurement.

Attached is a map showing the location of the Thorpe MI Federal well No. 9 and the proposed point of off-lease gas measurement. This map shows basic mineral ownership including lease numbers. Also attached is a schematic diagram showing how production will be handled and where production equipment will be located. Except for off-lease gas measurement, all other facets of production handling will remain the same as for existing wells in the area. Any condensate produced will be separated, stored, measured and sold at the well site. All necessary right-of-way will be obtained before the gathering line is installed. Yates agrees that any leaks or breaks between the wellhead and point of measurement will be borne by the operator and royalty will be based on the preceding 30-day average rate.

**APPROVED**

(Orig. Sgd.) PETER W. CHESTER

JUL 19 1984



Peter Chester

July 9, 1984

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This application is based on economic considerations. The Thorpe MI Federal No. 9 has already been shut-in for 16 months. Unless gas from the well can somehow be delivered to Transwestern pipeline facilities, it now appears that the well will remain shut-in for an indeterminate length of time. A prolonged shut-in would prevent recovery of expenses already paid for drilling and completing the well. Also, without production, royalties and production taxes will not be paid resulting in a direct loss of revenue to the public. Yates Petroleum Corporation respectfully requests your approval of this application.

If any additional information is required, please contact me at 748-1331.

Sincerely,

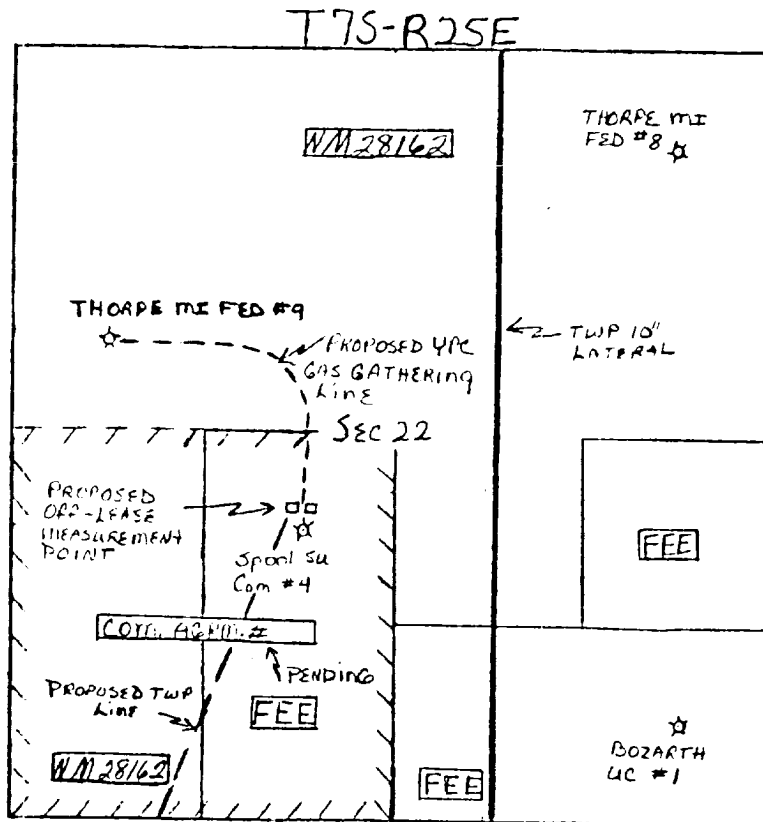
A handwritten signature in cursive script that reads "Dave Boneau".

DAVID F. BONEAU  
Engineering Manager

DFB/cvg

Enclosure

Thorpe MI Federal No. 9



# SCHEMATIC DIAGRAM OF OFF-LEASE GAS MEASUREMENT

Thorpe MI Federal No. 9

