



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

GARREY CARRUTHERS  
GOVERNOR

August 3, 1990

RECEIVED

AUG -7 '90

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

O. C. D.  
ARTESIA, OFFICE

Yates Energy Corporation  
Sunwest Centre  
Suite 1010  
Roswell, New Mexico 88201

Attention: Fred G. Yates

Re: Thornbush Federal Well No. 1  
Unit N, Section 1, T-18 South,  
R-31 East, NMPM, Eddy County, NM

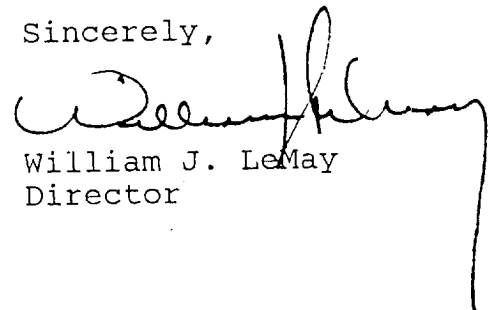
Dear Mr. Yates:

It has recently come to our attention that the above referenced well is currently being produced from the San Andres formation in violation of Division Rule No. 1104, which requires that all interest owners in the well be consolidated by communitization, forced pooling, etc. prior to the assignment of allowable.

It is my understanding that Chevron USA Inc.'s interest in the subject well has not been consolidated. It is further my understanding that Yates Energy Corporation has attempted to consolidate said interest via Case No. 9998 which was heard on July 25, and has been continued for readvertisement purposes to the hearing to be held on August 22, 1990.

You are hereby directed to shut-in the above referenced well until such time as said interest has been consolidated, either by forced pooling order of the Division, or by voluntary agreement with Chevron USA Inc.

Sincerely,



William J. LeMay  
Director

xc: OCD-Artesia  
Ernie Padilla