



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

October 3, 1990

Yates Energy Corporation
P. O. Box 2323
Roswell, New Mexico 88201

ATTN: FRED G. YATES

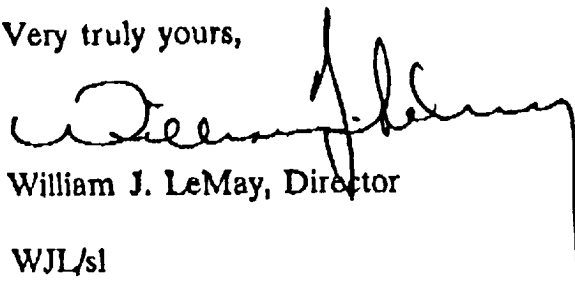
RE: Thornbush Federal #1, SE/4 SW/4, Sec. 1, T18S, R31E, Eddy County, New Mexico

Gentlemen:

Division Order R-9093-B, ordering paragraph (5) directed that the above well remain shut-in until all interests in the proration unit have been consolidated. The Division has received a letter agreement dated October 2, 1990, accepted by Yates on October 3, 1990, providing an appropriate method for suspending and holding payments on Chevron's interest until the interests have been consolidated, subject to all of the terms contained in the letter, including provisions for payment of royalties.

On the basis of this agreement, the Division hereby suspends ordering paragraph (5) of Order R-9093-B. You are hereby authorized effective 12:01 AM on October 3, 1990 to produce the captioned well subject to the terms and conditions of the agreement between Yates Energy and Chevron, copy of which is in Oil Conservation Division records. As provided in agreement, Chevron's interest will be kept separate in an interest bearing account until either Yates Energy Corporation and Chevron, USA reach a voluntary settlement or 30 days after the OCD issues an order pertaining to ownership issues in the captioned well. Your oil allowable is 80 barrels of oil per day effective at 12:01 AM October 3, 1990.

Very truly yours,



William J. LeMay, Director

WJL/sl

cc: Chevron, Inc.