

**From:** Sanchez, Daniel J., EMNRD  
**To:** Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD  
**Subject:** RE: Yeso to Chica Change of Operator  
**Date:** Thursday, April 01, 2010 1:19:17 PM

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At this time, Chica is out of luck with any Yeso wells. I have no intention of taking them off of the plugging list.

**From:** Macquesten, Gail, EMNRD  
**Sent:** Thursday, April 01, 2010 11:45 AM -  
**To:** Phillips, Dorothy, EMNRD  
**Cc:** Sanchez, Daniel J., EMNRD  
**Subject:** RE: Yeso to Chica Change of Operator

Yes. There are 3 problems:

1. The Yeso wells are subject to a plugging order, so Chica will need to enter an agreed compliance order.
2. The plugging order requires the transfer to be to an entity not affiliated with Yeso, and we have evidence that the owner of Chica is the daughter of the owner of Yeso.
3. My understanding is that the wells are already under a plugging contract, or on the plugging list, so Daniel would have to agree to stop the plugging.

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**From:** Phillips, Dorothy, EMNRD  
**Sent:** Thursday, April 01, 2010 11:25 AM  
**To:** Macquesten, Gail, EMNRD  
**Subject:** RE: Yeso to Chica Change of Operator

Chica sent me a letter that they are no longer going to purchase the wells requiring additional bonding. They are purchasing the 2 state and fee wells and the 5 federal. Do I still hold the transfer?

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**From:** Macquesten, Gail, EMNRD  
**Sent:** Monday, March 22, 2010 10:49 AM  
**To:** Phillips, Dorothy, EMNRD  
**Cc:** Altomare, Mikal, EMNRD; Sanchez, Daniel J., EMNRD  
**Subject:** RE: Yeso to Chica Change of Operator

Hi Dorothy- Please hold the transfer. Chica will need to enter into an agreed compliance order regarding these wells, because they are subject to a plugging order. I will try to contact them today.

Thanks for checking.

Gail

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**From:** Phillips, Dorothy, EMNRD  
**Sent:** Monday, March 22, 2010 10:02 AM  
**To:** Macquesten, Gail, EMNRD  
**Subject:** Yeso to Chica Change of Operator

Gail, Chica went through the new operator process. They are now transferring wells from Yeso. May I approve once I receive the additional bonding?

From Operator YESO ENERGY, INC. OGRID 221710  
To Operator CHICA ENERGY, LLC OGRID 271866

***Before the OCC  
Case 14472  
Case 14547  
OCD Exhibit 12***

**Wells Selected for Transfer, Permit 110944**  
**Permit Status: REVIEW**

**OCD District Hobbs**

Property Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Prod/Inj	Additional Bonding
32912 MORGAN FEDERAL #001	F	3 6-10S 30E	C	30 005 20667	G	80980	MANY GATES,MORROW (GAS)	04/06	0
32913 GULF MCKAY FEDERAL #001	F	N 3-1 18S 32E	N	30 025 25471	O	50490	QUERECHO PLAINS DELAWARE	04/06	0

**OCD District: Artesia**

Property Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Prod/Inj	Additional Bonding
32906 CONNIE C STATE #002	S	H-25-19S-28E	H	30-015-02301	O	48900	OUTPOST,DELAWARE	04/06	8500
CONNIE C STATE #017	S	D-25-19S-28E	D	30-015-02302	O	55520	SCANLON DRAW,QUEEN	04/06	7037
32902 DAITON FEDERAL #001	F	H-29-17S-29E	H	30-015-75259	O	78509	GRAYBURG JACKSON,SR-Q-G-SA	04/06	0
32906 CONNIE C STATE #001	S	G-25-19S-28E	G	30-015-25366	O	48900	OUTPOST,DELAWARE	04/06	8500
CONNIE C STATE #003	S	K-25-19S-28E	K	30-015-25587	O	48900	OUTPOST,DELAWARE	07/88	8525
CONNIE C STATE #004	S	B-25-19S-28E	B	30-015-25648	O	48900	OUTPOST,DELAWARE	01/89	8494
32909 SHIRLEY KAY STATE #001	P	B 32 19S-31E	B	30 015 25855	O	29490	HACKBERRY,YATES 7 RVRS, NORTH		0
32911 LAMBCHOP 20 #001	P	B 20 24S 25E	B	30 015 27220	O	11540	CEDAR CANYON DELAWARE		0
32758 DOW B 28 FEDERAL #001	F	P 28 17S 31E	P	30 015 28676	O	96591	WILDCAT CEDAR LAKE, MISSISSIPPIAN	04/06	0
DOW B 28 FEDERAL #001	F	P 28 17S 31E	P	30-015 28676	O	74605	CEDAR LAKE,MORROW, EAST (GAS)	04/06	0

**Total Additional bond**

**41056**