

**Macquesten, Gail, EMNRD**

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**From:** Macquesten, Gail, EMNRD  
**Sent:** Friday, May 18, 2007 10:51 AM  
**To:** 'LeeConInc@aol.com'  
**Subject:** RE: 2007 5-14 pre-hearing statement Yeso

Gene- The fact that Yeso has inactive wells and has not reported will not affect Yeso's ability to transfer wells to another operator. But if the OCD issues a hearing order on the six inactive wells that may affect the transfer. Once the OCD has a hearing order requiring Yeso to return those wells to compliance with Rule 201, the OCD may deny the transfer of those wells until the new operator enters into a compliance order setting a schedule for bringing the wells into compliance. See Rule 100.E(3). If the order imposes penalties in addition to requiring corrective action, paying the penalty will be Yeso's responsibility, and not the responsibility of the new operator.

Gail

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**From:** LeeConInc@aol.com [mailto:LeeConInc@aol.com]  
**Sent:** Friday, May 18, 2007 10:26 AM  
**To:** Macquesten, Gail, EMNRD  
**Subject:** Re: 2007 5-14 pre-hearing statement Yeso

I am selling all of the operated properties in the State of New Mexico operated by Yeso Energy, Inc. I am no longer able to keep up with the operations and necessary work needed on the wells. Can I sell them or how do I go about getting rid of them to someone interested in developing these wells and leases and will the NMOCD allow me to sell them? I have potential buyers, but they are asking me if the NMOCD will allow them to make the purchase.

Gene Lee

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***Yeso Energy, Inc.***  
***Case 13921***  
***OCD Exhibit No. 18***

**Macquesten, Gail, EMNRD**

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**From:** Macquesten, Gail, EMNRD  
**Sent:** Friday, May 18, 2007 11:09 AM  
**To:** 'LeeConInc@aol.com'  
**Cc:** Bradshaw, David, EMNRD; Sanchez, Daniel J., EMNRD  
**Subject:** RE: 2007 5-14 pre-hearing statement Yeso

Gene- Not only do we not have current reporting from Yeso, Yeso has been subject to a cancellation of authority since November 20, 2006 prohibiting it from transporting from or injecting into any of the wells it operates until it files its May 2006 report (the missing report that led to the cancellation). If Yeso wants additional time to plug the wells or do other action to bring the wells into compliance it needs to make its case to the hearing examiner. Gail

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**From:** LeeConInc@aol.com [mailto:LeeConInc@aol.com]  
**Sent:** Friday, May 18, 2007 11:01 AM  
**To:** Macquesten, Gail, EMNRD  
**Subject:** Re: 2007 5-14 pre-hearing statement Yeso

I thought the reporting was all current. I'll look and make sure of that again and if they did not get it filed, I will file all back reporting this weekend and clear that hurdle. I could get a rig and plug one of the wells in the next 10 days, but not all six. Is there something I should request or how do I handle the others that need to be plugged? There are only a couple that should be plugged and the others need work and put back in production and would be profitable.

Gene

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**Macquesten, Gail, EMNRD**

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**From:** Macquesten, Gail, EMNRD  
**Sent:** Friday, May 18, 2007 11:45 AM  
**To:** 'LeeConInc@aol.com'  
**Subject:** RE: 2007 5-14 pre-hearing statement Yeso

Gene – You received the notice of hearing, telling you that the hearing will be held Thursday, May 24 at 8:15. You can contact Florene Davidson, the assistant to the examiners, to find out which examiner has been assigned to hear the docket that day. Her number is 505 476-3458.  
Gail

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**From:** LeeConInc@aol.com [mailto:LeeConInc@aol.com]  
**Sent:** Friday, May 18, 2007 11:41 AM  
**To:** Macquesten, Gail, EMNRD  
**Subject:** Re: 2007 5-14 pre-hearing statement Yeso

OK,

I will make sure all reporting is current by Monday and then I'll contact the examiner. Has a hearing date and examiner been determined yet?

Gene

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5/18/2007