



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

MEMORANDUM

TO: ALL GAS PRODUCERS AND PURCHASERS
FROM: WILLIAM J. LeMAY, DIRECTOR *WJL*
SUBJECT: MORATORIUM FROM SHUT-IN, OVERPRODUCED WELLS IN
ALL PRORATED GAS POOLS IN NEW MEXICO
DATE: December 15, 1989

In accordance with the showing that a high-demand emergency currently exists, and under the authority granted the Division Director, pursuant to Rule 11 (G) of the General Rules and Regulations for Prorated Gas Pools (Order No. R-8170), a pool-wide moratorium from shut-in for wells for reasons of overproduction is hereby placed in effect.

This moratorium shall apply to all prorated pools in Southeast and Northwest New Mexico. The moratorium shall be effective immediately and continue through March 15, 1990. The moratorium will not be extended beyond the stated period. Please note this measure is being taken for the emergency demand situations that have been documented to exist in the marketplace. During this period every underproduced well should be produced to the maximum of its ability under existing conditions and excessively overproduced wells are to be produced only during and to the extent necessary to meet the emergency demand. Previous moratoriums have been abused by some operators who have produced excessive amounts of gas during the moratorium from overproduced wells, thus violating the spirit of the moratorium and the correlative rights of offset operators.

Excessively overproduced wells will be curtailed or shut-in after March 31, 1990 to help bring prorated pools into balance but gas production should be managed so that no well will be in excess of 24 times overproduced at the end of March 1990.

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
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SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 28, 1989

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Case 9810
RECEIVED
NOV 28 1989
OIL CONSERVATION DIVISION

Re: Oil Conservation Division Case No. 9809:
In the Matter of the Application of Yates Drilling Company for Statutory
Unitization, Chaves County, New Mexico

Oil Conservation Division Case No. 9810:
In the Matter of the Application of Yates Drilling Company for a Waterflood
Project, Chaves County, New Mexico

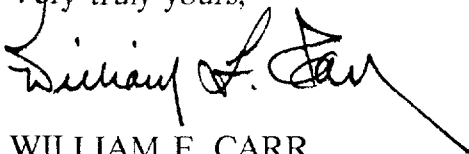
Oil Conservation Division Case No. 9823:
In the Matter of the Application of Yates Drilling Company for a Unit
Agreement, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed is a letter which we request be included in the hearing file in the above-referenced cases.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosure

F. G. Breckenridge

P.O. Box 4667 • MIDLAND, TEXAS 79704

October 26, 1989

Mr. William F. Carr, Esq.
c/o Campbell & Black, P.A. Lawyers
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

RECEIVED
OCT 30 1989
CAMPBELL & BLACK

In RE: Application of Yates Drilling Company
For Approval of a Waterflood Project,
Chaves County, New Mexico

Dear Mr. Carr:

This will acknowledge receipt of your letter of October 11, 1989 in which you advise in part, "Failure to appear at the hearing or otherwise become a party of record in this case we'll preclude you from challenging this matter at a later date".

I do not plan to appear at the hearing but I would not wish to forfeit my right to consider and challenge this matter at a latter date. Accordingly, I would appreciate your observing this and consider me "A party of record".

Yours very truly,

F. G. Breckenridge
F.G. Breckenridge

FGB/kr

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December 4, 1989

HAND-DELIVERED

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

RECEIVED

DEC 5 1989

OIL CONSERVATION DIVISION

Case 98101

Re: Applications of Yates Drilling Company for Approval of Two Waterflood Projects, Chaves County, New Mexico

Dear Mike:

Enclosed is a copy of a notice letter which we are mailing to all interest owners in the two alternative waterflood projects in the Cactus Queen Voluntary Unit and, also, on the adjoining Doyal lease. Also enclosed are two legal advertisements for these proposed waterflood projects.

If you need anything further to include these matters on the hearing docket for December 27, 1989, please advise.

Your assistance with this matter is appreciated.

Very truly yours,

WFC

WILLIAM F. CARR
WFC:mlh
Enclosures
cc w/enc.: Toby Rhodes

Case No. Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above styled cause, seeks authority to institute a waterflood project by injection of water into the Queen formation, Southeast Chaves Queen Field (Division Case 9823) underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Unit Area centered approximately 12 miles Southwest by South of Caprock, New Mexico.

Case No. Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above styled cause, seeks authority to institute a waterflood project by injection of water into the Queen formation, Southeast Chaves Queen Field on its Doyal lease underlying portions of Sections 26, 27 and 34, Township 12 South, Range 31 East. Said lease is located approximately 12 miles Southwest by South of Caprock, New Mexico.

CAMPBELL & BLACK, P.A.
LAWYERS

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RECEIVED

December 5, 1989

DEC 5 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

OIL CONSERVATION DIVISION

TO ALL AFFECTED INTEREST OWNERS IN THE CACTUS QUEEN UNIT:

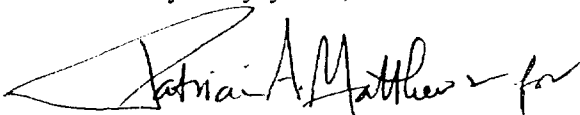
Re: Applications of Yates Drilling Company for Approval of Two Waterflood
Projects, Chaves County, New Mexico

Gentlemen:

This letter is to advise you that Yates Drilling Company has filed applications with the New Mexico Oil Conservation Division seeking authority to institute waterflood projects by injection of water into the Queen formation in its proposed Cactus Queen Unit, underlying portions of Sections 27 and 34, Township 12 South, Range 31 East, Southeast Chaves Queen Field, Chaves County, New Mexico. Yates Drilling Company also seeks authority to institute a waterflood project on the Doyal Lease in Sections 26, 27 and 34, Township 12 South, Range 31 East, Southeast Chaves Queen Field, Chaves County, New Mexico. Copies of these applications were sent to you on November 8, 1989.

These applications have been set for hearing before an Examiner of the Oil Conservation Division on December 27, 1989. You do not need to be present at the hearing, but failure to appear at the hearing or otherwise become a party of record in these cases will preclude you from challenging these matters at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES DRILLING COMPANY

WFC:mlh

cc: Toby Rhodes