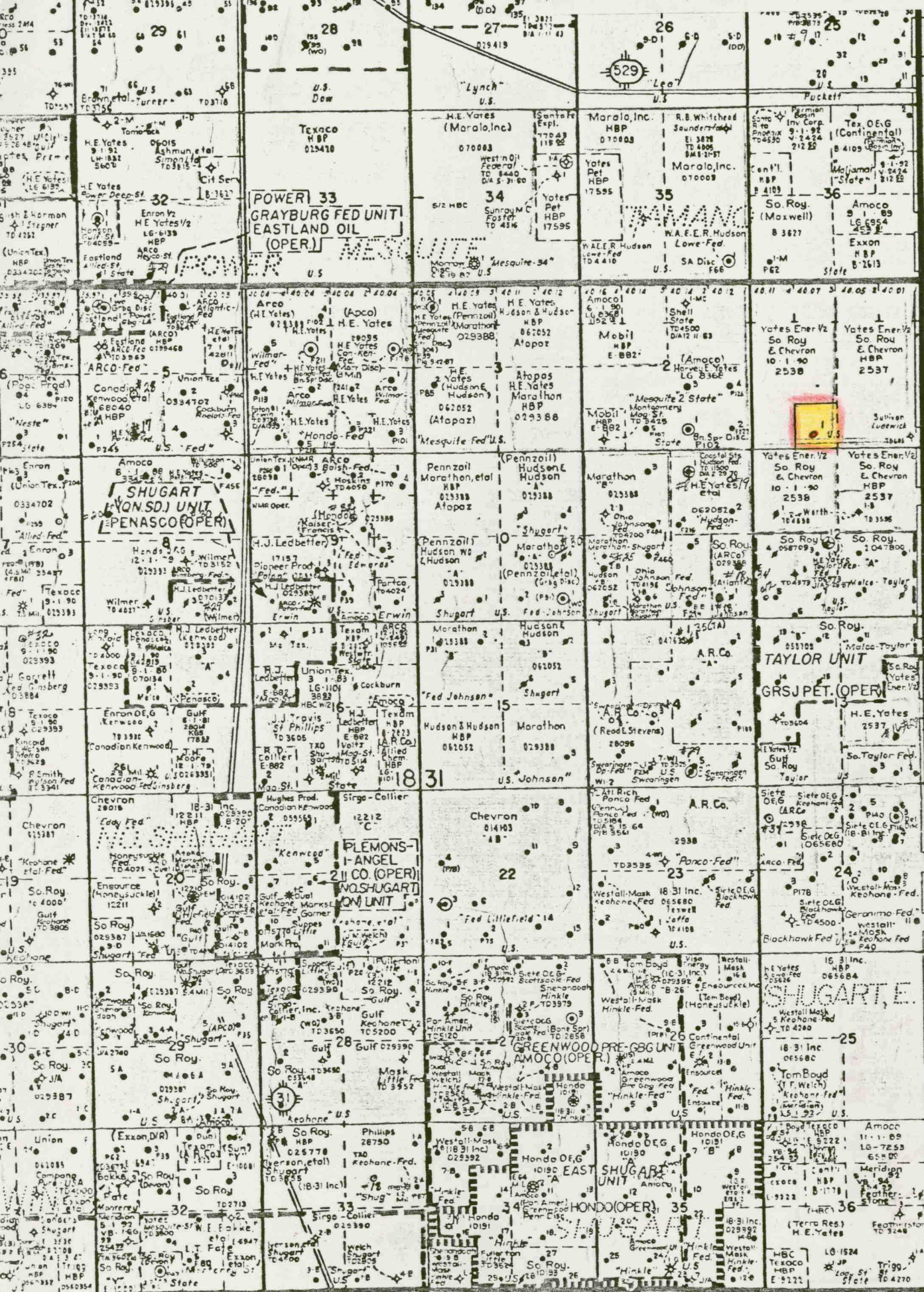


Exhibits 1 through 10  
Complete set

Thornbush Federal #1  
330' FSL & 1930' FWL  
Section 1-18S-31E, Eddy County, NM



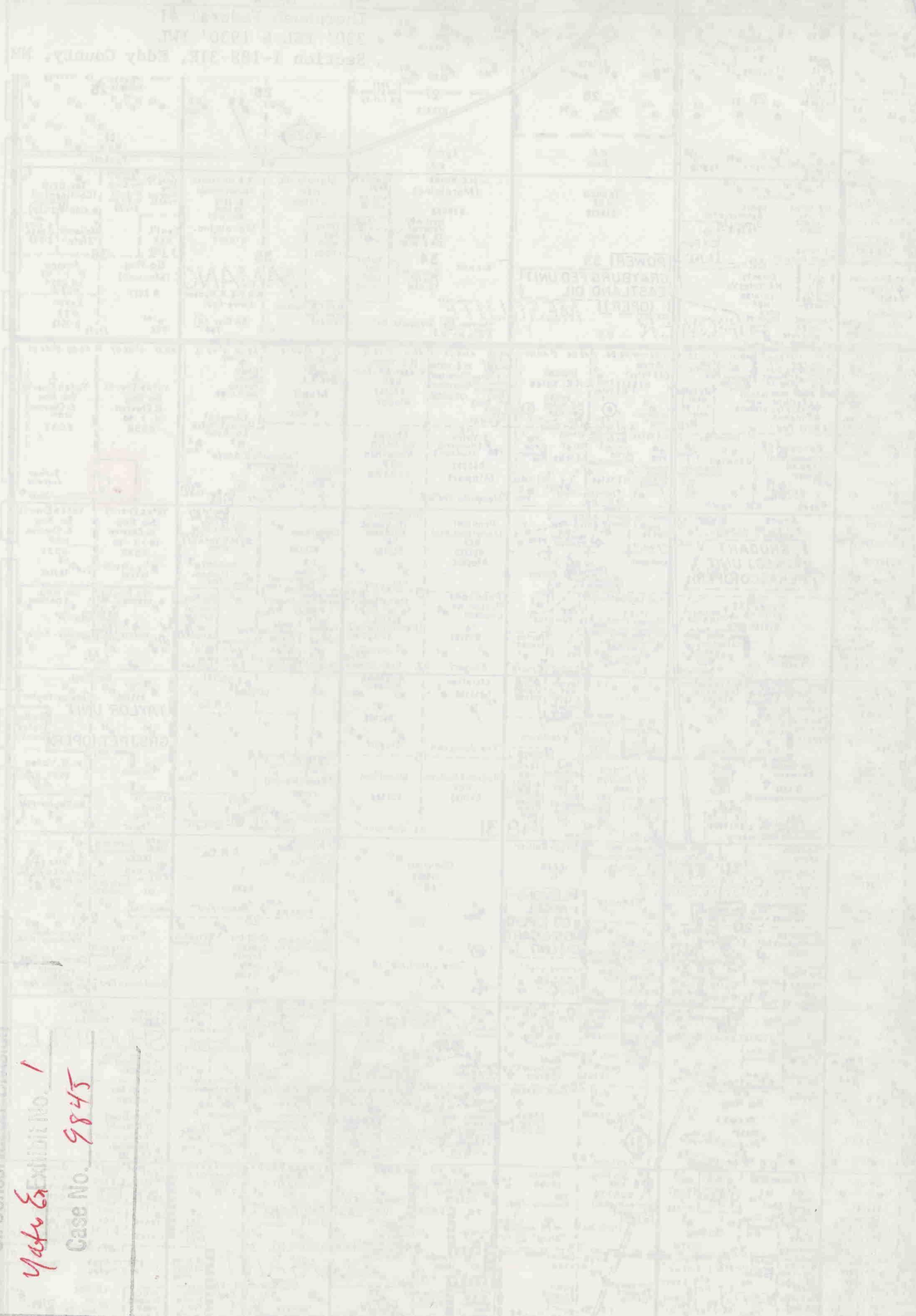
T  
18  
S

BEFORE EXAMINER STOOGNER

Oil Conservation Division

Plate Exhibit No. 1

Case No. 9845



# OWNERSHIP - PARTICIPATION LISTING

THORNBUSH FEDERAL #1  
SE/4SW/4 Section 1-18S-31E  
Eddy County, New Mexico

YATES ENERGY CORPORATION	.23533984	committed
HARVEY E. YATES COMPANY	.36853516	committed
HEYCO EMPLOYEES, LTD.	.01875000	no response
EXPLORERS PETROLEUM CORPORATION	.05493750	no response
SPIRAL, INC.	.05493750	no response
W. T. WYNN	.01750000	no response
CHEVRON USA, INC.	<u>.25000000</u>	Farmout or force pool
	1.00000000	

*Wm. F. Carr  
Representing*

*yates & 2  
9845*



September 1, 1989

**HAND DELIVERED**

Rosemary T. Avery  
Harvey E. Yates Company  
One Sunwest Centre  
Roswell, New Mexico 88201

*yates E*

*3*  
*9845*

Re: Thornbush Prospect  
Section 1-18S-31E  
Eddy County, New Mexico

Dear Rosemary:

Yates Energy Corporation proposes to drill the Thornbush Federal Well #1 to approximately 8,800' to test the Bone Spring Formation at a legal location 330' FSL and 1980' FWL of Section 1-18S-31E, Eddy County, New Mexico. Pursuant to the terms of the Option Agreement for Corporate Separation, this exploratory well will be drilled and operated by Yates Energy Corporation.

Enclosed for your consideration and further handling please find the following:

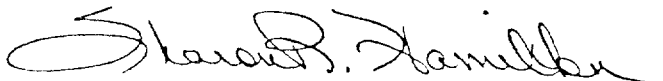
1. Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages.
2. Two copies of the Memorandum of Joint Operating Agreement.
3. Two copies of an AFE covering estimated costs of the proposed well.
4. Copy of geological write-up prepared by Curtis A. Anderson.

Rosemary T. Avery  
Harvey E. Yates Company  
September 1, 1989  
Page Two

Please notify this office within 60 days of receipt of this proposal whether HEYCO elects to participate in the cost of the proposed operation. Should you elect to participate, please return your executed signature page to the Joint Operating Agreement with executed Memorandum, and approved AFE to our office. Your attention in this matter is appreciated.

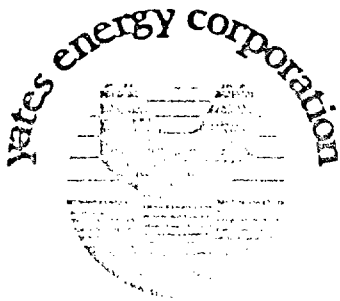
Very truly yours,

YATES ENERGY CORPORATION

A handwritten signature in cursive script, appearing to read "Sharon R. Hamilton".

Sharon R. Hamilton  
Landman

SRH/kee  
Enclosures



November 14, 1989

Explorers Petroleum Corporation  
Spiral, Inc.  
HEYCO Employees, Ltd.  
P. O. Box 1933  
Roswell, New Mexico 88202

Attention: Shari A. Darr

Re: Thornbush Federal No. 1  
330' FSL & 1980' FWL  
Section 1-18S-31E  
Eddy County, New Mexico

Gentlemen:

Yates Energy Corporation proposes to drill the Thornbush Federal Well #1 to approximately 8,800' to test the Bone Spring Formation at a legal location 330' FSL and 1980' FWL of Section 1-18S-31E, Eddy County, New Mexico. Enclosed for your consideration and further handling please find the following:

1. Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages.
2. One copy of the Memorandum of Joint Operating Agreement and an extra set of signature pages.
3. Two copies of an AFE covering estimated costs of the proposed well.
4. Copy of geological write-up prepared by Curtis A. Anderson.

Should you elect to participate, please return your executed signature pages to the Joint Operating Agreement and Memorandum, along with your approved AFE to our office. Your prompt attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

Enclosures

P.O. Box 2323, Sunwest Centre, Suite 1010, Roswell, New Mexico 88202 (505) 623-4935

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

November 15, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Harvey E. Yates Company  
Explorers Petroleum Corporation  
Spiral, Inc.  
HEYCO Employees, Ltd.  
P. O. Box 1933  
Roswell, New Mexico 88201

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

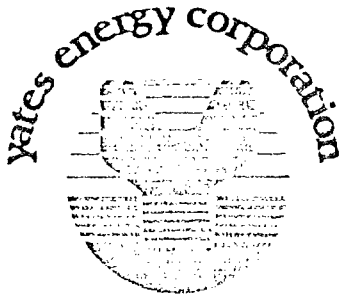
Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:kth  
Enclosure

cc: Yates Energy Corporation



December 19, 1989

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Harvey E. Yates Company  
Explorers Petroleum Corporation  
Spiral, Inc.  
HEYCO Employees, Inc.  
P. O. Box 1933  
Roswell, New Mexico 88202

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

Pursuant to notice dated November 15, 1989 from Ernest L. Carroll concerning the captioned Application, please be advised that notification has just been received from the State of New Mexico Oil Conservation Division that said Application, under Case Number 9845, is on the Docket for Examiner Hearing on Wednesday, December 27, 1989.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

SRH/mm

P 299 868 426

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

★ U.S.G.P.O. 1985-480-794

PS Form 3800, June 1985

Sent to Harvey E. Yates Co., et al	
Street and No PO Box 1933	
State and ZIP Code Roswell, NM 88201	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date 12-19-89	

## LAW OFFICES

LOSEE, CARSON, HAAS &amp; CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508

TELECOPY  
(505) 746-6316

November 15, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Harvey E. Yates Company  
Explorers Petroleum Corporation  
Spiral, Inc.  
HEYCO Employees, Ltd.  
P. O. Box 1933  
Roswell, New Mexico 88201

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS &amp; CARROLL, P.A.

7-916 634 447

P 916 634 447

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to	Heyco, et al
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

Form 3800, June 1985

11/15/89

<p>1. SENDER: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)</p>	
3. Article Addressed to:	4. Article Number
Heyco, Explorers, Spiral Heyco Empl. P.O. Box 1933 Roswell, NM 88201	P-916 634 447
5. Signature - Addressee	Type of Service:
X	<input type="checkbox"/> Registered <input type="checkbox"/> Insured
6. Signature - Agent	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD
X	<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
7. Date of Delivery	Addressed to signature of addressee agent and DATE DELIVERED.
11-27-89	Addressed to Address (ONLY if requested and fee paid)
	NOV 23 1989
	LAW OFFICE LOSEE, CARSON, HAAS & CARROLL, P.A.

Yates Energy Corporation

915 687-7100

September 22, 1989

Chevron USA, Inc.  
P.O. Box 1150  
Midland, Texas 79202

Midway, California  
915 687-7152

Re: Thornbush Federal No. 1  
330' FSL & 1980' FWL  
Section 1-18S-31E  
Eddy County, New Mexico

Gentlemen:

Yates Energy Corporation herein proposes to drill the captioned well to a depth of approximately 8800' to test the Bone Spring Formation. According to our title information, Chevron owns a 25% working interest in this property.

Enclosed for your review please find our AFE for the drilling of the captioned well. Should Chevron elect to participate, we will forward our Joint Operating Agreement, covering all of Section 1-18S-31E, for your approval.

In the event Chevron elects not to participate in said well, Yates Energy Corporation respectfully requests a farmout of Chevron's interest covering all of Section 1-18S-31E, earning 100% of Chevron's interest in the drillsite and 75% in the remaining acreage. Said farmout to deliver 75% net revenue interest, with the option to convert to a 25% back-in working interest after payout.

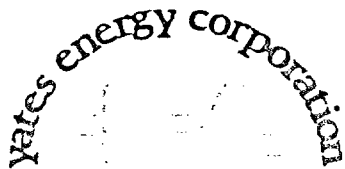
Please advise, at your earliest convenience, concerning your election. Your prompt attention is appreciated. Please call this office should you wish to discuss this matter further.

Very truly yours,

YATES ENERGY CORPORATION

  
Sharon R. Hamilton  
Landman

SRH/kee  
Enclosure



November 6, 1989

Chevron USA, Inc.  
P.O. Box 1150  
Midland, Texas 79702

Attention: Mickey Cohlma

Re: Thornbush Federal No. 1  
330' FSL & 1980' FWL  
Section 1-18S-31E  
Eddy County, New Mexico

Gentlemen:

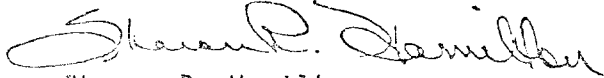
Yates Energy Corporation proposed the drilling of the captioned well, under letter dated September 22, 1989. Enclosed for your consideration and further handling please find the Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages and one copy of the Memorandum of Joint Operating Agreement and extra set of signature pages.

Under said Operating Agreement, we must be drilling by February 25, 1990. Therefore, we must proceed as necessary to guarantee drilling by that date. Chevron is the only owner who has not committed to participate.

In a telephone discussion with Lofty Quinn in your Hobbs production office, he indicated that he felt that Chevron would either participate or farmout, and suggested that I forward you the Joint Operating Agreement for your review. Should you elect to participate, please return your executed signature page to the Joint Operating Agreement with executed Memorandum, and approved AFE to our office. Your prompt attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

  
Sharon R. Hamilton  
Landman

Enclosures

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

November 15, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Chevron U.S.A., Inc.  
P. O. Box 1150  
Midland, Texas 79702

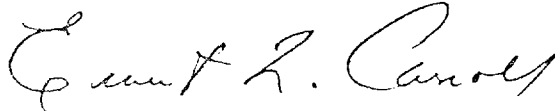
Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

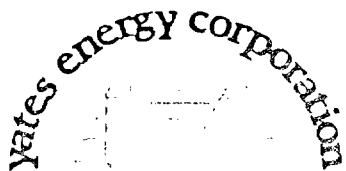
LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth  
Enclosure

cc: Yates Energy Corporation



November 16, 1989

Chevron USA, Inc.  
P.O. Box 1150  
Midland, Texas 79702

Attention: Mickey Cohlma

Re: Thornbush Federal #1  
Section 1-18S-31E  
Eddy Co., New Mexico

Gentlemen:

Enclosed please find a revised Exhibit "A" to the Operating Agreement dated September 1, 1989 concerning the captioned acreage. Also, enclosed please find a new Exhibit "A" to the Memorandum of Joint Operating Agreement.

Please advise should you have any questions concerning said Operating Agreement.

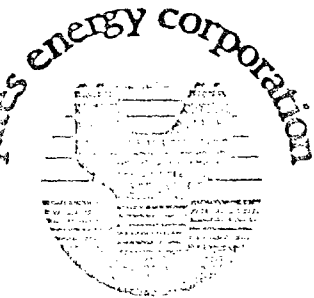
Yours Very Truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

SRH/mm

Enclosures



December 19, 1989

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Chevron U.S.A., Inc.  
P. O. Box 1150  
Midland, Texas 79702

Attention: Mickey F. Cohlma

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

Pursuant to notice dated November 15, 1989 from Ernest L. Carroll concerning the captioned Application, please be advised that notification has just been received from the State of New Mexico Oil Conservation Division that said Application, under Case Number 9845, is on the Docket for Examiner Hearing on Wednesday, December 27, 1989.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

SRH/mm

## LOSEE, CARSON, HAAS &amp; CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

November 15, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Chevron U.S.A., Inc.  
P. O. Box 1150  
Midland, Texas 79702

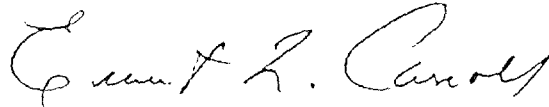
Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS &amp; CARROLL, P.A.



Ernest L. Carroll

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)  
2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

*Chevron, USA  
P.O. Box 1150  
Midland, TX 79702*

Article Number  
*P-916 634 437*

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Certified Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

4. Address only (Address ONLY if requested and fee paid)

5. Signature - Address  
X *[Signature]*

6. Signature - Agent  
X *[Signature]*

7. Date of Delivery  
*11-17-89*

Form 3811, Mar. 1982 \* U.S. P.O. 1993-243-980 DOMESTIC RETURN RECEIPT

P 916 634 437

RECEIPT FOR CERTIFIED MAIL  
NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to: *Chevron*

Street and No.

P.O., State and Zip Code

Postage

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt showing to whom and Date Delivered

Return Receipt showing to whom Date, and Address of Delivery

TOTAL Postage and Fees

Postmark or Date  
*11/15/89*

Form 3860, June 1985



November 7, 1989 \*

W. T. Wynn  
1603 West Dengar  
Midland, Texas 79705

Re: Thornbush Federal No. 1  
330' FSL & 1980' FWL  
Section 1-18S-31E  
Eddy County, New Mexico

Dear Mr. Wynn:

Yates Energy Corporation proposes to drill the Thornbush Federal Well #1 to approximately 8,800' to test the Bone Spring Formation at a legal location 330' FSL and 1980' FWL of Section 1-18S-31E, Eddy County, New Mexico


Enclosed for your consideration and further handling please find the following:

1. Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages.
2. One copy of the Memorandum of Joint Operating Agreement and an extra set of signature pages.
3. Two copies of an AFE covering estimated costs of the proposed well.
4. Copy of geological write-up prepared by Curtis A. Anderson.

Should you elect to participate, please return your executed signature pages to the Joint Operating Agreement and Memorandum, along with your approved AFE to our office. Your attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

  
Sharon R. Hamilton  
Landman

Enclosures

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

November 15, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. W. T. Wynn  
1603 W. Dengar  
Midland, Texas 79705

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

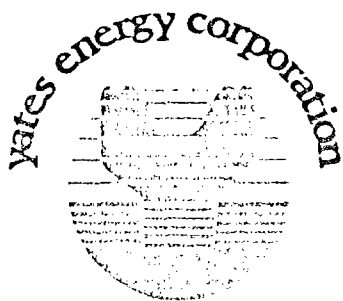
Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:kth  
Enclosure

cc: Yates Energy Corporation



December 19, 1989

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Mr. W. T. Wynn  
1603 W. Dengar  
Midland, Texas 79705

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Dear Mr. Wynn:

Pursuant to notice dated November 15, 1989 from Ernest L. Carroll concerning the captioned Application, please be advised that notification has just been received from the State of New Mexico Oil Conservation Division that said Application, under Case Number 9845, is on the Docket for Examiner Hearing on Wednesday, December 27, 1989.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

SRH/mrn

P 299 868 610

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1985-480-794

PS Form 3800, June 1985

Sent to <i>W. F. Wynn</i>	
Street and No. <i>1603 W. Dwyer</i>	
P.O. State and ZIP Code <i>Midland, TX 79705</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date  <i>12-19-89</i>	

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508

TELECOPY  
(505) 746-6316

November 15, 1989

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. W. T. Wynn  
1603 W. Dengar  
Midland, Texas 79705

Re: Application of Yates Energy Corporation  
for Compulsory Pooling, Eddy County,  
New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Ernest L. Carroll

ELC:kth  
Enclosure

cc: Yates Energy Corporation

P 916 634 438

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

<p><b>SENDER:</b> Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.      2. <input type="checkbox"/> Restricted Delivery (Extra charge)      (Extra charge)</p>	
<p>3. Article Addressed to:</p> <p>W.T. Wynn 1603 W. Winger Midland, TX 79705</p>	<p>4. Article Number P-916 634 438</p> <p>Type of Service:</p> <p><input type="checkbox"/> Registered      <input type="checkbox"/> Insured  <input checked="" type="checkbox"/> Certified      <input type="checkbox"/> COD  <input type="checkbox"/> Express Mail      <input type="checkbox"/> Return Receipt for Merchandise</p> <p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>
<p>5. Signature — Addressee</p> <p>X <i>W.T. Wynn</i></p>	<p>8. Addressee's Address (ONLY if requested and fee paid) 1989</p>
<p>6. Signature — Agent</p> <p>X</p>	
<p>7. Date of Delivery</p> <p>11-12-84</p>	

Send to <i>WT Wynn</i>	
Street and No.	
P.O., State and ZIP Code	
Postage	5
Certifying Fee	
Special Delivery Fee	
Registered Delivery Fee	
Return Receipt (allowing to whom and Date Delivered)	
Return Receipt (allowing to whom Date and Address of Delivery)	
TOTAL Postage and Fees	5
Postmark or Date	

*11/15/89*

Summary - Thornbush Federal #1

Chevron USA, Inc.

9-22-89 Letter  
10-13-89 Telephone call - Midland  
10-25-89 Telephone call - Midland  
10-26-89 Telephone call - Midland  
Several telephone calls to Hobbs office in November  
11-6-89 Letter  
11-15-89 Letter  
11-16-89 Letter  
12-5-89 Telephone call - Midland  
12-6-89 Telephone call - Hobbs  
12-8-89 Telephone call - Hobbs  
12-11-89 Telephone call - Midland  
12-11-89 Telephone call - Hobbs  
12-12-89 Telephone call - Midland  
12-13-89 Telephone call - Midland  
12-19-89 Letter

Offered to Farmout one well location only, reserving a 3/16ths ORI.,  
prefer not to accept terms. Indicated they would not oppose a  
standard force pooling application.

W. T. Wynn

11-7-89 Letter  
Telephone call  
11-15-89 Letter  
12-19-89 Letter

Harvey E. Yates Company, et al

9-1-89 Letter  
10-13-89 Telephone call  
11-14-89 Letter  
11-15-89 Letter  
12-14-89 Telephone call  
12-19-89 Letter

Harvey E. Yates Company has signed JOA to participate, no response from  
Explorers Petroleum Corporation, Spiral, Inc. or HEYCO Employees, Ltd.  
Indicated for us to proceed with force pooling.

*Yates E*

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9845

# YATES ENERGY CORPORATION

LEASE NAME & WELL NUMBER: THORNBUSH FEDERAL #1  
 LEGAL LOCATION: 330' FSL & 1980' FWL, SECTION 1 T-18S, R-31E  
 COUNTY: EDDY STATE: NEW MEXICO DEPTH: 8800 FORMATION: BONE SPRINGS

DRILLING & COMPLETION COSTS:		Dry Hole	Producing
INTANGIBLE DRILLING COSTS:		Costs	Costs
STAKING DAMAGES & LEGAL FEES. . . . .		\$1,500	\$1,500
LOCATION, RIGHT OF WAY. . . . .		\$15,000	\$15,000
FOOTAGE: FEET @ \$/FOOT 8800 \$12.75 . . . . .		\$112,200	\$112,200
DAYWORK: DAYS & \$/DAY 2 \$3,600 . . . . .		\$7,200	\$7,200
SURFACE CASING CEMENTING & SERVICE. . . . .		\$4,000	\$4,000
DRILLING MUD, ADDITIVES & WATER . . . . .		\$18,000	\$18,000
MUD LOGGING UNIT, SURVEYS, ETC. . . . .		\$4,500	\$4,500
INTERMEDIATE CASING CEMENTING & SERVICES. . . . .		\$14,500	\$14,500
GENERAL MISC. (BOP TEST, RATHOLE...ETC) . . . . .		\$0	\$0
RENTAL TOOLS & EQUIPMENT. . . . .		\$1,000	\$1,000
COMPANY SUPERVISION . . . . .		\$6,500	\$6,500
MISC. BITS, TOOLS & SUPPLIES. . . . .		\$0	\$0
TOTAL INTANGIBLE DRILLING COSTS. . . . .		<u>\$184,400</u>	<u>\$184,400</u>
INTANGIBLE FORMATION EVALUATION:			
CORING, TOOLS & SERVICE . . . . .		\$0	\$0
DST: # DST TO RUN/ \$ CHARGE 1 \$4,000. . . . .		\$4,000	\$4,000
ELECTRIC LOGS, SAMPLE SACKS...ETC . . . . .		\$13,000	\$13,000
MISC. FORMATION EVALUATION. . . . .		\$0	\$0
TOTAL INTANGIBLE FORMATION EVALUATION		<u>\$17,000</u>	<u>\$17,000</u>
INTANGIBLE COMPLETION COSTS:			
COMPLETION UNIT COST: DAYS & \$/DAY 8 \$1,500 . . . . .			\$12,000
MUD, WATER & ADDITIVES. . . . .			\$6,500
CEMENT, TOOLS & SERVICES (PROD. STRING...ETC) . . . . .			\$20,000
ELECTRIC LOGS (CBL...ETC), TESTING. . . . .			\$3,500
TOOL & EQUIPMENT RENTAL & TRUCKING. . . . .			\$6,500
STIMULATION & TREATING. . . . .			\$70,000
COMPANY SUPERVISION . . . . .			\$4,500
BITS, TOOLS & SUPPLIES . . . . .			\$0
PLUG BACK . . . . .			\$5,000
MISC. CONTINGENCIES . . . . .			\$16,534
PLUGGING EXPENSE. . . . .		\$8,500	\$0
TOTAL INTANGIBLE COMPLETION COSTS		<u>\$8,500</u>	<u>\$144,534</u>
TANGIBLE DRILLING & COMPLETION COSTS:			
SURFACE CASING COSTS: (SIZE & FEET) 13 3/8 350		\$13,000	\$13,000
INTERMEDIATE CASING: (SIZE & FEET) 8 5/8 2350		\$32,000	\$32,000
PRODUCTION CASING: (SIZE & FEET) 5 1/2 8800			\$77,000
PRODUCTION TUBING: (SIZE & FEET) 2 3/8 8800			\$24,000
CASING HEAD . . . . .			\$3,500
CASING SPOOL. . . . .			\$0
TUBING HEAD . . . . .			\$4,000
CHRISTMAS TREE. . . . .			\$1,500
SUBSURFACE EQUIPMENT. . . . .			\$14,000
MISC PIPE CONNECTIONS . . . . .			\$500
PACKER & SPECIAL EQUIPMENT. . . . .			\$1,500
MISCELLANEOUS CONTINGENCIES . . . . .		\$12,809	\$8,550
TOTAL TANGIBLE DRILLING & COMPLETION COSTS		<u>\$57,809</u>	<u>\$179,550</u>
GENERAL LEASE & BATTERY EQUIPMENT:			
PUMPING UNIT (PRIME MOVER). . . . .			\$40,000
SEPARATORS, GAS PRODUCTION UNITS, ETC. . . . .			\$8,000
TANKS: NO. & SIZE 2 400 BBLS . . . . .			\$9,000
INSTALLATION COSTS. . . . .			\$15,000
FLOW LINES, VALVES, ETC. . . . .			\$4,500
MISCELLANEOUS LEASE EQUIPMENT . . . . .			\$2,000
TOTAL GENERAL LEASE & BATTERY EQUIPMENT COSTS		<u>\$0</u>	<u>\$78,500</u>
TOTAL INTANGIBLE COSTS:		\$209,900	\$345,934
TOTAL TANGIBLE COSTS:		\$57,809	\$179,500
TOTAL LEASE & BATTERY EQUIPMENT:		<u>\$0</u>	<u>\$78,500</u>
TOTAL COSTS		<u>\$267,709</u>	<u>\$603,934</u>

IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR  
 HEREIN ARE ESTIMATED ONLY, AND APPROVAL OF THIS  
 AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS  
 INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED,  
 WHETHER MORE OR LESS THAN HEREIN SET OUT.

APPROVED BY: \_\_\_\_\_  
 COMPANY: \_\_\_\_\_  
 DATE: \_\_\_\_\_