

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.  
If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator Yates Energy Corporation		Address P. O. Box 2323, Roswell, NM 88202	
Lease Name Thornbush Federal		Well No. 1	County Eddy County, New Mexico
Well Location Unit Letter <u>N</u> : <u>1980</u> Feet from The <u>West</u> Line and <u>330</u> Feet From the <u>South</u> Line of Section <u>1</u> , Township <u>18S</u> , Range <u>31E</u> , NMPW			
Suggested Pool Names (List in order of preference) 1. Thornbush San Andres 2. 3.			
Name of Producing Formation San Andres		Perforations 4636'-4638'	Date of Filing Form C-104 5-1-90
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If Yes, Give Date of Filing	Date Well was Spudded 2-14-90
Total Depth 9060'	Plugged Back Depth 7600'	Depth Casing Shoe	Tubing Depth 4624'
Elevation (Gr., DF, RKB, RT, etc.) G.L. 3779.0			
Oil Well Potential (Test to be taken only after all load oil has been recovered) _____ Bbls. Oil Per Day Based On _____ Bbls In _____ Hours; _____ Bbls Water Per Day Based On _____ Bbls In _____ Hours; Gas Production During Test: _____ MCF; Gas-Oil Ratio: _____ Method Of Producing: _____ Chk. Size			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Tamano	Name of Producing Formation Bone Springs	Top of Pay 8585'	Bottom of Pay 8660'	Currently Producing? 5 BOPD
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool 2600' to west		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 4030'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Tamano (San Andres)	Top of Pay 4307'	Bottom of Pay 4365'	Currently Producing? 4 BOPD
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 5400' to northwest			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? NO	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
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Is the Subject Well Multiple Completion? NO	Is Discovery Allowable Requested for other Zone(s)? NO	If Yes, Name all Such Formations
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EXHIBIT 3  
DOCKET #9998

*Bill Baker, Jr.*  
Bill Baker, Jr.

(Continue on reverse side)

ILLEGIBLE

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Harvey E. Yates Company	P. O. Box 1933, Roswell, NM 88202
Marathon Oil Company	P. O. Box 552, Midland, TX 79702
Amoco Production Company	P. O. Box 3092, Houston, TX 77253
Southland Royalty Co.	21 Desta Drive, Midland, TX 79701
Arco Oil & Gas Company	P. O. Box 1610, Midland, TX 79702
R S J Petroleum	Box 6, Loco Hills, NM 88255
Chevron USA, Inc.	P. O. Box 1150, Midland, TX 79702

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Division of such intent in writing within ten days after receiving a copy of this application.

Remarks:

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Division have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

*Sharon R. Hamilton*

Signature  
Sharon R. Hamilton

Landman

Position

5-22-90

Date