



BEFORE EXAMINEE - CATAFACH

OIL CONSERVATION LIAISON

*John Long* EXHIBIT NO. 4

CASE NO. 10090

OWNERSHIP - PARTICIPATION LISTING

THORNBUSH FEDERAL #2  
SW/4SW/4 Section 1-18S-31E  
Eddy County, New Mexico

YATES ENERGY CORPORATION	.23533984	committed
HEYCO DEVELOPMENT CORPORATION	.36853516	non-consent under JOA
HEYCO EMPLOYEES, LTD.	.01875000	non-consent under JOA
EXPLORERS PETROLEUM CORPORATION	.05493750	farmout requested
SPIRAL, INC.	.05493750	farmout requested
W. T. WYNN	.01750000	non-consent under JOA
CHEVRON USA, INC.	.25000000	no response, farmout requested
	<u>1.00000000</u>	

Yates Energy 5  
10090

SUMMARY - THORNBUSH FEDERAL #2

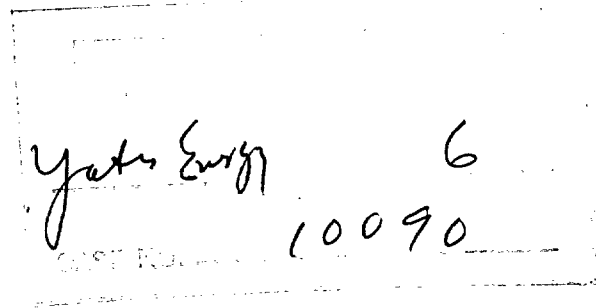
Chevron USA, Inc.

8/3/90	Letter - well proposal
8/6/90	Telephone call - Hobbs office - processing
9/12/90	Letter - farmout proposal
9/17/90	Telephone call - Midland office - Mickey Cohlma - Sam Martin

Spiral, Inc.

Explorers Petroleum Corporation

8/3/90	Letter - well proposal
9/12/90	Letter - farmout proposal
9/17/90	Telephone call - no contact





September 12, 1990

**HAND DELIVERED**

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

Attention: Shari A. Darr

DEPARTMENT OF REVENUE	
OIL CONSTRUCTION DIVISION	
Yates Energy	EXHIBIT NO. 7
CASE NO.	10090

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

Gentlemen:

As you are aware, Yates Energy Corporation has drilled and completed the Thornbush Federal #1 well in the SE/4SW/4 of said Section 1. We have also proposed the drilling of the Thornbush Federal #2 well in the SW/4SW/4 of Section 1. A compulsory pooling application will be heard before the OCD Examiner on September 19, 1990 for those parties not subject to a JOA who have failed to respond concerning their participation.

We respectfully request your consideration of a farmout covering all of the interest of the addressees in the S/2 of Section 1, excepting the SE/4SW/4. Our proposed terms would include delivery of a 78% NRI with no reversionary interest, drill to earn with 180 day continuous development, earning 100 feet below total depth. The initial earning well would be the Thornbush Federal #2 in the SW/4SW/4, with drilling to commence on or before November 30, 1990.

Yates Energy Corporation wishes to pursue a continuous drilling program in this prospect area. As we have been unable to obtain consent from all owners concerning their participation in said drilling, we feel a farmout would allow us the opportunity to plan a development drilling program without the delays of compulsory pooling proceedings.

HEYCO Development Corporation, et al,  
September 12, 1990  
Page 2

Your favorable consideration of this proposal is appreciated. We would welcome the opportunity to discuss this proposal with you at your convenience.

Yours very truly,

YATES ENERGY CORPORATION

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

Sharon R. Hamilton  
Landman

SRH/jj



August 6, 1990

Shari A. Darr  
HEYCO Employees, Ltd.  
P. O. Box 1933  
Roswell, NM 88202-1933

Re: Thornbush Federal #2  
SW/4SW/4 Section 1-18S-31E  
Eddy Co., NM

Dear Shari:

Under letter dated August 3, 1990, we submitted an AFE and well proposal concerning the drilling of the captioned well to HEYCO Employees, Ltd.

Pursuant to Division Order Opinion of Title No. 28,026, the interest of HEYCO Employees, Ltd. is subject to the Thornbush Prospect Operating Agreement dated September 1, 1989. We therefore request that their participation election be made pursuant to the terms of said Operating Agreement.

Your assistance is appreciated.

Yours very truly,

YATES ENERGY CORPORATION

A handwritten signature in cursive script, reading "Sharon R. Hamilton".

Sharon R. Hamilton  
Landman

SRH/jj



**HAND DELIVERED**

August 3, 1990

Explorers Petroleum Corporation  
Spiral, Inc.  
HEYCO Employees, Ltd.  
One Sunwest Centre  
Roswell, New Mexico 88201

Attention: Shari A. Darr

Re: Thornbush Federal #2  
SW/4SW/4 Section 1-18S-31E  
Eddy County, New Mexico  
Thornbush Prospect

Gentlemen:

Yates Energy Corporation herein proposes to drill the captioned well at a legal location to test the Bone Springs formation. Enclosed please find our AFE, and a copy of the geological write up prepared by Bill Baker, Jr., Chief Geologist.

As you are aware, the Thornbush Federal #1 well is located in the SE/4 SW/4 of Section 1-18S-31E, and was completed in the San Andres formation. Yates Energy Corporation originally submitted the Thornbush Prospect Operating Agreement dated September 1, 1989 for your execution. We again submit said operating agreement for your acceptance. The Operating Agreement will be amended to reflect separate contract areas upon your execution.

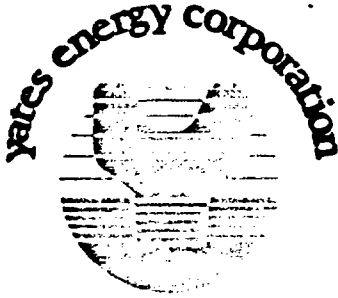
In the event you do not wish to participate in the drilling of said well, we would appreciate the opportunity to discuss this matter with you or negotiate a possible farmout. Therefore, your prompt attention in this matter is appreciated.

Yours very truly

YATES ENERGY CORPORATION

  
Sharon R. Hamilton  
Landman

SRH/jj  
Enclosures



**HAND DELIVERED**

August 3, 1990

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

Attention: Shari A. Darr

Re: Thornbush Federal #2  
SW/4SW/4 Section 1-18S-31E  
Eddy County, New Mexico  
Thornbush Prospect

Gentlemen:

Enclosed please find two forms of AFE for your approval concerning the drilling of the captioned well to test the Bone Springs formation. Also enclosed is a copy of the geological write up prepared by Bill Baker, Jr., Chief Geologist.

Pursuant to the terms of the Thornbush Prospect Joint Operating Agreement dated September 1, 1989, please advise this office of your election within 30 days of receipt.

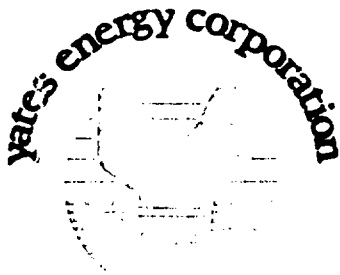
Please advise should you have any questions.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

SRH/jj  
Enclosure



September 12, 1990

Mr. W. T. Wynn  
1603 West Dengar  
Midland, Texas 79702

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

Dear Mr. Wynn:

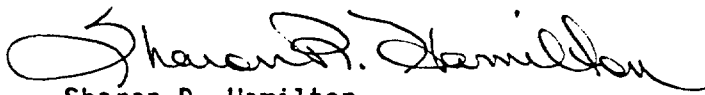
Pursuant to our recent telephone conversation, we respectfully request your consideration of a farmout covering all of your interest in the S/2 of said Section 1, excepting the SE/4SW/4. Our proposed terms would include delivery of a 78% NRI with no reversionary interest, drill to earn with 180 day continuous development, earning 100 feet below total depth. The initial earning well would be the Thornbush Federal #2 in the SW/4SW/4, with drilling to commence on or before November 30, 1990.

Yates Energy Corporation wishes to pursue a continuous drilling program in this prospect area. As we have been unable to obtain consent from all owners concerning their participation in said drilling, we feel a farmout would allow us the opportunity to plan a development drilling program without the delays of compulsory pooling proceedings.

Your favorable consideration of this proposal is appreciated. We would welcome the opportunity to discuss this proposal with you at your convenience.

Yours very truly,

YATES ENERGY CORPORATION

  
Sharon R. Hamilton  
Landman

SRH/jj



August 3, 1990

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

Re: Thornbush Federal #2  
SW/4SW/4 Section 1-18S-31E  
Eddy County, New Mexico  
Thornbush Prospect

Dear Mr. Wynn:

Enclosed please find two forms of AFE for your approval concerning the drilling of the captioned well to test the Bone Springs formation. Also enclosed is a copy of the geological write up prepared by Bill Baker, Jr., Chief Geologist.

Pursuant to the terms of the Thornbush Prospect Joint Operating Agreement dated September 1, 1989, please advise this office of your election within 30 days of receipt.

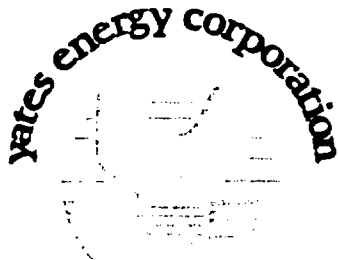
Please advise should you have any questions.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton  
Landman

SRH/jj  
Enclosure



September 12, 1990

**VIA FAX (915)687-7666**

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

Attention: Mickey F. Cohlma

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

Gentlemen:

As you are aware, Yates Energy Corporation has drilled and completed the Thornbush Federal #1 well in the SE/4SW/4 of said Section 1. We have also proposed the drilling of the Thornbush Federal #2 well in the SW/4SW/4 of Section 1. A compulsory pooling application will be heard before the OCD Examiner on September 19, 1990 for those parties not subject to a JOA who have failed to respond concerning their participation.

We respectfully request your consideration of a farmout covering all of your interest in the S/2 of Section 1, excepting the SE/4SW/4. Our proposed terms would include delivery of a 78% NRI with no reversionary interest, drill to earn with 180 day continuous development, earning 100 feet below total depth. The initial earning well would be the Thornbush Federal #2 in the SW/4SW/4, with drilling to commence on or before November 30, 1990.

Yates Energy Corporation wishes to pursue a continuous drilling program in this prospect area. As we have been unable to obtain consent from all owners concerning their participation in said drilling, we feel a farmout would allow us the opportunity to plan a development drilling program without the delays of compulsory pooling proceedings.

Chevron USA, Inc.  
Mickey F. Cohlma  
September 12, 1990  
Page 2

Your favorable consideration of this proposal is appreciated. We would welcome the opportunity to discuss this proposal with you at your convenience.

Yours very truly,

YATES ENERGY CORPORATION

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

Sharon R. Hamilton  
Landman

SRH/jj



FAX TRANSMITTAL MEMO

DATE: 9-12-90

FAX TO: NAME: Mickey F. Cokemia  
COMPANY: Chevron USA, Inc.

FAX #: (915) 687-7666

FAX FROM: NAME: Sharon R. Hamilton

YATES ENERGY CORPORATION  
P. O. Box 2323  
Roswell, New Mexico 88202-2323  
Office # (505) 623-4935

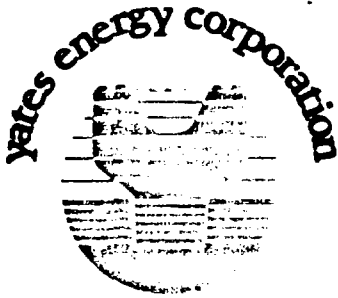
FAX #: (505) 623-4947

TOTAL NUMBER OF PAGES (Including Cover Sheet): 5

TRANSMISSION-REPORT

TIME : SEP 12 '90 16:18  
TEL NUMBER : +15056234947  
NAME : YATES ENERGY CORP.

NBR	DATE	TIME	DURATION	PGS	TO	DEPT. CODE	MODE	STATUS
839	SEP. 12	16:15	02/11	05	915 6877667		G3	OK



August 3, 1990

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

Attention: Mickey Colhnia

Re: Thornbush Federal #2  
SW/4SW/4 Section 1-18S-31E  
Eddy County, New Mexico  
Thornbush Prospect

Gentlemen:

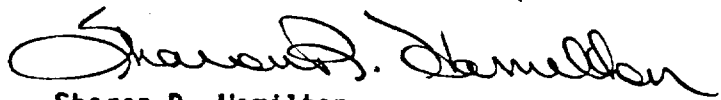
Yates Energy Corporation herein proposes to drill the captioned well at a legal location to test the Bone Springs formation. Enclosed please find our AFE, and a copy of the geological write up prepared by Bill Baker, Jr., Chief Geologist.

As you are aware, the Thornbush Federal #1 well is located in the SE/4 SW/4 of Section 1-18S-31E, and was completed in the San Andres formation. Yates Energy Corporation originally submitted the Thornbush Prospect Operating Agreement dated September 1, 1989 for your execution. We again submit said operating agreement for your acceptance. The Operating Agreement will be amended to reflect separate contract areas upon your execution.

In the event you do not wish to participate in the drilling of said well, we would appreciate the opportunity to discuss this matter with you or negotiate a possible farmout. Therefore, your prompt attention in this matter is appreciated.

Yours very truly

YATES ENERGY CORPORATION

  
Sharon R. Hamilton  
Landman

SRH/jj  
Enclosures

## YATES ENERGY CORPORATION

AUTHORIZATION FOR EXPENDITURE

EXAMINER OF  
CONSERVATION DIV.

EXHIBIT NO. 8

LEASE NAME & WELL NUMBER: Thornbush Federal #2  
LEGAL LOCATION: SW/4SW/4 Section 1, T-18-S, R-31-E  
COUNTY: Eddy STATE: New Mexico DEPTH: 9,100' FORMATION: Bone Springs

Item		TO CASING POINT	COMPLETION	TOTAL WELL
<u>INTANGIBLE COSTS:</u>				
Location:	Survey, permit, etc.	\$ 1,500.	\$ 0.	\$ 1,500.
	Damages	500.	0.	500.
	Road, pad & clean-up	15,500.	5,000.	20,500.
Drilling:	Footage - 9,100' @ \$14.50/ft.	132,000.	0.	132,000.
	Daywork - 3.0/1.5 days @ \$4,000/day	12,000.	6,000.	18,000.
Drilling Fluids:	Mud, oil & chemicals (mud-up as required)	10,000.	0.	10,000.
	Brine & Water	13,000.	1,300.	14,300.
Cement:	13-3/8" x 17-1/2" x 350'	7,500.	0.	7,500.
	8-5/8" x 12.25/11" x 2400'	11,000.	0.	11,000.
	5-1/2" x 7-7/8" x 7000'	0.	25,000.	25,000.
Services:	OH Logs: GR-CN-LDT, DLL w/MSFL	21,000.	0.	21,000.
	Testing: 1 DST, Pot. test w/BHP	3,500.	1,500.	5,000.
	Pulling unit	0.	13,800.	13,800.
	CBL Log & Perforate (Conventional)	0.	6,000.	6,000.
	Acid: 1 @ 250 gal., 1 @ 3000 gal. & 1 @ 8000 gal.	0.	15,600.	15,600.
	Frac	0.	75,000.	75,000.
	Yellow jacket, PU-LD, csg. crews	1,500.	4,000.	5,500.
Hauling:	Oil, water, etc.	500.	500.	1,000.
	Equipment	1,000.	1,000.	2,000.
Rental:	Rotating Hd., PVT, BOP, pipe racks, etc.	1,000.	2,500.	3,500.
	Water storage & test tanks	1,500.	1,500.	3,000.
Supplies:	Sample sx., pipe dope, etc.	1,000.	500.	1,500.
Insurance:	Normal, pro-rated	1,100.	500.	1,600.
Supervision:	Geological & Mud Logger	10,900.	0.	10,900.
	Engineering (12/14)	6,000.	7,000.	13,000.
	Overhead (26/14)	3,900.	2,100.	6,000.
Contingencies:	Welding, packers, taxes (6%), misc. tools, etc.	16,220.	11,161.	27,381.
	TOTAL INTANGIBLES	\$272,120.	\$179,961.	\$452,081.
<u>TANGIBLE COSTS:</u>				
Casing:	Surface: 350' of 13-3/8" @ \$22/ft.	7,700.	0.	7,700.
	Intermediate: 2400' of 8-5/8" @ \$11/ft.	26,400.	0.	26,400.
	Production: 9,100' of 5-1/2" @ \$7.00/ft.	0.	63,700.	63,700.
Tubing:	9,100' of 2-3/8" @ \$3.00/ft.	0.	27,300.	27,300.
Wellheads:	Drilling and completion assembly	8,000.	10,000.	18,000.
Pumping Unit:		0.	40,000.	40,000.
Tank Btty:	2 - 300 Bbl. (0) 1 - 210 Bbl. FG (W) - used	0.	9,000.	9,000.
Stack pack:	Separator & heater-treater	0.	8,000.	8,000.
Flowline:	300' @ \$5.00/ft. incl. valves, etc.	0.	1,500.	1,500.
	Labor & dirt work:	0.	2,500.	2,500.
Miscellaneous:	Packer, tools, tax (6%), etc.	3,000.	14,000.	17,000.
	TOTAL INTANGIBLES	\$ 45,100.	\$176,000.	\$221,100.
	TOTAL WELL	\$317,220	\$355,961	\$673,181

Prepared by: Jim O'Briant August 2, 1990

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: \_\_\_\_\_

PADILLA & SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 216

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

ERNEST L. PADILLA  
MARY JO SNYDER

FAX 988-7592  
AREA CODE 505

(505) 988-7577

August 28, 1990

HAND-DELIVERED

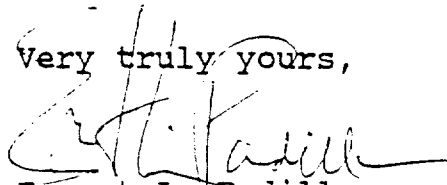
Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Compulsory Pooling Application  
Thornbush Federal #2 Well, SW/4 SW/4  
Section 1, Township 18 South, Range 31 East,  
N.M.P.M., Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed please find, in triplicate, Yates Energy Corporation's Application for Compulsory Pooling for its Thornbush Federal #2.

Very truly yours,

  
Ernest L. Padilla

ELP/mg

cc w/encl: Yates Energy Corporation

REGISTRATION EXAMINER CATANACH
OIL CONSERVATION DIVISION
<i>Yates Energy</i> <u>9</u>
FILE NO. <u>10090</u>
CASE NO. <u>10090</u>

August 28, 1990

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL NON-CONSENTING WORKING INTEREST OWNERS (See  
attached list)

RE: Notice of Application For Compulsory Pooling, Thornbush  
Federal #2 Well, Eddy County, New Mexico

PURSUANT to the Rules and Regulations of the General  
Rules of the Oil Conservation Division of New Mexico, notice  
is hereby given of the above-referenced application. You  
may protest the enclosed application by appearing at the  
hearing of this application which will be heard on September  
19, 1990, beginning at the hour of 8:15 a.m., at the offices  
of the Oil Conservation Division, State Land Office  
Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico.

Very truly yours,

Ernest L. Padilla

ELP:pmc

Enclosure: Copy of Application  
List of Non-Consenting Working Interest Owners

PARTIES FOR NOTICES PURPOSES:

Chevron U.S.A., Inc.  
Post Office Box 1150  
Midland, Texas 79702

Explorers Petroleum Corporation  
Post Office Box 1933  
Roswell, New Mexico 88202

Spiral, Inc.  
Post Office Box 1933  
Roswell, New Mexico 88202

● **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. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: <i>Chelson, U.S. Air Inc</i> <i>P.O. Box 1150</i> <i>Midland, Texas 79702</i>	4. Article Number <i>P438.031.751</i>
Type of Service: <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	
Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Address <i>X</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent <i>X</i> <i>[Signature]</i>	
7. Date of Delivery <i>SEP 4 1990</i>	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **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. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: <i>Explorers Petroleum Corp.</i> <i>Post Office Box 1933</i> <i>Aswell, NM 88202</i>	4. Article Number <i>P438.031.750</i>
Type of Service: <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	
Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Address <i>X</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent <i>X</i> <i>[Signature]</i>	
7. Date of Delivery <i>8-31-90</i>	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **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. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: <i>Spiral, Inc.</i> <i>Post Office Box 1933</i> <i>Aswell, NM 88202</i>	4. Article Number <i>P561858807</i>
Type of Service: <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	
Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Address <i>X</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent <i>X</i> <i>[Signature]</i>	
7. Date of Delivery <i>8-31-90</i>	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF YATES ENERGY CORPORATION FOR )  
COMPULSORY POOLING, EDDY COUNTY, )  
NEW MEXICO )  
\_\_\_\_\_ )

CASE NO. \_\_\_\_\_

APPLICATION

COMES NOW, YATES ENERGY CORPORATION, by and through its attorneys, Padilla & Snyder, Attorneys At Law and in support hereof, respectfully states:

1. Applicant has the right to drill its Thornbush Federal #2 Well to test the Bone Spring Formation as an oil well, which is to be located at a standard location in the SW/4 SW/4, Section 1, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the SW/4 SW/4 of said Section 1 to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

3. Applicant should be designated the operator of the well and the proration unit.

4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of

each interest in said unit, the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil in said unit, all mineral interests, whatever they may be, from the surface to the base of the Bone Spring Formation underlying the SW/4 SW/4 of said Section 1 should be pooled.

5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well. .

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing, the Division enter its order pooling all mineral interest, whatever they may be, from the surface to the base of the Bone Spring Formation underlying the SW/4 SW/4 of said Section 1, Township 18 South, Range 31 East,

N.M.P.M., Eddy County, New Mexico, to form a 40-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

YATES ENERGY CORPORATION

By: 

Ernest L. Padilla

PADILLA & SNYDER

P. O. Box 2523

Santa Fe, New Mexico 87504-2523

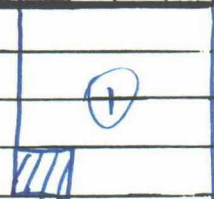
Attorneys for Applicant



COUNTY EddyPOOL Tamano-San AndresTOWNSHIP 17 SouthRANGE 31 East

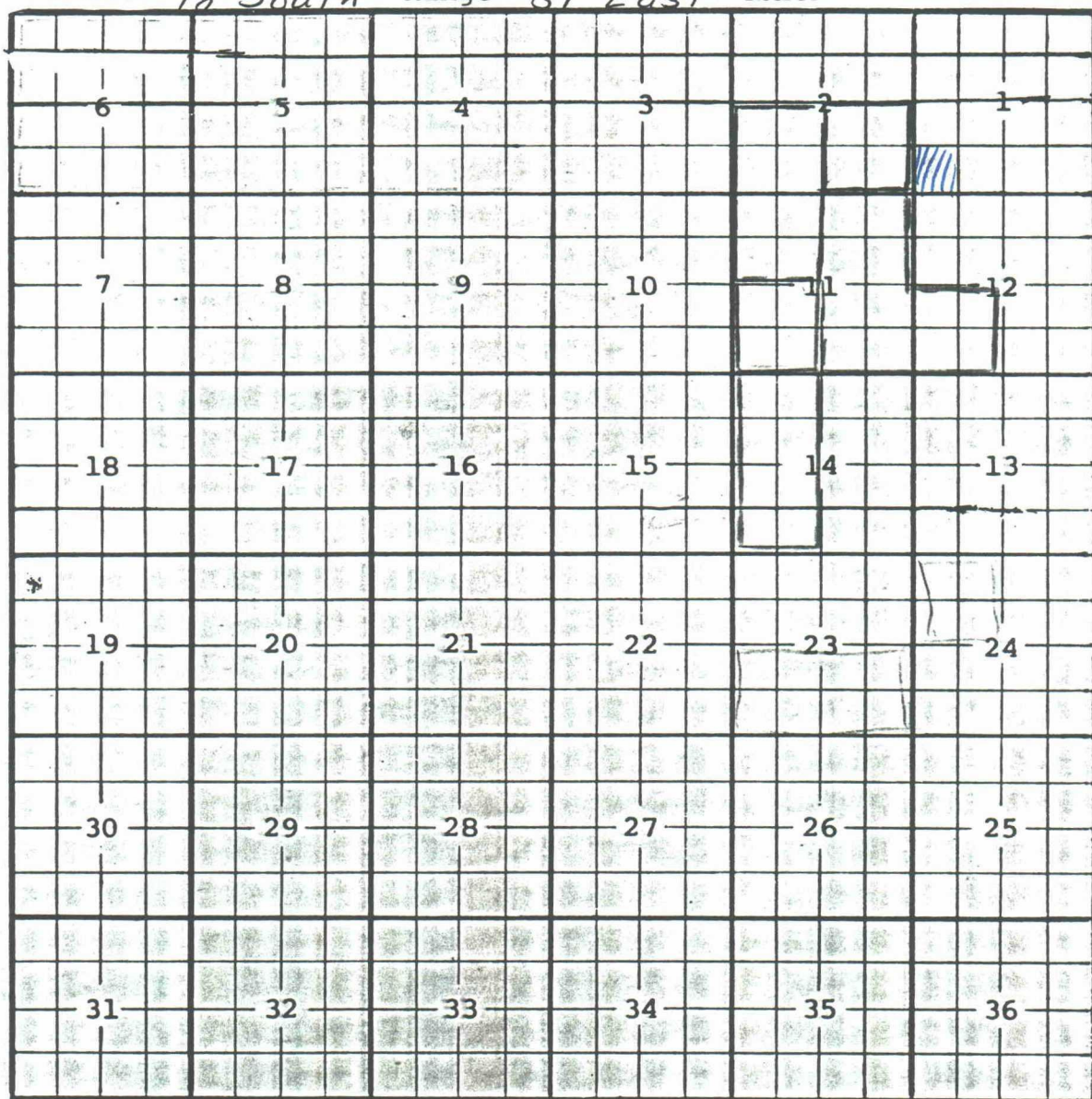
NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: SE $\frac{1}{4}$  SE $\frac{1}{4}$  Sec. 35 (R-2697, 5-1-64)Ext: SW $\frac{1}{4}$  SW $\frac{1}{4}$  Sec. 36 (R-2760, 9-1-64)

County Eddy Pool Tamano-Bone Spring

TOWNSHIP 18 South Range 31 East NMPM



Description:  $\frac{SE}{4}$  Sec. 2 (R-7958, 6-12-85)

Ext:  $\frac{SW}{4}$  Sec. 2,  $\frac{NW}{4}$  Sec. 11 (R-8229, 5-19-86) EXT:  $\frac{E}{2}$  SEC 11,  $\frac{SW}{4}$  SEC 12  
(R-8562, 12/4/87) EXT:  $\frac{SW}{4}$  SEC 11 (R-8627, 4/1/88) EXT:  $\frac{W}{2}$  SEC 14 (R-8747, 9/19/88)