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January 22, 1991

HAND-DELIVERED

Jim Morrow
Hearing Examiner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: Case No. 10217
Application of Yates Energy Corporation for
Compulsory Pooling, Eddy County, New Mexico

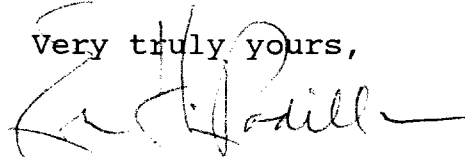
Dear Mr. Morrow:

This morning we received a copy of Mr. Carr's letter to you in which he requests a continuance of the hearing for the application of Yates Energy Corporation in the above-referenced case.

Yates Energy Corporation has a drilling deadline of February 24, 1991 to commence a well. A further delay of a hearing is detrimental to Yates Energy's ability to timely commence a well. Certainly, Harvey E. Yates Company's subsequent application to pool the same acreage should not be used as a means to delay commencement of a well on the lands sought to be force-pooled by Yates Energy.

Should you have any questions, please let me know.

Very truly yours,



Ernest L. Padilla

ELP:pmc
cc: William F. Carr, Esq.
Yates Energy Corporation

347.7/10

Rec'd by OCD
1-22-91



CAMPBELL & BLACK, P.A.
LAWYERS

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January 22, 1991

HAND-DELIVERED

Mr. Jim Morrow
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

JAN 22 1991

OIL CONSERVATION DIV.
SANTA FE

Re: Case No. 10217:
Application of Yates Energy Corporation for Compulsory Pooling, Eddy
County, New Mexico

Dear Mr. Morrow:

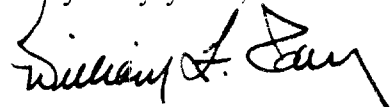
Harvey E. Yates Company, an interest owner in the acreage which is the subject of the above-referenced pooling application, hereby requests that this case be continued to the February 7, 1991 Examiner hearing. Ernest L. Padilla, attorney for Yates Energy Corporation opposes this request for continuance.

Harvey E. Yates Company has caused a case to be docketed for February 7, 1991 in which it seeks the pooling of the same acreage involved in Case 10217 and the designation of Harvey E. Yates Company as operator of the property.

Continuing the above-referenced case and consolidating it with the Harvey E. Yates Company application will avoid unnecessary hearings before a Division Examiner and possibly further hearings before the Oil Conservation Division.

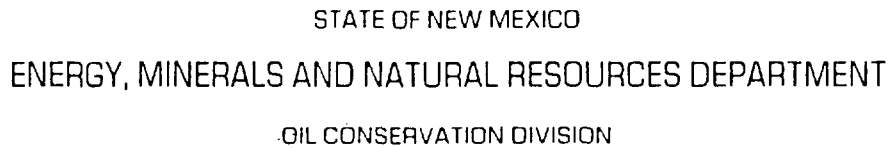
Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc: Ernest L. Padilla, Esq.



POST OFFICE BOX 2088
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SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Ernest L. Padilla
Padilla & Snyder
Attorneys at Law
P. O. Box 2523
Santa Fe, New Mexico

Re: CASE NO. 10217
ORDER NO. R-9439

Applicant:

Yates Energy Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD _____x_____
 Artesia OCD _____x_____
 Aztec OCD _____

Other William F. Carr

OIL CONSERVATION DIVISION
RECEIVED

'91 APR 5 AM 8 52

yates energy corporation



April 3, 1991

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Jim Morrow

Re: Case No. 10217
Order No. R-9439
Prickly Pear Federal #2

Gentlemen:

Pursuant to the terms of the captioned order, enclosed please find a copy of our AFE for the drilling of the captioned well which was sent to all working interest owners.

Please be advised that Chevron U.S.A. Inc. is the only non-consenting party in the drilling of this well under the captioned order.

Yours very truly,

YATES ENERGY CORPORATION



Sharon R. Hamilton
Landman

SRH/gm
Enclosure

cc Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87504-2523

YATES ENERGY CORPORATION

LEASE NAME & WELL NUMBER: PRICKLY PEAR FEDERAL NO. 2
 LEGAL LOCATION: SW/4NW/4 of SECTION 12, T-18S, R-31E
 COUNTY: EDDY STATE: NEW MEXICO DEPTH: 5,500' FORMATION: DELAWARE/GRAYBURG

Item		TO CASING POINT	COMPLETION	TOTAL WELL
<u>INTANGIBLE COSTS:</u>				
Location:	Survey, etc.	\$800	\$0	\$800
	Permit & Archaeological Services	1,500	0	1,500
	Surface tenant costs	1,000	500	1,500
	Road, pad & clean-up	7,500	2,500	10,000
Drilling:	Footage -5,500' @ \$11.5/ft.	63,250	0	63,250
	Daywork - 2.0/1.0 days @ \$4,000/day	8,000	4,000	12,000
Drilling Fluids:	Mud, oil & chemicals (mud sweeps only)	7,500	0	7,500
	Brine & Water	12,500	1,000	13,500
Cement:	8-5/8" x 11" x 350', circulate	6,000	0	6,000
	4-1/2" x 7-7/8" x 5500', circulate	0	23,000	23,000
Services:	OH Logs: GR-CNL-LD & DLL w/MSFL	12,200	0	12,200
	Pulling unit	0	10,800	10,800
	GR-CNL-CBL Log & Perforate	0	5,000	5,000
	Acid: 1 @ 250 gal. & 1 @ 3000 gal.	0	6,500	6,500
	Frac treatment (25 foot interval)	0	35,000	35,000
	Csg. crews	0	2,500	2,500
Hauling:	Oil, water, etc.	500	500	1,000
	Equipment	1,000	1,000	2,000
Rental:	Rotating Hd., PVT, H2S, BOP, pipe racks, etc.	2,400	2,500	4,900
	Water storage & test tanks	1,000	1,000	2,000
Supplies:	Sample sx., pipe dope, etc.	1,000	500	1,500
Insurance:	Normal, pro-rated	900	700	1,600
Supervision:	Geological & Mud Logger (3/9)	4,800	0	4,800
	Engineering (5/9)	2,750	4,500	7,250
	Overhead (14/9)	2,100	1,350	3,450
Contingencies:	Welding, packers, taxes (6%), misc. tools, etc.	9,100	7,170	16,270
	<u>TOTAL INTANGIBLES</u>	<u>\$145,800</u>	<u>\$110,020</u>	<u>\$255,820</u>
<u>TANGIBLE COSTS:</u>				
Casing:	Surface: 350' of 8-5/8" @ \$10./ft.	3,500	0	3,500
	Production: 5,500' of 4-1/2" @ \$4.5/ft.	0	24,750	24,750
Tubing:	5,500' of 2-3/8" @ \$2.25/ft.	0	12,400	12,400
Wellheads:	Drilling and completion assembly	1,000	5,100	6,100
Tank Btty:	2 -300 Bbl (0) 1 -300 Bbl. FG (W)	0	10,000	10,000
	4' x 20' Heater-treater	0	6,500	6,500
Lift Equip:	Pumping unit with power & elec. system	0	22,500	22,500
	Rods, pump, anchor, misc.	0	10,600	10,600
Flowline:	500 @ \$3.50/ft. incl. valves, etc.	0	1,800	1,800
	Labor & dirt work:	0	2,500	2,500
Miscellaneous:	Tools, tax (6%), etc.	1,270	8,250	9,520
	<u>TOTAL INTANGIBLES</u>	<u>\$5,770</u>	<u>\$104,400</u>	<u>\$110,170</u>
	<u>TOTAL WELL</u>	<u>\$151,570</u>	<u>\$214,420</u>	<u>\$365,990</u>

Prepared by: Jim O'Briant August 27, 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: _____