

YATES SUMMARY

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>YATES/HANLEY</u> EXHIBIT NO. <u>5</u> CASE NO. <u>11724</u>
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1. Congratulate Gillespie for finding this wonderful West Lovington Strawn Pool.
Congratulate Gillespie for successful Secondary Recovery Project.

2. Yates Point of View
 - a. Expanding Unit should have been easy.
 - b. In first half of 1996, only Yates tried to expand Unit.
 - c. Only Yates tried to compromise and settle.
 - d. Minority owners in State S were treated badly by Gillespie
State S was cut back and Gillespie tried to drain it with offset Unit wells.
 - e. State S is valuable well with low GOR until blowdown of Unit.
One of 11 producers; should have about $1/11 = 9\%$ of the Unit.
 - f. Entry of Hanley into picture changed Yates attitude -- Hanley treated worse

3. Hanley Point of View
 - a. Operates Chandler #1 and has other acreage to develop in Section 28.
 - b. If drill good well on undeveloped acreage, Unit will practically steal it.
Gillespie proposal gives Hanley 8 BOPD for 194 BOPD Chandler well.
 - c. Hanley can tolerate acreage being in or out of Unit; but must know which it is.

4. Gillespie Proposal is Very Unfair and Needs to be Changed Radically
 - a. Unfairness shown in table on next page.
 - b. Time to "Do it right"m.

AFFECT OF PROPOSALS ON CURRENT PRODUCTION

<u>ENTITY</u>	<u>BOPD CURRENT</u>	<u>BOPD GILLESPIE PROPOSAL</u>	<u>BOPD HANLEY/YATES PROPOSAL</u>
OWNERS OF ORIGINAL WLSU (TRACTS 1-11)	2171	2527	2098
YATES (TRACTS 12, 13)	34	14	27
HANLEY (TRACT 14)	194	8	161
REST OF TRACTS 12, 13	253	103	206
TRACTS 15-30	0	0	160
TOTAL	<u>2652</u>	<u>2652</u>	<u>2652</u>