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TREASURER

March 3, 1993

Exxon Company, U. S. A.  
P. O. Box 1600  
Midland, Texas 79702-1600

ATTN: Mr. Larry D. Long

RE: Proposed Addendum to the Avalon (Delaware) Unit Technical Report

Dear Sir:

After speaking with you on March 2, 1993, I discussed the report with Dave Boneau. Attached is a draft copy of a paragraph that Yates Petroleum Corporation requests be included as an addendum to the technical report.

Assuming this paragraph is included, we are recommending to our management that they approve the technical report and that we proceed with unitization talks.

If you have any further questions regarding this matter, please let me know.

Sincerely,

Robert S. Fant  
Engineer

RSF/cvg

# DRAFT

## Addendum to Technical Report

The Technical Report, Section H, describes a development plan with a pressure-building water injection step to be implemented in 1993. After approximately three years of water injection, it is anticipated that the area reservoir will be increased to the level desired for CO<sub>2</sub> miscible operations. The analysis performed by the Technical Committee at the time the Report was compiled indicates that the entire proposed area would achieve acceptable economic performance and that a near-simultaneous implementation across the area achieves the maximum present-worth for the investments required. However, some prospective unit owners have expressed the view that this "near-simultaneous implementation" may not be the optimal plan of development. It is expected that additional reservoir description data resulting from the 1993-94 drill wells; the planned CO<sub>2</sub> injectivity test referenced in the Report; the water injectivity data across the area; the overall performance data of the water injection phase; and non-technical data such as crude prices will all provide valuable information for optimizing the project and its implementation plan. Thus, while different viewpoints regarding project implementation in the 1996-97 time frame exist at this time, it is likely that the additional information gained prior to this time will lead to the development of an agreed upon optimal plan of development. Whatever implementation plan submitted in the 1996-97 time frame will require ballot and approval by the working interest owners in accordance with the ballot and voting procedures outlined in the Unitization Agreement.