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August 28, 1995

**VIA FACSIMILE  
(505) 827-8177**

Mr. Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

*Re: NMOCD Case 11311: Arroyo "16" Well No. 1  
Nearburg Exploration Company  
Application for Compulsory Pooling,  
Eddy County, New Mexico*

*NMOCD Case 11310: Boyd "X" State Com Well No. 9  
Yates Petroleum Corporation  
Application for Compulsory Pooling,  
Eddy County, New Mexico*

Dear Mr. Stogner:

This afternoon you called to determine if Nearburg Exploration Company was opposed to the Yates' Motion to Reopen the referenced cases and if so, whether I intended to file any response.

As I informed you, Nearburg is opposed to this motion and intends to file a response and to argue this motion before you as the Examiner. However, I wish to determine how the Division would like to proceed in this matter.

On Friday afternoon, of August 18, 1995, Mr. Carroll faxed to me a notice that Yates wanted to reopen the referenced cases. On Monday morning, August 21, 1995, I faxed to Mr. Carroll a letter in which I advised him that if Yates' decided to proceed then to notify the Division that this matter is opposed by Nearburg and we wanted a motion hearing before a court reporter.

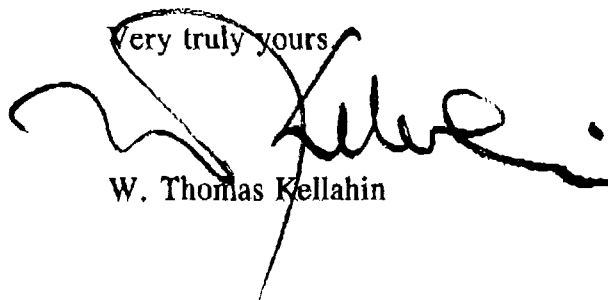
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Then on August 23, 1995, Mr. Carroll filed a Motion to Reopen these cases but incorrectly stated that "no response has been received from Nearburg." He then concludes by asking that the Yates' Motion be set for a hearing and that no order be issued until the Yates' motion can be heard.

I had assumed that the Division would set a motion hearing. Nearburg has no objection to the pooling orders being held in abeyance until the motion hearing.

I had intended to complete my research and be prepared to oppose the motion during oral argument at the motion hearing to appear on a regularly scheduled Division's hearing docket. However, should the Division desire that this matter be submitted to the Division by Memorandum, then we will need to agree upon a schedule to accomplish that.

Please advise me and Mr. Carroll how the Division would like this matter presented.

Very truly yours,  
  
W. Thomas Kellahin

via facsimile:

cc: Ernest Carroll, Esq.

Attorney for Yates Petroleum Corporation

cc: Nearburg Exploration Company

Attn: Bob Shelton