

FAX-BOX	TO: <i>Mike Stogner</i> <i>OCC</i>	FROM: <i>Kellahin</i>	DATE: <i>1/25/97</i>
	FAX #:	FAX #:	PAGES INCLUDING THIS PAGE: <i>4</i>

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 25, 1997

**HAND DELIVERED**

William F. Carr, Esq.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Re: **NOTICE OF OBJECTION**  
*Yates Petroleum Corporation*  
*for a Non-Standard Proration and Spacing Unit*  
*Field APK State Well No. 1*  
*Lots 10 & 15 Section 2, T16S, R35E, NMPM*  
*West Lovington Strawn Pool (Lea County)*

COPY

Dear Mr. Carr:

Yesterday afternoon, I discussed by telephone with you and Mr. Michael E. Stogner of the Division, Amerind Oil Company's objection to an effort by Yates Petroleum Corporation to form a non-standard oil proration and spacing unit ("NSP") consisting of Lots 10 and 15 in Irregular Section 2, T16S, R35E, NMPM, West Lovington Strawn Oil Pool, Lea County, New Mexico. See plat attached. As you can see from the plat, Amerind/Shearn control Lots 7 and 9, Yates controls Lots 8 and 10 and UMC Petroleum controls Lots 15 and 16.

By way of background, on September 3, 1996, Yates sought approval of the Division to form an NSP by consolidating Lot 10 with Lot 11 in Irregular Section 2. Amerind objected to that request and by letter dated September 25, 1996, the Division denied Yates' request. See attached Division letter.

On January 13, 1997, I filed two compulsory pooling cases for Amerind, one seeking to pool Lots 8 and 9 together and the other to pool Lots 7 and 10 together. These cases are currently pending hearing on February 6, 1997. See copies enclosed.

William F. Carr, Esq.  
January 25, 1997  
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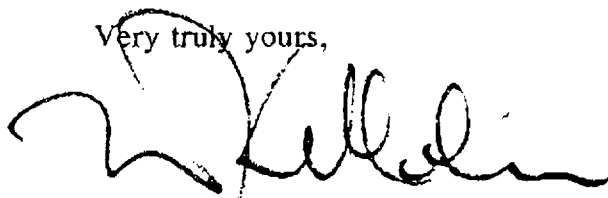
On Thursday, Mr. Bob Bullock and Robert Leibrock had a telephone conversation in which Mr. Bullock advised Mr. Leibrock that Yates had obtained approval to consolidated Lots 10 and 15 together. Mr. Stogner has not been able to locate any application by Yates to the Division to allow this consolidation. However, the implication is that Yates had defeated Mr. Leibrock's pooling application to pool Lots 7 and 10. The problem with Mr. Bullock's position is that Yates needs the Division's approval for a NSP and has not yet obtained it.

It is obvious that Yates' request to consolidated Lots 10 and 15, if approve, will exclude Amerind's Lot 7 from being included in any spacing unit in this pool.

I am most troubled by Yates ignoring the Division's recent decision of September 25, 1996, and trying to consolidate Lot 10 with Lot 15 without the Division's approval when Yates knew that such a consolidation would require a special exception from the Division. I am also troubled that Yates' request would leave Amerind Lot 7 with no possible way of ever being included in an 80-acre oil spacing unit for this pool.

Accordingly, Amerind hereby objects to Yates' attempt to form an NSP with Lots 10 and 15 and demands that this matter be set for a Division hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

cfx: Michael E. Stogner (OCD)  
cfx: Robert Leibrock (Amerind)





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 25, 1996

Michael Shearn Oil Properties  
c/o Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504-2265

Attention: W. Thomas Kellahin

*RE: Administrative application of Yates Petroleum Corporation ("Yates") for a non-standard 80-acre oil spacing and proration unit within the Undesignated West Lovington-Strawn Pool to comprise Lots 10 and 11 of Irregular Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.*

Dear Mr. Kellahin:

Reference is made to your letter dated September 16, 1996 objecting to the subject Yates application. Please refer to my letter dated September 9, 1996 denying their request for administrative review. To date I know of no further action taken by Yates in this matter.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185 or through the e-mail at:

**"MIKSTOGNER@EMNRDSF.STATE.NM.US."**

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", written over a series of horizontal lines.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
William F. Carr - Santa Fe  
Yates Petroleum Corporation - Artesia