

Areal Calculation of Penalty

Total Strawn Pod Area ~ 67 Acres

North of 1/4 Section Line ~ 27 Acres

South of 1/4 Section Line ~ 40 acres

$$\frac{40 \text{ Acres}}{67 \text{ Acres}} = 60\% \text{ Penalty}$$

Linear Calculation of Penalty

$$\frac{146'}{330'} = \frac{\text{Closer than standard offset}}{\text{Standard offset}} = 44\% \text{ Penalty}$$

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11894 Exhibit No. 2

Submitted by: Yates Petroleum Corporation

Hearing Date: December 4, 1997