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& SHERIDAN, P.A.
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July 22, 1998

HAND DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: CASE NO. 11934 APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

CASE NO. 11958: APPLICATION OF OCEAN ENERGY, INC.
FOR COMPULSORY POOLING AND AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO

CASE NO. 11959: APPLICATION OF OCEAN ENERGY, INC.
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Dear Mr. Stogner:

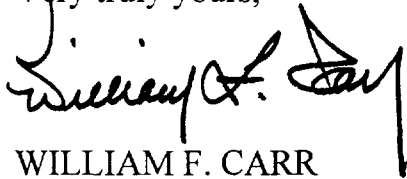
On June 15, 1998, Ocean Energy, Inc. through its attorney wrote you concerning the results of Yates recently drilled Big Flat Well in the NW/4 SW/4 of Section 10, Township 16 South, Range 35 East, NMPM. While Yates does not object to Ocean's calling to your attention the facts of our efforts to develop this acreage, Yates does object to Ocean's presentation of its interpretations and conclusions about this new information. Ocean's arguments are incorrect

OIL CONSERVATION DIV.
98 JUL 22 PM 4:52

Michael E. Stogner
July 22, 1998
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and these ex parte communications should not be considered by the Division in its consideration of the pending applications.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is stylized with a large, looped initial "W" and a long, sweeping horizontal stroke at the end.

WILLIAM F. CARR

WFC:mlh

cc: Rand Carroll, Esq.
James Bruce, Esq.
W. Thomas Kellahin, Esq.
Randy Patterson

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New Mexico Department of Energy,
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2040 South Pacheco Street
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV.
98 JUL 22 PM 4:51

Re: **CASE NO. 11934**: APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

CASE NO. 11958: APPLICATION OF OCEAN ENERGY, INC.
FOR COMPULSORY POOLING AND AN UNORTHODOX WELL
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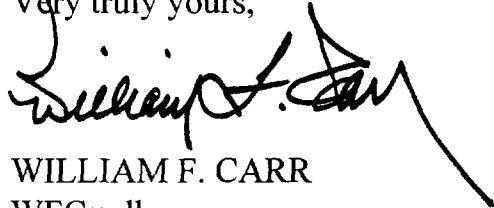
Dear Mr. Stogner:

Pursuant to your request at the hearing in the above referenced cases, attached hereto is the ownership breakdown for each spacing unit which Yates Petroleum Corporation proposed to pool in Case 11934. This attachment shows the ownership breakdown between Yates and Ocean in each of these tracts.

Michael E. Stogner
July 22, 1998
Page 2

If you need anything further from Yates to proceed with your consideration of these applications, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is stylized with a large initial "W" and a long, sweeping underline that extends to the right.

WILLIAM F. CARR
WFC:mlh

cc: Rand Carroll, Esq.
James Bruce, Esq.
W. Thomas Kellahin, Esq.
Robert Bullock

CASE 11934

**APPLICATION OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

OWNERSHIP BREAKDOWN:

Field "APK" State Com. No. 3

(1) 320 Acre Spacing: Lots 11, 12, 13, 14, SW/4

Ocean Energy, Inc.	37.5%
Yates Petroleum Corporation	37.5%
Amerind Oil Ltd.	12.5%
Lot 12 Owners	12.5%

(2) 160 Acre Spacing: Lots 11, 12, 13, and 14

Ocean Energy Inc.	25%
Yates Petroleum Corporation	50%
Lot 12 Owners	12.5%

(3) 80 Acre Spacing: Lots 13 and 14

Ocean Energy, Inc.	50%
Yates Petroleum Corporation	50%

(4) 40 Acre Spacing: Lot 13

Yates Petroleum Corporation	100%
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