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W. THOMAS KELLAHIN\*

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

TELEPHONE (505) 982-4285  
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JASON KELLAHIN (RETIRED 1991)

July 12, 1994

HAND DELIVERED

William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504

JUL 12 1994

Re: NMOCD Case ~~11037~~ 11019  
Application of Yates Energy Corporation  
for an unorthodox gas well location and  
a non-standard proration unit,  
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, an adversely affecting adjoining interest owner and operator, please find enclosed our Entry of Appearance in opposition to the applicant in the referenced case which is now set for an Examiner's hearing on July 21, 1994.

Very truly yours,



W. Thomas Kellahin

cc: Mark Stephenson (Mitchell Energy Corporation)

cc: via facsimile to: Earnest Carroll, Esq.  
Attorney for applicant

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF YATES ENERGY CORPORATION FOR  
AN UNORTHODOX GAS WELL LOCATION AND  
A NON-STANDARD GAS PRORATION UNIT,  
EDDY COUNTY, NEW MEXICO

JUL 12 1994

CASE NO. 11037

ENTRY OF APPEARANCE

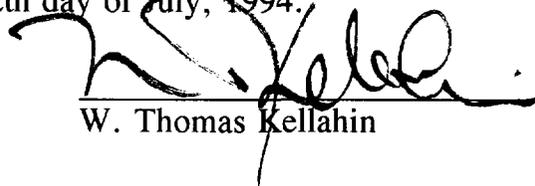
Comes now MITCHELL ENERGY CORPORATION, by their attorneys, Kellahin and Kellahin, and enters its appearance in this case as an interested party in opposition to the applicant.



W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

CERTIFICATE OF MAILING

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 12th day of July, 1994.



W. Thomas Kellahin

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION, EDDY COUNTY,  
NEW MEXICO

Case No. 11019

ENTRY OF APPEARANCE

Hinkle, Cox, Eaton, Coffield & Hensley enters its  
appearance in the above case on behalf of Bass Enterprises  
Production Co.

HINKLE, COX, EATON, COFFIELD  
& HENSLEY



James Bruce  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
(505) 982-4554

Attorneys for Bass Enterprises  
Production Co.

# 12 1994

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Entry of  
Appearance was mailed to the following counsel of record this  
13<sup>th</sup> day of July, 1994 to:

Ernest L. Carroll  
Post Office Drawer 239  
Artesia, New Mexico 88211

Attorney for Yates Petroleum Corporation

W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Attorney for Mitchell Energy Corporation



James Bruce

BASS ENTERPRISES PRODUCTION CO.  
201 MAIN ST.  
FORT WORTH, TEXAS 76102-3131  
817/390-8400

July 20, 1994

Mr. Jim Morrow  
Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail, 2nd Floor  
Santa Fe, New Mexico 87501

Re: Statement of Objection  
Application of Yates Petroleum  
Unorthodox Well Location  
Llama ALL Fed. No. 1  
Section 7, T22S-R31E  
Eddy County, New Mexico

Dear Mr. Morrow:

Please reference that certain application of Yates Petroleum Corporation to drill the Llama ALL Federal No. 1 Well at a location 330 feet FSL & 950 feet FWL, Section 7, T22S-R31E, as an unorthodox gas well location to test the Morrow formation. Bass is the owner of leases offsetting the subject well to the west, consisting of 200 acres in the South one-half of Section 12, T22S-R30E. This will verify that Bass hereby objects to the requested unorthodox location and we request the Division to deny Yates' proposed location. According to our geological information, a gas well completed at the Yates location will drain a significant portion of Bass' offsetting leasehold interest in Section 12. In the event Yates drills at the proposed location, Yates will produce more than its proportionate share of hydrocarbons from the reservoir, draining offset acreage and adversely affecting Bass' correlative rights. Furthermore, it should be noted that Bass has obtained a permit to drill the James Ranch No. 70 at a proposed orthodox location in the SW/4 SE/4 of Section 12 (660 feet FSL & 1,980 feet FEL).

This statement is not intended to limit Bass' objection to the subject application on other grounds in the future. Bass has filed the appropriate notices with the NMOCD in order to preserve its right to appeal any order granted to Yates as a result of the subject application and testimony presented at the July 21, 1994 hearing.

Sincerely,

  
J. Wayne Bailey

JWB:rlr

Mr. Morrow  
July 20, 1994  
Page 2

cc: Ernest L. Carroll  
P.O. Drawer 239  
Artesia, NM 88211

W. Thomas Kellahin  
P.O. Box 2265  
Santa Fe, NM 87504