

October 17, 1995

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

ATTN: Tom Kellahin

**RE: CASE NOS. 11353 and 10881
ORDER O. R-10050-A**

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
Bill Carr

OIL CONSERVATION DIVISION
RECEIVED



**Marathon
Oil Company**

95 SEP 22 AM 8 52

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 19, 1995

Oil Conservation Division
Energy, Minerals, and Natural Resources Department
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Oil Conservation Commission Hearing
Case Nos. 10869 and 10881
September 21, 1995

Dear Sirs,

Marathon Oil Company operates twenty eight active oil and gas wells in the South Dagger Draw Upper Pennsylvanian Associated Pool.

Marathon Oil Company supports a continuation of the current gas-oil limitation for the South Dagger Draw Upper Pennsylvanian Associated Pool of 7,000 cubic feet of gas per barrel of oil. We believe maintaining the current GOR limitation will provide the opportunity for operators to develop reserves within the pool without unnecessarily restricting gas production.

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'R. A. Biernbaum'.

R. A. Biernbaum
Project Manager
Indian Basin Asset Team

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1988



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 19, 1995

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case Nos. 10869 and 10881 Being Reopened to Permit Operators in the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico to Appear and Present Evidence Regarding the Continuation or Adjustment of the 7,000 to 1 Gas/Oil Ratio Limitation Established by the Division for this Pool

Dear Mr. LeMay:

Yates Petroleum Corporation appeared and presented testimony at the December 2, 1993 Examiner hearing in the above-referenced cases which resulted in special rules and regulations being adopted for the South Dagger Draw-Upper Pennsylvanian Associated Pool providing for a limiting gas/oil ratio of 7,000:1 cubic feet of gas per barrel of oil. Pursuant to Order No. R-10050 which was entered in these cases, the cases have been reopened and are included on the September 21, 1995 Examiner hearing docket to provide operators in the pool an opportunity to appear and present testimony regarding the continuance or adjustment of the limiting gas/oil ratio for this pool of 7,000:1.

Yates Petroleum Corporation is a major operator in the South Dagger Draw-Upper Pennsylvanian Associated Pool. Based on our operations in this pool under a 7,000:1 gas/oil ratio, it is our experience that adoption of this gas/oil ratio on a permanent basis will not adversely affect this reservoir by reducing the ultimate recovery of oil and gas therefrom and that a permanent gas/oil ratio of 7,000:1 will enable operators in this pool to produce the oil and gas therefrom in a manner that will protect the correlative rights of all interest owners in this pool.

Yates Petroleum Corporation supports the adoption of a 7,000:1 gas/oil ratio for the South Dagger Draw-Upper Pennsylvania Associated Pool on a permanent basis.

Very truly yours,

YATES PETROLEUM CORPORATION

Randy G. Patterson
Land Manager

RGP/mw

xc: Mr. Bob Fant
Mr. Bill Carr

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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June 20, 1995

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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

JASON KELLAHIN (RETIRED 1991)

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

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

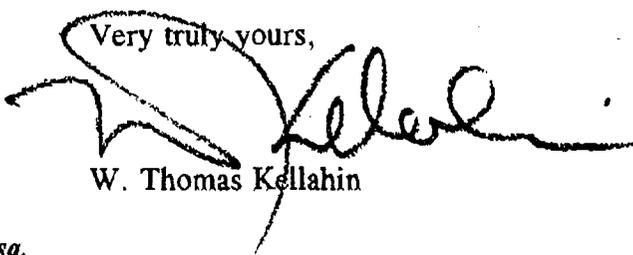
W.T.K.
**Re: NMOCD Case 10869 AND Case 10881
Reopening of Special 7000-1 GOR Limitation for
South Dagger Draw-Upper Penn Gas Pool,
Eddy County, New Mexico**

Dear Mr. Stogner:

On behalf of Conoco Inc. (the original applicant in Case 10881), and with the concurrence of Yates Petroleum Corporation (the original applicant in Case 10869), I am requesting that the referenced Reopening of these cases now set for June 29, 1995 be continued to the Division Examiner hearing now scheduled for September 21, 1995.

Neither Conoco nor Yates has had sufficient time to evaluate the additional data developed in this last year and to contact the other operators in the pool to determine what if any change should be made from the current 7000-1 GOR. A continuance until September 21, 1995, will allow all interested parties time to discuss this matter and prepare for hearing.

Very truly yours,


W. Thomas Kellahin

cc: William F. Carr, Esq.
Attorney for Yates Petroleum Corporation
cc: Conoco Inc.
Attn: Jerry Hoover
cc: Nearburg Exploration Company
Attn: Bob Shelton
cc: Marathon Oil Company
Attn: Thomas C. Lowry, Esq.