

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

OIL CONSERVATION DIV.

98 SEP 15 PM 4: 35

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
ANTHONY F. MEDEIROS  
PAUL R. OWEN  
KATHERINE M. MOSS  

---

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

September 15, 1998

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87503

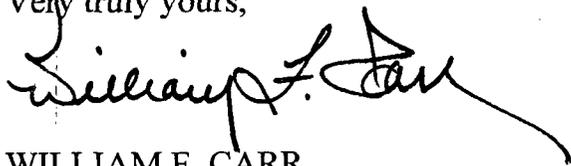
Case 12057

Re: *Application of Yates Petroleum Corporation, for compulsory pooling and an unorthodox well location, Lea County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Yates Petroleum Corporation, in the above-referenced case as well as a legal advertisement. Yates, respectfully requests that this matter be placed on the docket for the October 8, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Robert Bullock (w/enclosures)  
Yates Petroleum Corporation

OIL CONSERVATION DIV.

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

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING AND AN  
UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 12057

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing the N/2 SW/4 and in all formations developed on 40-acre spacing underlying the NW/4 SW/4 of Section 14, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support hereof states:

1. Yates is a working interest owner in the S/2 of Section 14, and Yates has the right to drill thereon.
2. Yates proposes to drill its Anderson AST State Com. Well No. 1 as a gas well at an unorthodox location 1980 feet from the South line and 1310 feet from the West line of said Section 14 to an approximate depth of 12,600 feet to test all formations from the surface to the base of the Morrow formation.
3. Yates has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 2.

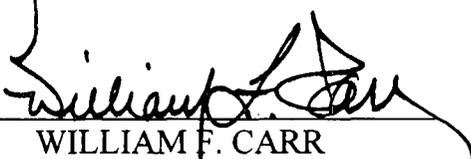
4. Said pooling of interests and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

5. In order to permit Yates to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Yates should be designated the operator of the well to be drilled.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 1998, and, after notice and hearing as required by law, the Division enter its order (1) approving the drilling of the Anderson AST State Com Well No. 1 at the proposed unorthodox location , and (2) pooling the subject spacing and proration units, including provisions designating Yates operator of the well and spacing units, authorizing Yates to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Yates in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE,  
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE 12057

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests underlying the following described acreage in Section 14, Township 16 South, Range 32 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, the SW/4 to form a standard 160-acre spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, the N/2 SW/4 to form a standard 80-acre spacing or proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, and the NW/4 SW/4 to form a standard 40-acre spacing or proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Anderson AST State Com Well No. 1 which will be drilled at an unorthodox gas well location 1980 feet from the South line and 1310 feet from the West line of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately \_\_\_ miles \_\_\_\_\_ of \_\_\_\_\_, New Mexico.

OIL CONSERVATION DIV.  
98 SEP 15 PM 4:35

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
ANTHONY F. MEDEIROS  
PAUL R. OWEN  
KATHERINE M. MOSS  
JACK M. CAMPBELL  
OF COUNSEL

OIL CONSERVATION DIV.

98 SEP 16 AM 9:22

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

September 16, 1998

**HAND-DELIVERED**

12057

Lori Wrottenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87503

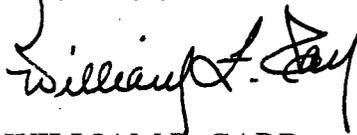
*Cont. to 22 subject.*  
*WFC*

Re: *Amended application of Yates Petroleum Corporation, for compulsory pooling and an unorthodox well location, Lea County, New Mexico*

Dear Ms. Wrottenbery:

Enclosed in triplicate is the Amended application of Yates Petroleum Corporation, in the above-referenced case as well as a legal advertisement. Yates, respectfully requests that this matter be placed on the docket for the October 8, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Robert Bullock (w/enclosures)  
Yates Petroleum Corporation

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

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING AND AN  
UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 12037

**AMENDED APPLICATION**

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing the N/2 SW/4 and in all formations developed on 40-acre spacing underlying the NW/4 SW/4 of Section 14, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support hereof states:

1. Yates is a working interest owner in the S/2 of Section 14, and Yates has the right to drill thereon.
2. Yates proposes to drill its Anderson AST State Com. Well No. 1 as a gas well at an unorthodox location 1980 feet from the South line and 1310 feet from the West line of said Section 14 to an approximate depth of 12,600 feet to test all formations from the surface to the base of the Morrow formation, Undesignated Anderson Ranch-Morrow Gas Pool.
3. Yates has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 2.

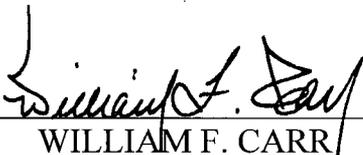
4. Said pooling of interests and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

5. In order to permit Yates to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Yates should be designated the operator of the well to be drilled.

WHEREFORE, Yates Petroleum Corporation requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 1998, and, after notice and hearing as required by law, the Division enter its order (1) approving the drilling of the Anderson AST State Com Well No. 1 at the proposed unorthodox location , and (2) pooling the subject spacing and proration units, including provisions designating Yates operator of the well and spacing units, authorizing Yates to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Yates in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE,  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

# LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay  
P. O. Box 1720  
Artesia, New Mexico 88210  
(505)746-3505  
Fax: (505)746-6316

## FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: (505) 827-8177

To: Ms Lori Wootenberry Attn: Florene

Of: NMOC D

From: Ernest L. Carroll

Client/Matter: Case 12057

Date: 9/30/98

*Handwritten initials/signature*

DOCUMENTS	NUMBER OF PAGES
<i>Letter; Substitution of Counsel</i>	<i>3</i>

### COMMENTS:

*The information contained in this facsimile message is information protected by attorney-client and/or the attorney/work product privilege. It is intended only for the use of the individual named above and the privileges are not waived by virtue of this having been sent by facsimile. If the person actually receiving this facsimile or any other reader of the facsimile is not the named recipient or the employee or agent responsible to deliver it to the named recipient, any use, dissemination, distribution, or copying of the communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone and return the original message to us at the above address via U.S. Postal Service.*

\* IF YOU DO NOT RECEIVE ALL PAGES, PLEASE TELEPHONE US IMMEDIATELY AT (505)746-3505.

## LAW OFFICES

## LOSEE, CARSON, HAAS &amp; CARROLL, P. A.

MARY LYNN BOGLE  
ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
JOHN M. WYLIE  
OF COUNSEL  
A. J. LOSEE

311 WEST QUAY AVENUE  
P. O. BOX 1720  
ARTESIA, NEW MEXICO 88211-1720

TELEPHONE  
(505) 746-3505  
FACSIMILE  
(505) 746-6316

September 30, 1998

**VIA FACSIMILE AND FIRST CLASS MAIL**

Ms. Lori Wrotenberry, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-5472

Re: Application of Yates Petroleum Corporation for Compulsory  
Pooling and Unorthodox Well Location, Lea County; Case No.  
12057

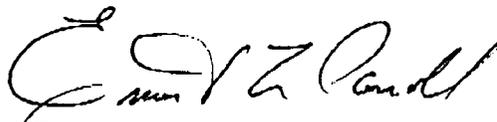
Dear Ms. Wrotenberry:

Enclosed, please find for filing a Substitution of Counsel for the applicant in the captioned matter. Yates Petroleum Corporation also respectfully requests that the captioned application be continued from October 8, 1998, to the October 22, 1998, docket.

Thank you for your kind assistance.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth  
Encl.

cc: Mr. Rob Bullock (w/encl.)

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

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING AND AN  
UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO

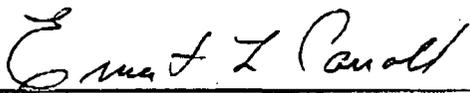
CASE NO. 12057

SUBSTITUTION OF COUNSEL

COMES NOW Ernest L. Carroll, Losee, Carson, Haas & Carroll, P. A., and makes this substitution, in the stead of William F. Carr, Campbell, Carr, Berge & Sheridan, as counsel on behalf of the Applicant, Yates Petroleum Corporation.

Counsel respectfully requests copies of all filings and notices in the captioned matter.

LOSEE, CARSON, HAAS & CARROLL, P.A.

By:   
Ernest L. Carroll  
P.O. Box 1720  
Artesia, NM 88211-1720  
(505)746-3505

Attorneys for Applicant

**CASE 12049:** Continued from September 17, 1998, Examiner Hearing.

Application of Manzano Oil Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described spacing and proration units in Section 2, Township 16 South, Range 36 East in the following manner: the S/2 SE/4 for all formations developed on 80-acre spacing which presently include but are not limited to the Undesignated Northeast Lovington-Pennsylvanian Pool and the Undesignated North Lovington-Wolfcamp Pool; and the SW/4 SE/4 for all formations developed on 40-acre spacing. Applicant proposes to dedicate these pooled units to its Odyssey Well No. 1 to be drilled at an unorthodox location 1149 feet from the South line and 1370 feet from the East line (Unit O) of Section 2. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. This area is located approximately 1 mile east of Lovington, New Mexico.

**CASE 12057:** Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 14, Township 16 South, Range 32 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent; the SW/4 to form a standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; the N/2 SW/4 to form a standard 80-acre spacing or proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent; and the NW/4 SW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the proposed Anderson AST State Com Well No. 1 which will be drilled at an unorthodox gas well location 1980 feet from the South line and 1310 feet from the West line (Unit L) of Section 14 to test all formations from the surface to the base of the Morrow formation, Undesignated Anderson Ranch-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. This area is located approximately 4 miles north-northeast of Maljamar, New Mexico.

**CASE 12050:** Continued from September 17, 1998, Examiner Hearing.

Application of Strata Production Company for an order directing Exxon Company, U.S.A. to remove an overriding royalty interest from acreage in Lea County, New Mexico. Applicant seeks an order directing Exxon Company, U.S.A. to remove an overriding interest it created on certain interests in Section 22, Township 22 South, Range 32 East, that defeats the order the Division has been requested to enter in Case No. 12011 which compulsory pooled certain spacing and proration units in the W/2 of Section 22. This acreage is located approximately 9 miles north-northeast of the intersection of Highway 128 and the border between Eddy and Lea Counties.

**CASE 12020:** Continued from September 3, 1998, Examiner Hearing.

Application of OXY USA INC. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 3,000 feet below the surface to the base of the Morrow formation underlying the following described acreage in Section 24, Township 17 South, Range 27 East, and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, which presently may include but is not necessarily limited to the Logan Draw-Morrow Gas Pool; the Logan Draw-Atoka Gas Pool and the Logan Draw-Cisco/Canyon Gas Pool. The unit is to be dedicated to its Chopsticks Federal Well No. 1 to be drilled and completed at a standard gas well location in Unit G of Section 24. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The unit is located approximately 9 1/2 miles east of Artesia, New Mexico.

**CASE 12031:** Continued from September 3, 1998, Examiner Hearing.

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 25, Township 18 South, Range 30 East, and in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Shugart-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SE/4, below 4100 feet subsurface, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Benson "25" Fed. Com Well No. 1, located at an unorthodox well location 1980 feet from the South and East lines (Unit J) of Section 25. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 7.5 miles southeast of Loco Hills, New Mexico.



Texaco Exploration  
and Production Inc

500 North Loraine  
Midland TX 79701

P O Box 3109  
Midland TX 79702

VIA FACSIMILE

June 16, 1998

Yates Petroleum Corporation  
Yates Drilling Company  
MYCO Industries, Inc.  
Abo Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Janet Richardson

NM912700 - Anderson Ranch Unit  
Lea County, New Mexico  
Well No. 201

Dear Janet:

The captioned well was drilled as a Devonian test at an approved unorthodox location of 1488' FNL, 1310' FWL of Section 14, T16S, R32E, Lea County, New Mexico. We were unsuccessful in the Devonian formation, however, we have completed the well in the Morrow formation. The spacing unit will be the N/2 of the section. This location is also unorthodox for a Morrow completion.

We respectfully request that you waive any objection to this unorthodox location by signing in the space provided below and return to me by facsimile at 915-688-4831.

Sincerely,

Ronald W. Lanning

Yates Petroleum Corporation, Yates Drilling Company, MYCO Industries, Inc. and Abo Petroleum Corporation waive any objection to the unorthodox location of Texaco Exploration and Production Inc.'s Anderson Ranch Unit Well No. 201.

By: \_\_\_\_\_

\*Executed subject to Letter Agreement dated 6-16-98.

Title: ATTORNEY-IN-FACT

Date: 6-17-98

402-4637

Post-It® Fax Note	7871	Date	6-17-98	# of pages	2
To	Ron Lanning	From	Janet		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	915-688-4831	Fax #			



1000 NORTH STREET  
 ALBUQUERQUE, NEW MEXICO 88210  
 TELEPHONE (505) 748-1471

S. P. YATES  
 CHAIRMAN OF THE BOARD  
 JOHN A. YATES  
 PRESIDENT  
 PEYTON YATES  
 EXECUTIVE VICE PRESIDENT  
 RANDY G. PATTERSON  
 SECRETARY  
 DENNIS G. KINSEY  
 TREASURER

June 16, 1998

Texaco Exploration and Production, Inc.  
 PO Box 3109  
 Midland, TX 79702

Attention: Mr. Ronald W. Lanning

RE: NM 912700-Anderson Ranch Unit  
 Lea County, New Mexico  
 Well No. 201

Gentlemen:

Enclosed is an executed copy of a waiver for your unorthodox Morrow location in the N/2 of Section 14, Township 16 South, Range 32 East, Lea County, New Mexico. This waiver has been executed subject to our being furnished a copy of all logs from Well No. 201 and also subject to our ability to similarly locate unopposed wells in Section 15 and in the S/2 of Section 14 should we desire to do so.

If acceptable, please sign and return one copy of this letter to my attention at your earliest convenience.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson  
 Landman

JR/cld  
 Enclosure (s)

Agreed to and accepted this 18 day of JUNE, 1998.

By: Ronald W. Lanning  
 Title: NHAT Landman

**BEFORE THE**  
**OIL CONSERVATION DIVISION**  
**NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**CASE NO. 12057**

**APPLICATION OF YATES PETROLEUM  
CORPORATION FOR COMPULSORY  
POOLING AND UNORTHODOX GAS WELL  
LOCATION, LEA COUNTY, NEW MEXICO.**

**ENTRY OF APPEARANCE**

Comes now TEXACO EXPLORATION AND PRODUCTION INC., by and through its undersigned attorneys, Miller, Stratvert & Torgerson , P.A., and hereby enters its appearance in the above cause.

MILLER, STRATVERT & TORGERSON, P.A.

By \_\_\_\_\_



J. Scott Hall  
Attorneys for Applicant  
Post Office Box 1986  
Santa Fe, New Mexico 87504-1986  
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 7 day of October, 1998 as follows:

Ernest L. Carroll  
P.O. Box 1720  
Artesia, N.M. 88211-1720  
(505) 746-3505

*J. Scott Hall*

---

J. Scott Hall

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

October 7, 1998

**FAXED**  
MG 10-7-98

Nearburg Exploration Company, L.L.C.  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705

CERTIFIED MAIL  
Return Receipt Requested

RE: Offset Operator Notification  
Unorthodox Location  
Anderson AST St Com #1  
Township 16 South, Range 32 East  
Section 14: 1980' FSL & 1310' FWL  
Lea County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to drill the Anderson AST St Com #1 well at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in New Mexico Oil Conservation Division Rule 104.C (2) (b) (Revised 1/96).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and return same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Post-it* Fax Note		7671	Date	10/15	# of pages	1
To	Robert Bullock					
Co./Dept.						
Phone #						
Fax #						
	From	Mike Gibson				
	Co.					
	Phone #					
	Fax #					

Robert Bullock  
Landman

KB:uu  
enclosure(s)

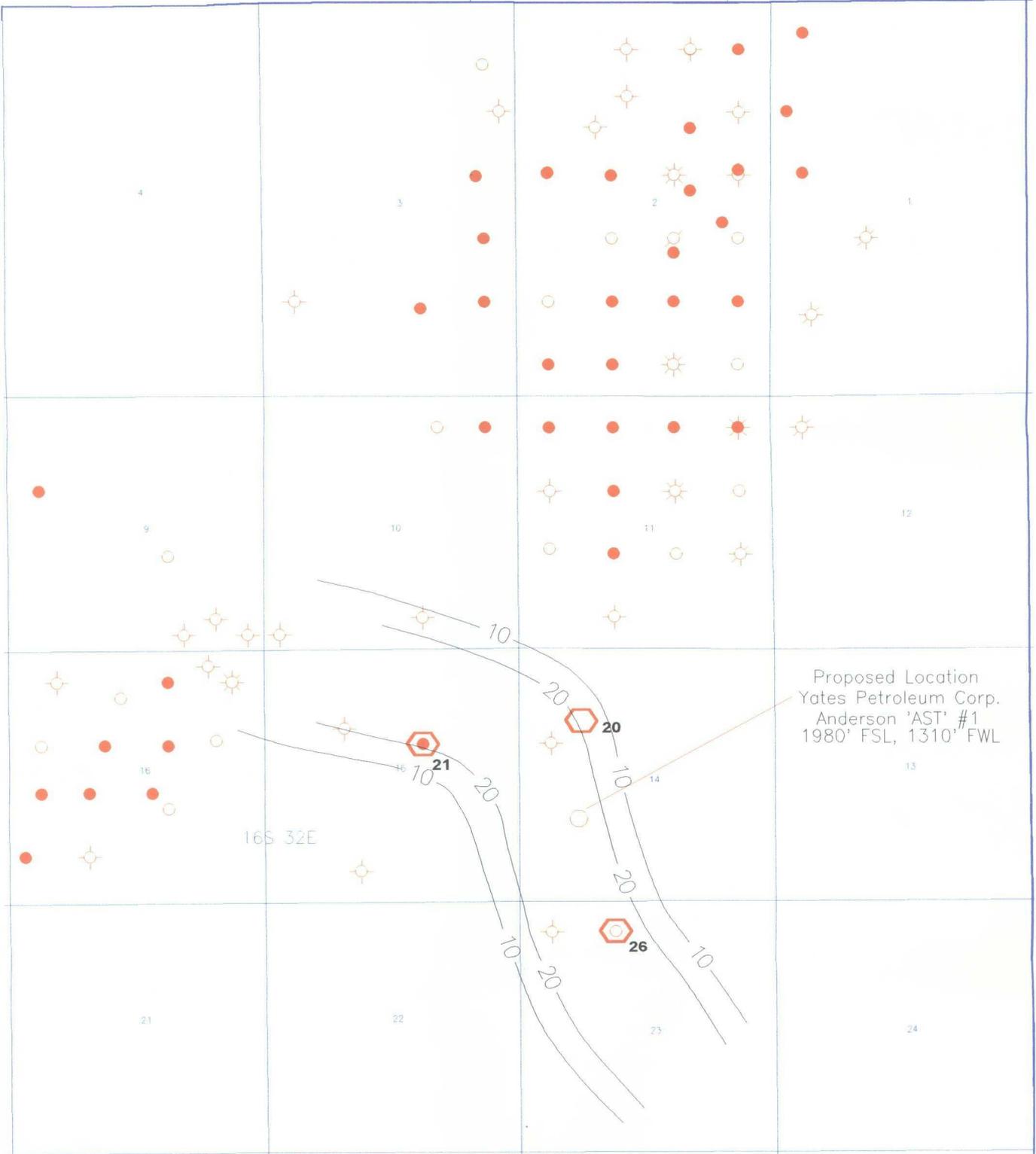
The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation.

Company: Nearburg Exploration Company, L.L.C.

Name: Robert G. Shells  
Attorney-in-Fact

Title: \_\_\_\_\_

Date: October 15, 1998



Yates Petroleum Corporation		
Anderson Ranch Area Anderson "AST" #1 Morrow Cross Sand Isopach		
Shane Donaldson		10/26/98
ec.ruby.gpt	Scale 1:36000	

The need for the unorthodox location is due to the geometry of the prospective Morrow sand channel. Based on subsurface data the objective sand is distributed as a NW-SE trending channel currently seen in 3 wells in the area; the Texaco Anderson Ranch Unit #201 in sec. 14, the Continental Oil Q-15 #1 in sec. 15, and the Shell Oil Emerald Unit #1 in sec. 23. It is Yates' geologic interpretation that the proposed unorthodox location would penetrate the channel sand in an optimum position to recover the gas reserves on the lease. A Morrow gross sand isopach map is included to support the geological basis for this request.

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 WEST QUAY AVENUE

P. O. BOX 1720

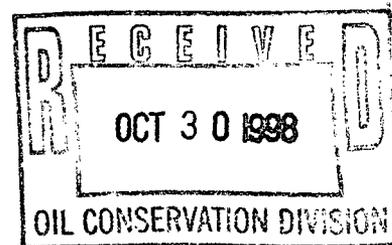
ARTESIA, NEW MEXICO 88211-1720

TELEPHONE  
(505) 746-3505

FACSIMILE  
(505) 746-6316

MARY LYNN BOGLE  
ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
—  
JOHN M. WYLIE  
OF COUNSEL  
A. J. LOSEE

October 28, 1998



**VIA FACSIMILE AND FIRST CLASS MAIL**

Mr. Michael Stogner, Hearing Examiner  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-5472

Re: Application of Yates Petroleum Corporation for Unorthodox Well  
Location, Lea County; Case No. 12057  
Anderson "AST" State Com No. 1  
Township 16 South, Range 32 East, NMPM  
Section 14: 1980' FSL and 1310' FWL  
Lea County, New Mexico

Dear Mr. Stogner:

Pursuant to our earlier conversations, I am herewith enclosing for your consideration the following items with respect to the above-referenced OCD case. It is hoped that these items will allow you to administratively approve the unorthodox location sought for the Anderson "AST" State Com No. 1 Well:

1. Land Plat;
2. Waivers from Texaco and Nearburg;
3. Geologic Isopach;
4. Geologic Write-up;
5. Certificate of Compliance.

As you will note on the land plat, the proposed location is denoted by a red circle. The proration unit for the subject well is outlined in yellow. The N/2 of Section 14 is a proration unit operated by Texaco, for which we have supplied a waiver to the unorthodox location. The E/2 of Section 15 is operated by Yates, with acreage owned by Yates and Nearburg. We have supplied a waiver

Michael Stogner  
October 28, 1998  
Page Two

from Nearburg. Should there be any information needed in order for you to grant administrative approval of this unorthodox location, please do not hesitate to contact me immediately.

Very truly yours,

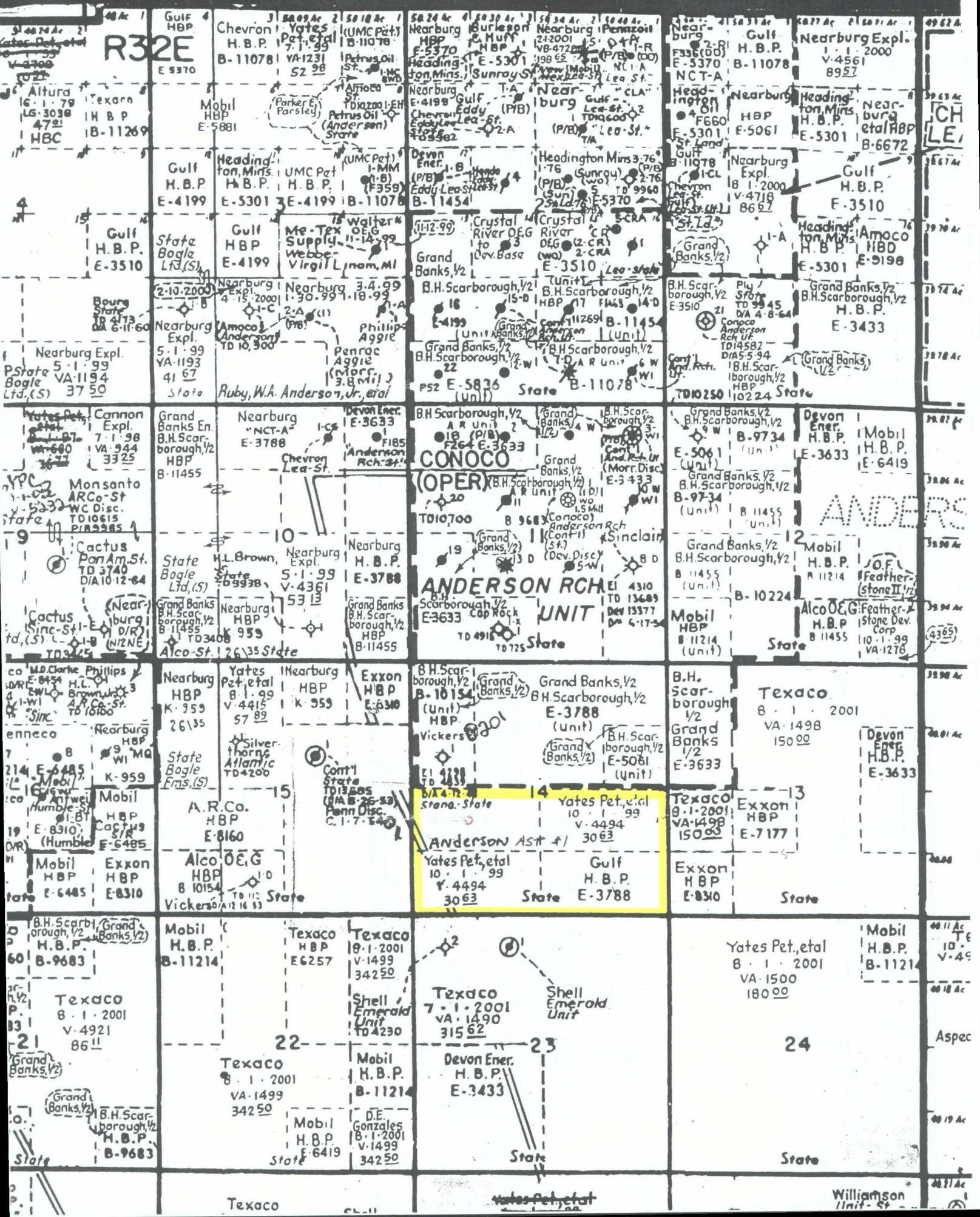
LOSEE, CARSON, HAAS & CARROLL, P.A.

A handwritten signature in cursive script, appearing to read "Ernest L. Carroll". The signature is written in black ink and is positioned above the printed name.

Ernest L. Carroll

ELC:kth  
Encl.

cc: Mr. Rob Bullock



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

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO

CASE NO. 12057

**CERTIFICATE OF MAILING  
AND  
COMPLIANCE WITH RULE 1207**

In accordance with Division Rule 1207, I hereby certify that on September 30, 1998, correspondence transmitting copies of the application filed in and providing notice of the above-referenced case, were mailed to the following offset operators:

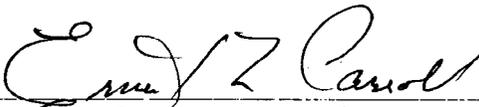
Nearburg Production Company  
3300 North A Street, Bldg. 2, Suite 120  
Midland, TX 79705

Texaco Exploration and Production, Inc.  
P. O. Box 3109  
Midland, TX 79702

as reflected by copies of said correspondence, attached as Exhibit "A" hereto.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By:   
Ernest L. Carroll  
P. O. Box 1720  
Artesia, New Mexico 88211-1720  
(505)746-3505

Attorneys for Yates Petroleum Corp.

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

SUBSCRIBED AND SWORN TO before me this October 28, 1998.

My commission expires:

11/17/2001

  
Notary Public

## LOSEE, CARSON, HAAS &amp; CARROLL, P. A.

311 WEST QUAY AVENUE

P. O. BOX 1720

ARTESIA, NEW MEXICO 86211-1720

TELEPHONE  
(505) 746-3505FACSIMILE  
(505) 746-6316MARY LYNN BOGLE  
ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
JOHN M. WYLIE  
OF COUNSEL  
A. J. LOSEE

September 30, 1998

Texaco Exploration and Production, Inc.  
P. O. Box 3109  
Midland, TX 79702

Attn: Ron Lanning

Re: Application of Yates Petroleum Corporation for Compulsory Pooling and  
Unorthodox Well Location, Lea County; Case No. 12057

Gentlemen:

Please be advised that this office represents Yates Petroleum Corporation in connection with its Amended Application filed September 16, 1998. A copy of that Amended Application is enclosed herewith for your information, along with a copy of the Substitution of Counsel establishing this firm as counsel for the Applicant.

This application has been set for hearing before a Division Examiner on October 22, 1998. You are entitled but not required to appear, and should you desire to appear you must file a prehearing statement pursuant to Memorandum 2-90 by the Friday prior to the hearing date.

Yours very truly,

LOSEE, CARSON, HAAS &amp; CARROLL, P.A.



Ernest L. Carroll

P 387 149 107

ELC:kth  
Encl.

cc: Rob Bullock, Yates Petroleum Corp.

US Postal Service  
**Receipt for Certified Mail**No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to <i>Texaco Exploration</i>	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>9/30/98</i>	

Thank you for using Return Receipt Service.  
PS Form 3800, April 1995**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address
2.  Restricted Delivery

Consult postmaster for fee.

## 3. Article Addressed to:

*Texaco Exploration  
and Production, Inc.  
P.O. Box 3109  
Midland, TX 79702*

## 4a. Article Number

*P387 149 107*

## 4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

7. Date of Delivery *OCT 01 1998*

## 5. Received By: (Print Name)

## 6. Signature: (Addressee or Agent)



## 8. Addressee's Address (Only if requested and fee is paid)

LAW OFFICES  
**LOSEE, CARSON, HAAS & CARROLL, P. A.**

311 WEST QUAY AVENUE  
 P. O. BOX 1720  
 ARTESIA, NEW MEXICO 88211-1720

TELEPHONE  
 (505) 746-3505

FACSIMILE  
 (505) 746-6316

MARY LYNN BOGLE  
 ERNEST L. CARROLL  
 JOEL M. CARSON  
 JAMES E. HAAS  
 JOHN M. WYLIE  
 OF COUNSEL  
 A. J. LOSEE

September 30, 1998

Nearburg Production Company  
 3300 North A Street, Bldg. 2, Suite 120  
 Midland, TX 79705

Re: Application of Yates Petroleum Corporation for Compulsory Pooling and  
 Unorthodox Well Location, Lea County; Case No. 12057

Gentlemen:

Please be advised that this office represents Yates Petroleum Corporation in connection with its Amended Application filed September 16, 1998. A copy of that Amended Application is enclosed herewith for your information, along with a copy of the Substitution of Counsel establishing this firm as counsel for the Applicant.

This application has been set for hearing before a Division Examiner on October 22, 1998. You are entitled but not required to appear, and should you desire to appear you must file a prehearing statement pursuant to Memorandum 2-90 by the Friday prior to the hearing date.

Yours very truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

Z 378 879 707

ELC:kth  
 Encl.

cc: Rob Bullock, Yates Petroleum Corp.

US Postal Service	
<b>Receipt for Certified Mail</b>	
No Insurance Coverage Provided.	
Do not use for International Mail (See reverse)	
Sent to	Nearburg Prod.
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	9/30/98

PS Form 3800, April 1995

Thank you for using Return Receipt Service.

<b>SENDER:</b>		I also wish to receive the following services (for an extra fee):
<ul style="list-style-type: none"> <li>■ Complete items 1 and/or 2 for additional services.</li> <li>■ Complete items 3, 4a, and 4b.</li> <li>■ Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>■ Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>■ Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>■ The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>		
3. Article Addressed to:		1. <input type="checkbox"/> Addressee's Address
Nearburg Production Co. 3300 North A Street. Bldg. 2, Suite 120 Midland, TX 79705		2. <input type="checkbox"/> Restricted Delivery
4a. Article Number		Consult postmaster for fee.
Z 378 879 707		
4b. Service Type		
<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD		
7. Date of Delivery		
10-1-98		
5. Received By: (Print Name)		
Celeste Walker		
8. Addressee's Address (Only if requested and fee is paid)		
X		

Is your RETURN ADDRESS completed on the reverse side?

# LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay  
P. O. Box 1720  
Artesia, New Mexico 88210  
(505)746-3505  
Fax: (505)746-6316

## FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: (505) 827-8177

To: Mike Stogner

Of: NMUCD

From: Ernest Carroll

Client/Matter: Case 12057

Date: 10/28/98

DOCUMENTS	NUMBER OF PAGES
<u>Letter for Admin. Submission</u>	<u>13</u>

COMMENTS:

Please deliver ASAP - Thank you!

*The information contained in this facsimile message is information protected by attorney-client and/or the attorney/work product privilege. It is intended only for the use of the individual named above and the privileges are not waived by virtue of this having been sent by facsimile. If the person actually receiving this facsimile or any other reader of the facsimile is not the named recipient or the employee or agent responsible to deliver it to the named recipient, any use, dissemination, distribution, or copying of the communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone and return the original message to us at the above address via U.S. Postal Service.*

\* IF YOU DO NOT RECEIVE ALL PAGES, PLEASE TELEPHONE US IMMEDIATELY AT (505)746-3505.

## LAW OFFICES

**LOSEE, CARSON, HAAS & CARROLL, P. A.**

MARY LYNN BOGLE  
ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
JOHN M. WYLIE  
OF COUNSEL  
A. J. LOSEE

311 WEST QUAY AVENUE  
P. O. BOX 1720  
ARTESIA, NEW MEXICO 88211-1720

TELEPHONE  
(505) 746-3505  
FACSIMILE  
(505) 746-6316

October 28, 1998

**VIA FACSIMILE AND FIRST CLASS MAIL**

Mr. Michael Stogner, Hearing Examiner  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-5472

Re: Application of Yates Petroleum Corporation for Unorthodox Well  
Location, Lea County; Case No. 12057  
Anderson "AST" State Com No. 1  
Township 16 South, Range 32 East, NMPM  
Section 14: 1980' FSL and 1310' FWL  
Lea County, New Mexico

Dear Mr. Stogner:

Pursuant to our earlier conversations, I am herewith enclosing for your consideration the following items with respect to the above-referenced OCD case. It is hoped that these items will allow you to administratively approve the unorthodox location sought for the Anderson "AST" State Com No. 1 Well:

1. Land Plat;
2. Waivers from Texaco and Nearburg;
3. Geologic Isopach;
4. Geologic Write-up;
5. Certificate of Compliance.

As you will note on the land plat, the proposed location is denoted by a red circle. The proration unit for the subject well is outlined in yellow. The N/2 of Section 14 is a proration unit operated by Texaco, for which we have supplied a waiver to the unorthodox location. The E/2 of Section 15 is operated by Yates, with acreage owned by Yates and Nearburg. We have supplied a waiver

Michael Stogner  
October 28, 1998  
Page Two

from Nearburg. Should there be any information needed in order for you to grant administrative approval of this unorthodox location, please do not hesitate to contact me immediately.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

A handwritten signature in cursive script, appearing to read "Ernest L. Carroll".

Ernest L. Carroll

ELC:kth  
Encl.

cc: Mr. Rob Bullock





Texaco Exploration and Production Inc

500 North Loraine Midland TX 79701

P O Box 3109 Midland TX 79702

VIA FACSIMILE

June 16, 1998

Yates Petroleum Corporation
Yates Drilling Company
MYCO Industries, Inc.
Abo Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Janet Richardson

NM912700 - Anderson Ranch Unit
Lea County, New Mexico
Well No. 201

Dear Janet:

The captioned well was drilled as a Devonian test at an approved unorthodox location of 1488' FNL, 1310' FWL of Section 14, T16S, R32E, Lea County, New Mexico. We were unsuccessful in the Devonian formation, however, we have completed the well in the Morrow formation. The spacing unit will be the N/2 of the section. This location is also unorthodox for a Morrow completion.

We respectfully request that you waive any objection to this unorthodox location by signing in the space provided below and return to me by facsimile at 915-688-4831.

Sincerely,

[Handwritten signature of Ronald W. Lanning]

Ronald W. Lanning

Yates Petroleum Corporation, Yates Drilling Company, MYCO Industries, Inc. and Abo Petroleum Corporation waive any objection to the unorthodox location of Texaco Exploration and Production Inc.'s Anderson Ranch Unit Well No. 201.

By: [Handwritten signature]

Title: ATTORNEY-IN-FACT

Date: 6-17-98

\*Executed subject to Letter Agreement dated 6-16-98.

402-4637

Post-It Fax Note	7871	Date	6-17-98	# of pages	2
To	Ron Lanning	From	Jmd		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	915-688-4831	Fax #			



YATES PETROLEUM CORPORATION  
 1000 NORTH STREET  
 MEXICO 88210  
 TELEPHONE (505) 748-1471

S. P. YATES  
 CHAIRMAN OF THE BOARD  
 JOHN A. YATES  
 PRESIDENT  
 PEYTON YATES  
 EXECUTIVE VICE PRESIDENT  
 RANDY G. PATTERSON  
 SECRETARY  
 DENNIS G. KINSEY  
 TREASURER

June 16, 1998

Texasco Exploration and Production, Inc.  
 PO Box 3109  
 Midland, TX 79702

Attention: Mr. Ronald W. Lanning

RE: NM 912700-Anderson Ranch Unit  
 Lea County, New Mexico  
 Well No. 201

Gentlemen:

Enclosed is an executed copy of a waiver for your unorthodox Morrow location in the N/2 of Section 14, Township 16 South, Range 32 East, Lea County, New Mexico. This waiver has been executed subject to our being furnished a copy of all logs from Well No. 201 and also subject to our ability to similarly locate unopposed wells in Section 15 and in the S/2 of Section 14 should we desire to do so.

If acceptable, please sign and return one copy of this letter to my attention at your earliest convenience.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson  
 Landman

JR/cld  
 Enclosure (s)

Agreed to and accepted this 18 day of JUNE, 1998.

By: Ronald W. Lanning

Title: NHAT Landman

MARTIN YATES, III  
1912 - 1996  
FRANK W. YATES  
1936 - 1996



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

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

October 7, 1998

FAXED

MG 10-5-98

Nearburg Exploration Company, L.L.C.  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705

**CERTIFIED MAIL**  
Return Receipt Requested

RE: Offset Operator Notification  
Unorthodox Location  
Anderson AST St Com #1  
Township 16 South, Range 32 East  
Section 14: 1980' FSL & 1310' FWL  
Lea County, New Mexico

Gentlemen:

Yates Petroleum Corporation plans to drill the Anderson AST St Com #1 well at the unorthodox location described above. This location does not comply with the well spacing requirements set forth in New Mexico Oil Conservation Division Rule 104.C (2) (b) (Revised 1/96).

If you have no objections to this unorthodox location, please signify your approval by signing one copy of this letter in the space provided below and return same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock  
Landman

Post-it* Fax Note		7671	Date	10/15	# of pages	1
To	Robert Bullock		From	Mike Esig		
Co./Dept.			Co.			
Phone #			Phone #			
Fax #			Fax #			

KB:DN  
enclosure(s)

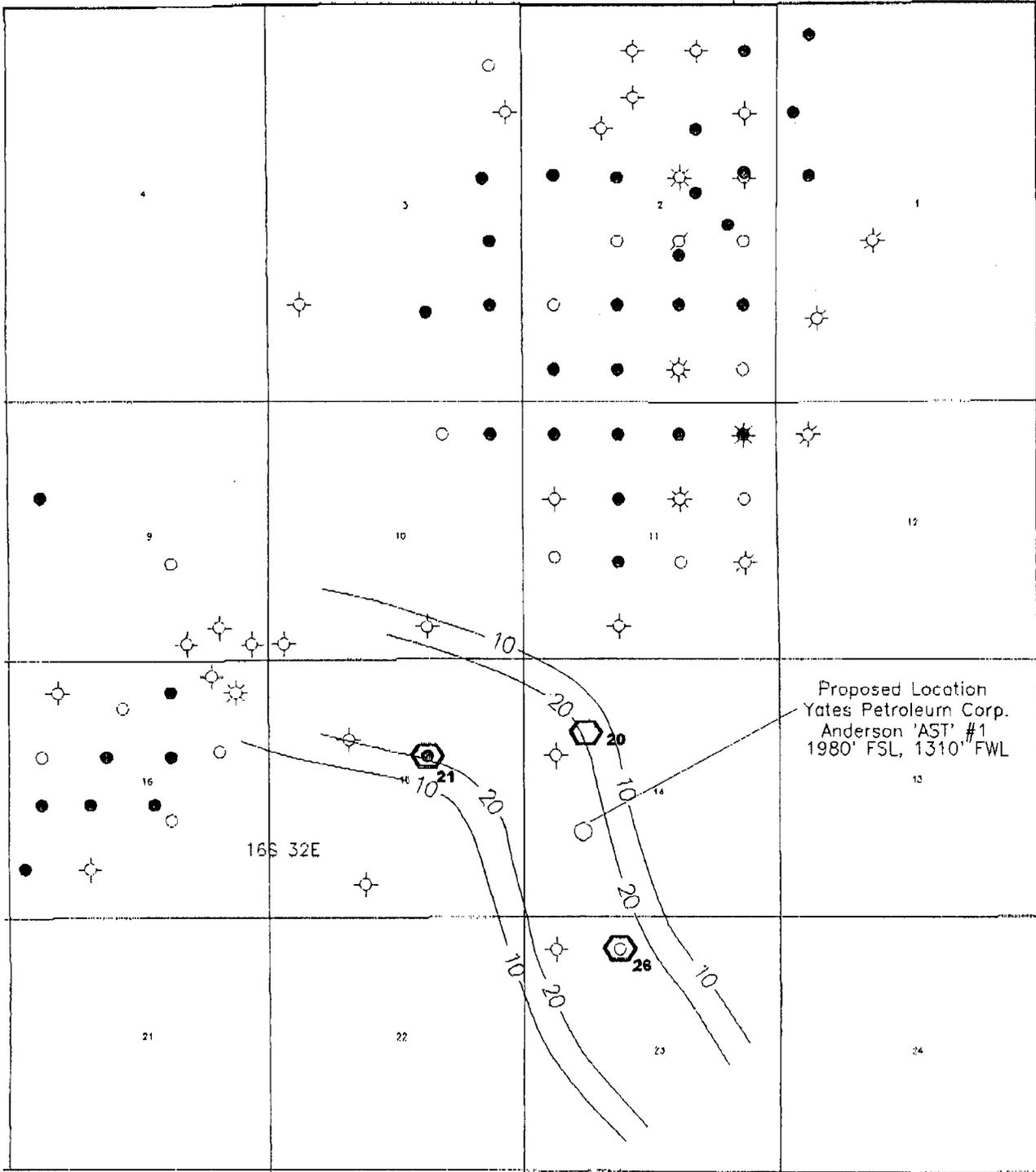
The undersigned hereby waives any objection to the unorthodox location proposed by Yates Petroleum Corporation.

Company: Nearburg Exploration Company, L.L.C.

Name: Robert G. Bullock

Title: Attorney-in-Fact

Date: October 15, 1998



Proposed Location  
 Yates Petroleum Corp.  
 Anderson 'AST' #1  
 1980' FSL, 1310' FWL

16S 32E

Yates Petroleum Corporation		
Anderson Ranch Area Anderson 'AST' #1 Morrow Gross Sand Isopach		
Shane Donalson		10/26/98
et.ruby.gpl	Scale 1:10000	

The need for the unorthodox location is due to the geometry of the prospective Morrow sand channel. Based on subsurface data the objective sand is distributed as a NW-SE trending channel currently seen in 3 wells in the area; the Texaco Anderson Ranch Unit #201 in sec. 14, the Continental Oil Q-15 #1 in sec. 15, and the Shell Oil Emerald Unit #1 in sec. 23. It is Yates' geologic interpretation that the proposed unorthodox location would penetrate the channel sand in an optimum position to recover the gas reserves on the lease. A Morrow gross sand isopach map is included to support the geological basis for this request.

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

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO

CASE NO. 12057

**CERTIFICATE OF MAILING  
AND  
COMPLIANCE WITH RULE 1207**

In accordance with Division Rule 1207, I hereby certify that on September 30, 1998, correspondence transmitting copies of the application filed in and providing notice of the above-referenced case, were mailed to the following offset operators:

Nearburg Production Company  
3300 North A Street, Bldg. 2, Suite 120  
Midland, TX 79705

Texaco Exploration and Production, Inc.  
P. O. Box 3109  
Midland, TX 79702

as reflected by copies of said correspondence, attached as Exhibit "A" hereto.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By:



Ernest L. Carroll  
P. O. Box 1720  
Artesia, New Mexico 88211-1720  
(505)746-3505

Attorneys for Yates Petroleum Corp.



LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

MARY LYNN BOGLE  
ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
JOHN M. WYLIE  
OF COUNSEL  
A. J. LOSEE

311 WEST QUAY AVENUE  
P. O. BOX 1720  
ARTESIA, NEW MEXICO 88211-1720

TELEPHONE  
(505) 746-3506  
FACSIMILE  
(505) 746-6316

September 30, 1998

Texaco Exploration and Production, Inc.  
P. O. Box 3109  
Midland, TX 79702

Attn: Ron Lanning

Re: Application of Yates Petroleum Corporation for Compulsory Pooling and  
Unorthodox Well Location, Lea County; Case No. 12057

Gentlemen:

Please be advised that this office represents Yates Petroleum Corporation in connection with its Amended Application filed September 16, 1998. A copy of that Amended Application is enclosed herewith for your information, along with a copy of the Substitution of Counsel establishing this firm as counsel for the Applicant.

This application has been set for hearing before a Division Examiner on October 22, 1998. You are entitled but not required to appear, and should you desire to appear you must file a prehearing statement pursuant to Memorandum 2-90 by the Friday prior to the hearing date.

Yours very truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Ernest L. Carroll

P 387 149 107

ELC:kth  
Encl.

cc: Rob Bullock, Yates Petroleum Corp.

US Postal Service  
**Receipt for Certified Mail**  
No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to <i>Texaco Exploration</i>	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
<i>9/30/98</i>	

is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: <i>Texaco Exploration and Production, Inc. P.O. Box 3109 Midland, TX 79702</i>		4a. Article Number <i>P387 149 107</i>	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name)  		7. Date of Delivery <i>OCT 01 1998</i>	
6. Signature: (Addressee or Agent) <i>X [Signature]</i>		8. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

PS Form 3800, April 1995

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 WEST QUAY AVENUE  
P. O. BOX 1720

ARTESIA, NEW MEXICO 88211-1720

MARY LYNN BOGLE  
ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
JOHN M. WYLIE  
OF COUNSEL  
A. J. LOSEE

TELEPHONE  
(505) 746-3505  
FACSIMILE  
(505) 746-6316

September 30, 1998

Nearburg Production Company  
3300 North A Street, Bldg. 2, Suite 120  
Midland, TX 79705

Re: Application of Yates Petroleum Corporation for Compulsory Pooling and  
Unorthodox Well Location, Lea County; Case No. 12057

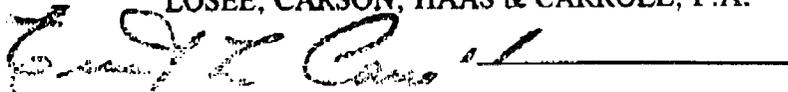
Gentlemen:

Please be advised that this office represents Yates Petroleum Corporation in connection with its Amended Application filed September 16, 1998. A copy of that Amended Application is enclosed herewith for your information, along with a copy of the Substitution of Counsel establishing this firm as counsel for the Applicant.

This application has been set for hearing before a Division Examiner on October 22, 1998. You are entitled but not required to appear, and should you desire to appear you must file a prehearing statement pursuant to Memorandum 2-90 by the Friday prior to the hearing date.

Yours very truly,

LOSEE, CARSON, HAAS & CARROLL, P. A.



Ernest L. Carroll

Z 378 879 707

ELC:kth  
Encl.

cc: Rob Bullock, Yates Petroleum Corp.

US Postal Service  
**Receipt for Certified Mail**  
No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to <i>Nearburg Prod.</i>	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>9/30/98</i>	

as your RETURN ADDRESS, compressed on the reverse side

**SENDER:**  
 \* Complete items 1 and/or 2 for additional services.  
 \* Complete items 3, 4a, and 4b.  
 \* Print your name and address on the reverse of this form so that we can return this card to you.  
 \* Attach this form to the front of the mailpiece, or on the back if space does not permit.  
 \* Write "Return Receipt Requested" on the mailpiece below the article number.  
 \* The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):  
 1.  Addressee's Address  
 2.  Restricted Delivery  
 Consult postmaster for fee.

3. Article Addressed to: <i>Nearburg Production Co. 3300 North A Street, Bldg. 2, Suite 120 Midland, TX 79705</i>	
4a. Article Number <i>Z 378 879 707</i>	<input checked="" type="checkbox"/> Certified
4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Insured <input type="checkbox"/> COD
7. Date of Delivery <i>10-1-98</i>	
5. Received By: (Print Name) <i>Rob Bullock</i>	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Addressee or Agent) <i>[Signature]</i>	

PS Form 3811, December 1994 162595-97-B-0179 Domestic Return Receipt

PS Form 3800 April 1995 Thank you for using Return Receipt Services.

COUNTY

POOL

TOWNSHIP

16 South

RANGE

32 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Need  
Notes

Texaco

Morrow

NSL request

827-  
Fax 1389

- 1) Record in Case 12057
- 2) My Conversation w/ Carroll on Oct. 15, 1998
- 3) Record of the Div.
- 4) Appl. drafted

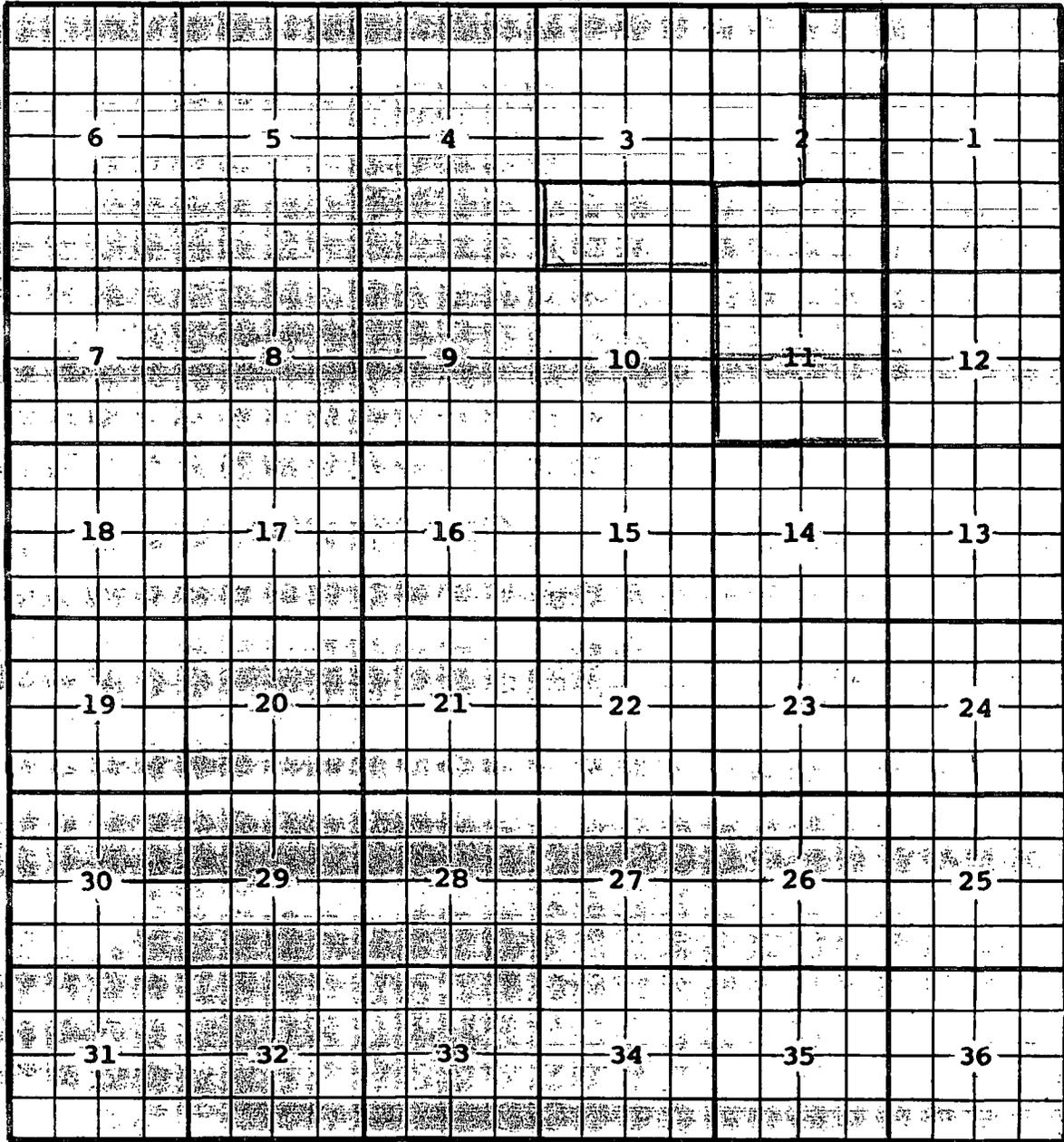
COUNTY *Lea*

POOL *Anderson Ranch - Morrow Gas*

TOWNSHIP *16 South*

RANGE *32 East*

NMPM



*Description: Lots 9, 10, 15 & 16, Sec. 2 (R-3562, 12-1-68)  
Ext: Lots 1, 2, 7, 8, & 9, Sec. 2; All Sec. 11 (R-3853, 11-1-69) Ext: 7/2 Sec. 3 (R-6170  
11-1-19)*

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/28/98 16:19:03  
OGOIV -EMD0  
PAGE NO: 1

Sec : 14 Twp : 16S Rng : 32E Section Type : NORMAL

D	C	B	A
40.00	40.00	40.00	40.00
CS	CS	CS	CS
B10154 0007 03/53	E03788 0000 07/60	E03788 0000 07/60	E03788 0000 07/60
GRAND BANKS ENERG	CHEVRON U S A INC	CHEVRON U S A INC	CHEVRON U S A INC
U	U	U	U
E	F	G	H
40.00	40.00	40.00	40.00
CS	CS	CS	CS
B10154 0007 03/53	E03788 0000 07/60	E03788 0000 07/60	E05061 0001 03/61
GRAND BANKS ENERG	CHEVRON U S A INC	CHEVRON U S A INC	E G BURKE JR
U	U	U	U
A			

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD    PF08 FWD        PF09 PRINT   PF10 SDIV     PF11            PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/28/98 16:19:15  
OGOIV -EMD0  
PAGE NO: 2

Sec : 14 Twp : 16S Rng : 32E Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
CS	CS	CS	CS
E03788 0000 07/60	E03788 0000 07/60	V04494 0000 10/99	V04494 0000 10/99
CHEVRON U S A INC	CHEVRON U S A INC	YATES PETROLEUM C	YATES PETROLEUM C
M	N	O	P
40.00	40.00	40.00	40.00
CS	CS	CS	CS
V04494 0000 10/99	V04494 0000 10/99	E03788 0000 07/60	E03788 0000 07/60
YATES PETROLEUM C	YATES PETROLEUM C	CHEVRON U S A INC	CHEVRON U S A INC

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

**DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 22, 1998**  
8:15 A.M. - 2040 South Pacheco  
Santa Fe, New Mexico

DOCKET NO. 29-98

Dockets Nos. 30-98 and 31-98 are tentatively set for November 5 and November 19, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 12014:** Continued from September 17, 1998, Examiner Hearing.

**Application of Louis Dreyfus Natural Gas Corp. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 28, Township 19 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated North Pearl-Morrow Gas Pool. Said unit is to be dedicated to its Toro "28" State Com. Well No. 1, located at an orthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 28. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. This unit is located approximately 11 miles west of Monument, New Mexico.

**CASE 12060:** **Application of KCS Medallion Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 19, Township 18 South, Range 31 East, to form a standard 320-acre standard gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the North Shugart-Morrow Gas Pool and Undesignated North Shugart-Atoka Gas Pool. This unit will be dedicated to its Shugart West Fed. 19-2 Well, to be drilled at an orthodox location in the SE/4 of Section 19. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. This unit is located approximately 6 miles southwest of the intersection of State Highway 529 and U.S. Highway 82.

**CASE 12053:** Continued from October 8, 1998, Examiner Hearing.

**Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 3, Township 17 South, Range 27 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Undesignated Crow Flats-Morrow Gas Pool; the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Little Hammer Fed. Com. Well No. 1 to be drilled and completed at an orthodox gas well location 860 feet from the South line and 2105 feet from the West line (Unit N) of said Section 3. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The units are located approximately 8 miles east-northeast of Artesia, New Mexico.

**CASE 12061:** **Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 12 wells to be drilled on Federal Leases LC 061783-A and LC 061783-B, collectively covering the W/2 SW/4 of Section 3, and the SE/4 of Section 4, Township 18 South, Range 27 East, without separately metering production from each well or lease. The leases are located approximately 9 miles southeast of Artesia, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

**CASE 12057:** Continued from October 8, 1998, Examiner Hearing.

**Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 14, Township 16 South, Range 32 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent; the SW/4 to form a standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; the N/2 SW/4 to form a standard 80-acre spacing or proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent; and the NW/4 SW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the proposed Anderson AST State Com Well No. 1 which will be drilled at an unorthodox gas well location 1980 feet from the South line and 1310 feet from the West line (Unit L) of Section 14 to test all formations from the surface to the base of the Morrow formation, Undesignated Anderson Ranch-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. This area is located approximately 4 miles north-northeast of Maljamar, New Mexico.