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OF COUNSEL

May 14, 1991

Mr. David Catanach
Oil Conservation Division
State Land Office
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Yates Petroleum Corporation
NMOCD Case No. 10312
David Ross "AIT" Federal No. 1 SWD Well

Dear Mr. Catanach:

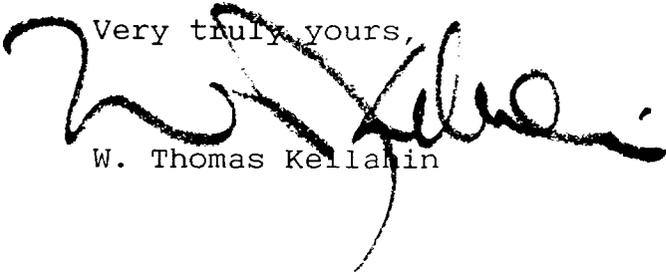
The referenced case is an administrative application of Yates Petroleum Corporation which was set for hearing because of the objection filed by Mitchell Energy Corporation.

On behalf of Mitchell Energy Corporation, I wish to withdraw its opposition to the referenced application of Yates Petroleum Corporation subject to the conditions set forth in the stipulation dated May 10, 1991, copy enclosed.

It is Mitchell's request that the conditions of the stipulation be incorporated into the Division Order approving this application.

It is Yates' request that this case be returned to you for administrative processing and that they not be required to come to the hearing now set for May 16, 1991.

Very truly yours,


W. Thomas Kellahin

WTK/tic
Enclosure

Mr. David Catanach
May 14, 1991
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cc: Ernest Carroll, Esq.
Losee & Carson
Post Office Box 239
Artesia, New Mexico 88210

Mr. Mark Stephenson
Mitchell Energy Corporation
Post Office Box 4000
The Woodlands, Texas 77387-4000

RECEIVED MAY 14 1991

May 10, 1991
VIA FAX AND FEDERAL EXPRESS

Mr. Randy G. Patterson
Land Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Re: Application for Salt Water Disposal
Yates Petroleum Corporation
David Ross "AIT" State Well No. 1
Unit H, Sec. 35, T22S, R31E
Eddy County, New Mexico



Dear Mr. Patterson:

Mitchell Energy Corporation has reviewed the information provided with your May 3 letter in reference to the captioned matter. Our review indicates that several zones within the proposed disposal interval are potentially productive of hydrocarbons. We believe that injection of salt water into these zones may adversely affect the recovery of hydrocarbons. In the event a well in this area is completed as a producer in a correlative interval to the proposed disposal interval, we feel it may be necessary to amend or cancel the injection authority for the subject well.

Mitchell feels it has legitimate concerns about the proposed disposal operations and wishes to make those concerns known to the Oil Conservation Division. Mitchell is, however, also desirous of working with Yates on an equitable resolution of this conflict. Accordingly, we offer the following proposal for your consideration.

Mitchell is agreeable to withdrawing its protest, subject to the following conditions:

1. That the injection pressure be limited to 1200 psi; and
2. That the Authorization to Inject granted by the Oil Conservation Division include a provision to the effect that the injection authority shall be subject to review if a well within a one-mile radius of the subject well is completed in any zone within the correlative interval of the permitted disposal interval.

Yates Petroleum Corporation

May 10, 1991

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If this proposal is acceptable to Yates, please so indicate by signing in the space below and return one executed copy of this letter to me via Fax at 713-377-6910. Also please send one executed original to me by U. S. Mail and two executed originals to Mr. Tom Kellahin by express mail.

Thank you for your consideration and cooperation.

Very truly yours,

MITCHELL ENERGY CORPORATION



Mark N. Stephenson

Manager

Production-Regulatory Affairs

Agreed to and accepted this 13 day of May, 1991.

By: 
Title: 

MNS:ikl

Ross1Ltr.MNS

cc: Mr. William LeMay - New Mexico Oil Conservation Division
Mr. Ernest Carroll - Losee & Carson
Mr. Tom Kellahin - Kellahin, Kellahin & Aubrey

Affidavit of Publication

No. 13475

STATE OF NEW MEXICO,

County of Eddy:

Gary D. Scott being duly sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks on the same day as follows:

- First Publication March 29, 1991
- Second Publication _____
- Third Publication _____
- Fourth Publication _____

Gary D. Scott

Subscribed and sworn to before me this 8th day of April 1991

Barbara Ann Deans
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1991

Copy of Publication

Eddy County, New Mexico, will be used for saltwater disposal. Disposal waters from the David Ross well will be re-injected into the Artesia Sand at a depth of 1980 feet. The well has a capacity of 900 barrels per day at a rate of 1.5 barrels per day.

LEGAL NOTICE

Yates Petroleum Corporation, 105 South Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well, the "David Ross AIT Fed #1" located 1980' FNL & 660' FEL of Section 35, Township 22 South, Range 31 East of

All interested parties opposing the aforementioned application may file objections or requests for a hearing with the Oil Conservation Division, 105 South Fourth Street, Santa Fe, NM 87503, within 15 days of the date of publication. For information contact the Division at (505) 748-1471.

Published in the Artesia Daily Press, Artesia, N.M. March 29, 1991.

Legal 13475

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOV 28 AM 9 35

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other SWD WELL

2. Name of Operator

YATES PETROLEUM CORPORATION

3. Address and Telephone No.

105 South 4th St., Artesia, NM 88210 (505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit H, 1980' FNL, 660' FEL, Sec. 35-T22S-R31E, NMPM

5. Lease Designation and Serial No.
NM 65419

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

David Ross AIT Fed. #1

9. API Well No.

30-015-26629

10. Field and Pool, or Exploratory Area

Undes. Delaware

11. County or Parish, State

Eddy, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Add Delaware perforations & acidize.
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give surface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Propose to add perforations in Delaware sand disposal intervals and treat as follows:

- 1) 4764-4786' (23 shots). 4764-86' w/1000g. 7½% NEFE HCL acid.
- 2) 4866-4907' (42 shots).
- 3) 4944-4975' (32 shots). 4866-4975' w/3000g. 7½% NEFE HCL acid.
- 4) 5108-5120' (13 shots).
- 5) 5158-5180' (23 shots). 5108-5180' w/1500g. 7½% NEFE HCL acid.
- 6) 5328-5346' (19 shots).
- 7) 5401-5421' (21 shots).
- 8) 5460-5484' (25 shots). 5328-5484' w/2500g. 7½% NEFE HCL acid.

NOTIFY NMOCD, ARTESIA, NM, 24 HOURS IN ADVANCE TO WITNESS ANNULAR PRESSURE TEST.

14. I hereby certify that the foregoing is true and correct

Signed Janice Doshier
(This space for Federal or State office use)

Title Production Supervisor

Date 10-24-91

Approved _____
Conditions of approval, if any:

Title _____

Date _____