

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
YATES	EXHIBIT NO.
CASE NO.	11283

STATE OF NEW MEXICO  
OIL AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NOS. 10981 and 11004  
Order No. R-9976-A

APPLICATION OF YATES PETROLEUM CORPORATION  
TO AMEND DIVISION ORDER NO. R-9976 TO EXPAND  
ITS PILOT GAS ENHANCED RECOVERY PROJECT  
WITHIN PORTIONS OF THE PECOS SLOPE-ABO GAS  
POOL, CHAVES COUNTY, NEW MEXICO.

APPLICATION OF YATES PETROLEUM CORPORATION  
FOR THIRTEEN UNORTHODOX INFILL GAS WELL  
LOCATIONS, CHAVES COUNTY, NEW MEXICO.

RECEIVED  
JUL 27 1994  
CAMPBELL, CARR, & CO.

ORDER OF THE DIVISION

BY THE DIVISION:

Case No. 10981 came on for hearing at 8:15 a.m. on May 26, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

Case No. 11004 came on for hearing at 8:15 a.m. on June 23, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of July, 1994, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9976 issued in Case No. 10793 on September 24, 1993, the Division, upon application of Yates Petroleum Corporation, approved a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, for the purpose of allowing the applicant the opportunity to gather data to determine if infill drilling is necessary to effectively and efficiently drain the Abo formation.

(3) The applicant was initially authorized by said Order No. R-9976 to drill an infill gas well within each of the following described 160-acre standard gas proration units, and within a non-standard 201.29-acre gas spacing and proration unit comprising all of Irregular Section 1, Township 6 South, Range 25 East, NMPPM:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPPM

Section 8: NE/4  
Section 11: SE/4  
Section 24: SW/4  
Section 26: NE/4  
Section 35: NE/4

(4) Order No. R-9976 further authorized the applicant to produce both wells within each of the proration units described above unrestricted for a temporary period of two years for the purpose of gathering geologic and engineering data.

(5) The applicant in Case No. 10981, Yates Petroleum Corporation, seeks to amend Division Order No. R-9976 to expand its pilot infill drilling program within the Pecos Slope-Abo Gas Pool by drilling an additional gas well on each of the following existing 160-acre standard gas proration units, and on a 166.0-acre non-standard gas proration unit comprising all of Irregular Section 5, Township 6 South, Range 26 East, NMPPM:

TOWNSHIP 5 SOUTH, RANGE 25 EAST, NMPPM

Section 16: NE/4  
Section 32: SW/4

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPPM

Section 7: NE/4  
Section 18: SE/4  
Section 19: SE/4  
Section 31: NE/4

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPPM

Section 3: SE/4  
Section 10: NW/4  
Section 11: SE/4  
Section 13: NW/4  
Section 15: NW/4  
Section 22: NW/4  
Section 25: NW/4  
Section 27: SE/4  
Section 33: SE/4

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM

Section 6: NE/4

Section 18: SE/4

Section 19: SW/4

Section 21: SE/4

(6) The applicant further seeks authority to produce both wells within the above-described proration units unrestricted until August, 1995, at which time Case No. 10793 is to be reopened pursuant to the provisions of Order No. R-9976, to allow the applicant to appear and present the results of the pilot infill drilling program and make recommendations, if applicable, to the rules which currently govern the Pecos-Slope Abo Gas Pool.

(7) In companion Case No. 11004, Yates Petroleum Corporation, seeks approval of thirteen unorthodox gas well locations within the existing or proposed expanded pilot infill drilling area in the Pecos Slope-Abo Gas Pool.

(8) Inasmuch as the subject matter of Case Nos. 10981 and 11004 are related, one order should be entered for both cases.

(9) The applicant presented the initial geologic and engineering results it obtained in the drilling of the six infill wells approved by Order No. R-9976. According to applicant's evidence and testimony, five of the six wells were deemed to have been geologically successful in terms of predicting and encountering sufficient sand thickness so as to establish commercial gas production.

(10) The engineering evidence and testimony presented by the applicant indicates that:

- a) all six wells encountered a reservoir pressure higher than the reservoir pressure within the existing well on the proration unit. Of the six, four wells encountered significantly higher reservoir pressures;
- b) four of the wells are currently producing at rates significantly higher than the average rate of the wells offsetting the proration unit;
- c) four of the wells should recover an average of 570 MMCF of gas reserves which would otherwise not be recovered by the existing well on the proration unit.

(11) The geologic and engineering data presented by the applicant indicates that four of the subject wells have encountered pay sands or low permeability portions of the reservoir which were not encountered and/or drained by the original well on the proration unit.

(12) The applicant contends that the results of the infill drilling conducted thus far are very encouraging but are inconclusive in determining whether infill drilling is necessary in the Pecos Slope-Abo Gas Pool.

(13) Division records indicate that the Pecos Slope-Abo Gas Pool embraces a substantially large area in portions of Townships 4 and 5 South, Ranges 24 and 25 East, and Townships 6, 7 and 8 South, Ranges 24, 25, 26 and 27 East, NMPM.

(14) The initial pilot infill drilling program was limited to areas within Township 6 South, Range 25 East, NMPM.

(15) The applicant's proposed expanded infill drilling program will encompass a much broader area of the pool than was tested in the initial pilot area.

(16) The reservoir characteristics are generally not consistent within the Pecos Slope-Abo Gas Pool and therefore additional geologic and engineering data reflecting a larger cross sectional area of the pool will be beneficial in determining the necessity of infill drilling.

(17) All of the proration units proposed to be included within the expanded pilot project area, with the exception of the SE/4 of Section 21, are completely offset by acreage owned or controlled by Yates Petroleum Corporation.

(18) The Catterson "SS" Federal Well No. 7, proposed to be drilled at an unorthodox location in the SE/4 of Section 21, will encroach on a tract owned by Merit Energy Company. The applicant presented, as evidence, a waiver of objection to the drilling of this infill well at the unorthodox location from Merit Energy Company.

(19) Notice of this application was provided to all operators in the Pecos Slope-Abo Gas Pool, and no operator and/or interest owner appeared in opposition to the application.

(20) Approval of the expansion of the pilot infill drilling program should result in the acquisition of additional and more thorough geologic and engineering data regarding the Pecos Slope-Abo Gas Pool which may ultimately aid in the determination as to the most effective method of developing the reservoir, thereby preventing waste.

(21) The applicant further seeks unorthodox location approval for the following described wells which are located within the original infill drilling pilot area:

---

<u>WELL NAME &amp; NUMBER</u>	<u>WELL LOCATION</u>
Kilgore "SO" No. 3	2310' FSL & 1980' FWL (Unit K) 24-6S-25E
Sacra "SA" Com No. 11	2310' FNL & 2310' FEL (Unit G) 35-6S-25E

(22) In addition, the applicant seeks unorthodox location approval for the following eleven wells to be located within the expanded infill drilling pilot area:

<u>WELL NAME &amp; NUMBER</u>	<u>WELL LOCATION</u>
Paulette "PV" State No. 5	2310' FNL & 1650' FEL (Unit G) 16-5S-25E
Dee "OQ" State No. 5	2310' FSL & 2310' FWL (Unit K) 32-5S-25E
Hansel "ANH" Federal Com No. 1	2110' FNL & 790' FEL (Unit H) 7-6S-26E
Savage "NI" Federal No. 5	2310' FSL & 990' FEL (Unit I) 19-6S-26E
Federal "HJ" No. 11	2080' FNL & 1650' FEL (Unit G) 31-6S-26E
Thorpe "MI" Federal No. 15	990' FNL & 2310' FWL (Unit C) 22-7S-25E
Federal "HY" No. 13	2310' FSL & 460' FEL (Unit I) 33-7S-25E
Crandall "UD" No. 2	510' FNL & 1980' FEL (Unit B) 6-7S-26E
Leeman "OC" Federal No. 5	2310' FSL & 1980' FEL (Unit J) 18-7S-26E
Nickey "RF" Federal No. 3	2310' FSL & 2310' FWL (Unit K) 19-7S-26E
Catterson "SS" Federal No. 7	2310' FSL & 790' FEL (Unit I) 21-7S-26E

(23) Applicant's testimony indicates that the above-described unorthodox gas well locations are geologically necessary in order to maximize sand thickness within the various pay intervals. In addition, the unorthodox locations are adjacent to and on trend with existing gas wells exhibiting substantial cumulative production.

(24) All of the affected offset acreage to the proposed unorthodox gas well locations is owned and controlled by Yates Petroleum Corporation with the exception of the SE/4 of Section 21 as described in Finding No. (18) above.

(25) No offset operator and/or interest owner appeared at the hearing(s) in opposition to the proposed unorthodox locations.

(26) The proposed unorthodox gas well locations should be approved.

(27) Case No. 10981 should be reopened in conjunction with Case No. 10793 at an examiner hearing in August, 1995, unless reopened at an earlier date at the request of the applicant or upon motion of the Division, at which time the applicant should be required to appear and present the geologic and engineering data it has acquired from the pilot project and make recommendations to the Division concerning amendments, if any are applicable, to the rules which currently govern the Pecos Slope-Abo Gas Pool.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to expand its pilot infill drilling program within the Pecos Slope-Abo Gas Pool by drilling an additional gas well on each of the following existing 160-acre standard gas proration units, and on a 166.0-acre non-standard gas proration unit comprising all of Irregular Section 5, Township 6 South, Range 26 East, NMPM:

**TOWNSHIP 5 SOUTH, RANGE 25 EAST, NMPM**

Section 16: NE/4  
Section 32: SW/4

**TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM**

Section 7: NE/4  
Section 18: SE/4  
Section 19: SE/4  
Section 31: NE/4

**TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM**

Section 3: SE/4  
Section 10: NW/4  
Section 11: SE/4  
Section 13: NW/4  
Section 15: NW/4  
Section 22: NW/4  
Section 25: NW/4  
Section 27: SE/4  
Section 33: SE/4

**TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM**

Section 6: NE/4  
Section 18: SE/4  
Section 19: SW/4  
Section 21: SE/4

(2) Each of the gas proration units described above shall be simultaneously dedicated to the existing well and to an infill well to be drilled by the applicant.

(3) The applicant is further authorized to produce both wells within the above-described proration units unrestricted until August, 1995.

(4) This case shall be reopened in conjunction with Case No. 10793 at an examiner hearing in August, 1995, unless reopened at an earlier date at the request of the applicant or upon motion of the Division, at which time the applicant shall appear and present the geologic and engineering data it has acquired from the pilot project and make recommendations to the Division concerning amendments, if any are applicable, to the rules which currently govern the Pecos Slope-Abo Gas Pool.

(5) The applicant is further authorized to drill the following infill gas wells at unorthodox locations:

<u>WELL NAME &amp; NUMBER</u>	<u>WELL LOCATION</u>
Kilgore "SO" No. 3	2310' FSL & 1980' FWL (Unit K) 24-6S-25E
Sacra "SA" Com No. 11	2310' FNL & 2310' FEL (Unit G) 35-6S-25E
Paulette "PV" State No. 5	2310' FNL & 1650' FEL (Unit G) 16-5S-25E
Dee "OQ" State No. 5	2310' FSL & 2310' FWL (Unit K) 32-5S-25E
Hansel "ANH" Federal Com No. 1	2110' FNL & 790' FEL (Unit H) 7-6S-26E
Savage "NI" Federal No. 5	2310' FSL & 990' FEL (Unit D) 19-6S-26E
Federal "HJ" No. 11	2080' FNL & 1650' FEL (Unit G) 31-6S-26E
Thorpe "MI" Federal No. 15	990' FNL & 2310' FWL (Unit C) 22-7S-25E
Federal "HY" No. 13	2310' FSL & 460' FEL (Unit D) 33-7S-25E
Crandall "UD" No. 2	510' FNL & 1980' FEL (Unit B) 6-7S-26E
Leeman "OC" Federal No. 5	2310' FSL & 1980' FEL (Unit J) 18-7S-26E
Nickey "RF" Federal No. 3	2310' FSL & 2310' FWL (Unit K) 19-7S-26E
Catterson "SS" Federal No. 7	2310' FSL & 790' FEL (Unit D) 21-7S-26E

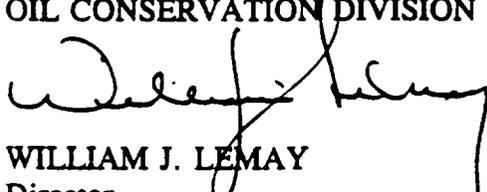
charge No

(660' FEL)

(6) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

S E A L

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



105 SOUTH FOURTH  
ARTESIA, NEW MEX  
TELEPHONE (505) 7

The attached is  
for your information.

Mr. Carr -

Mecca with Yates  
asked me to send this  
directly to your office

Thank you,  
*Jean Ann Dobbs*

June 6, 1994

(214) 701-83  
Fax (214) 960-12

Merit Energy Company  
12222 Merit Drive, Suite 1500  
Dallas, Texas 75251

Attention: Jean Ann Dobbs

Re: Unorthodox Location -  
Catterson SS Fed. #7  
Township 7 South, Range 26 East  
Section 21: SE/4  
Chaves County, New Mexico

Gentlemen:

Yates Petroleum Corporation has filed an application to the Oil Conservation Division for approval of an unorthodox location. This letter is to serve as official notice that it is the intent of Yates Petroleum Corporation to complete a well drilled 2310' FSL and 790' FEL of Section 21, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico in the Abo Formation. This well is an offset to a Merit Energy Company lease.

Please be advised that the hearing is to be held in Santa Fe at the Oil Conservation Division Conference Room on June 23, 1994 at 8:30 a.m. before an OCD Examiner. It is requested that Merit Energy consent to the unorthodox location of a Abo Formation and waive its right to appearance in said hearing. Should this meet with your approval, please sign in the space provided below and return to the above address. Thank you for your cooperation and assistance.

Very truly yours,

YATES PETROLEUM CORPORATION

*Mecca Mauritsen*

Mecca Mauritsen  
Landman

MM:dke

AGREED TO THIS 28 day of June, 1994.

MERIT ENERGY COMPANY

By: *Robert K. Matzch*

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
YATES	EXHIBIT NO. <u>2</u>
CASE NO.	<u>11283</u>

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
NANCY A. RATH

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  
TELECOPIER: (505) 983-6043

March 24, 1995

HAND-DELIVERED

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

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
EXHIBIT NO. <u>3</u>	
CASE NO. <u>11283</u>	

Attn: Michael E. Stogner, Chief Engineer

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Gas well Location for its Catterson "SS" Federal No. 7 Well, located 2310 feet from the South line and 660 feet from the East line of Section 21, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico

Gentlemen:

Yates Petroleum Corporation hereby requests administrative approval of an unorthodox gas well location for its Catterson "SS" Federal No. 7 Well in the Pecos Slope-Abo Gas Pool at a point 2310 feet from the South line and 660 feet from the East line of Section 21, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico. The NE/4 SE/4 of Section 21 is dedicated to the well.

An unorthodox location for this well was previously approved by Division Order No. R-9976-A at 2310 feet from the South line and 790 feet from the East line of said Section 21. However, the Bureau of Land Management has required that this location be moved to avoid the drainage area shown on Exhibit A to this application.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
March 24, 1995  
Page 2

Yates Petroleum Corporation operates all offsetting tracts affected by this unorthodox location except for Sanders Petroleum Corporation an offsetting operator of the West half of Section 22 and Merit Energy Company an offsetting operator of the North half of Section 21. A copy of the application and a request for waiver have been provided on this date to both Sanders Petroleum Corporation and Merit Energy Company by certified mail. Attached hereto as Exhibit B is a plat showing the ownership of all leases offsetting the same unit for which the unorthodox location is sought and all wells completed thereon. Also enclosed is a copy of OCD Form C-102 which shows the survey location for this well.

Your consideration of this administrative application is appreciated.

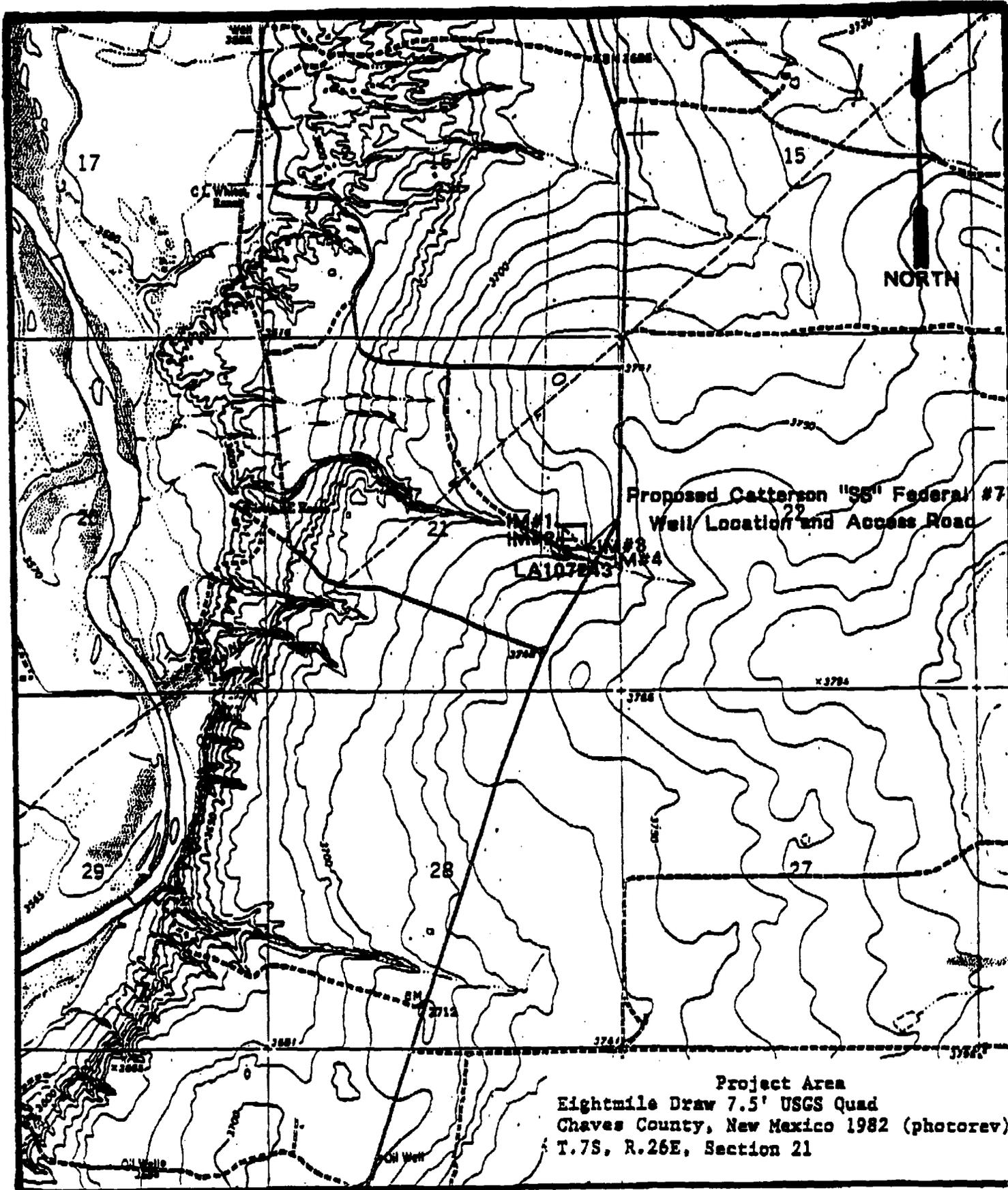
Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION  
WFC:mlh

Enclosures

cc: Tim Gum, Supervisor  
New Mexico Oil Conservation Division  
Post Office Drawer DD  
Artesia, New Mexico 88210

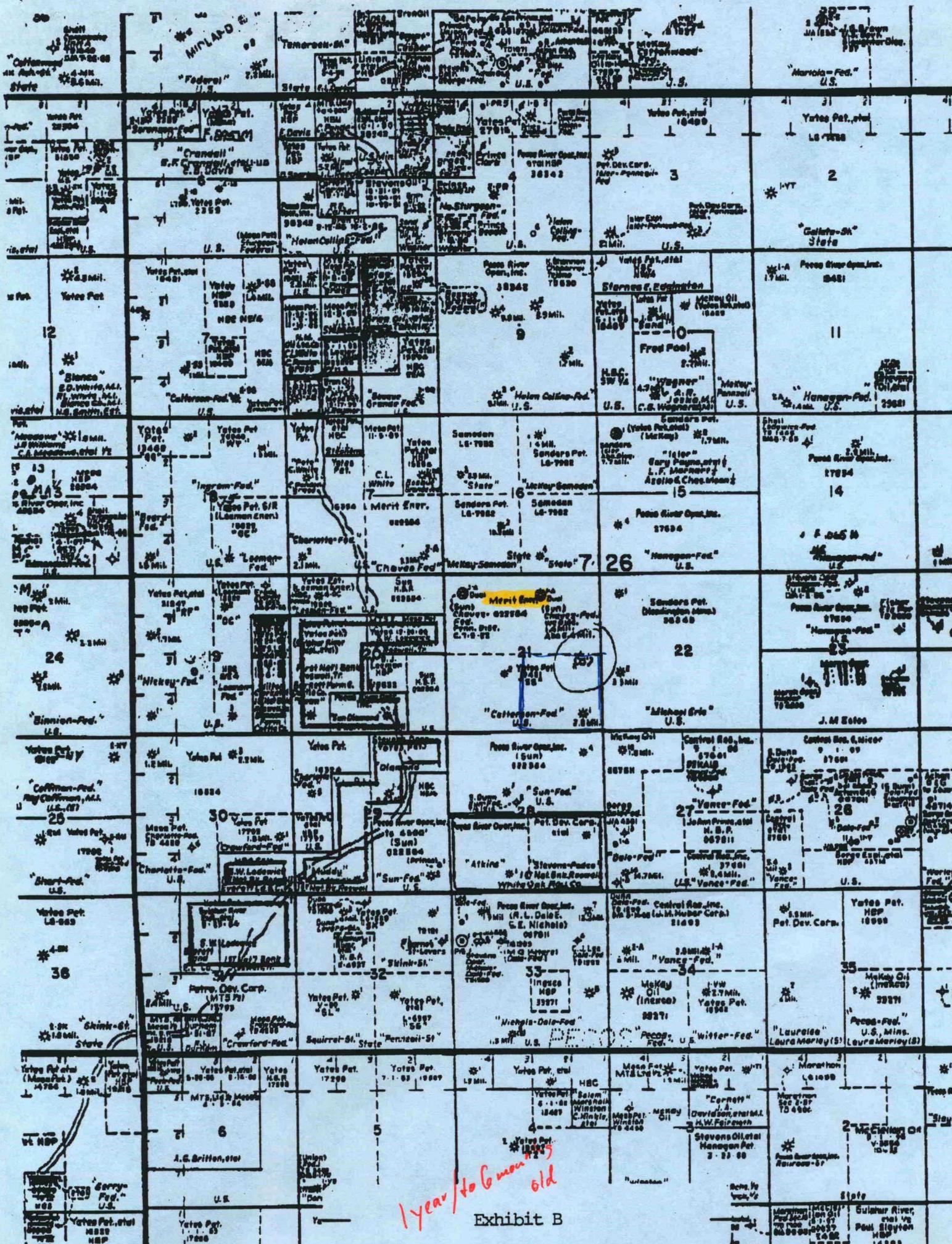


Proposed Catterson "SS" Federal #7 Well Location and Access Road

M#1  
M#2  
M#3  
M#4  
LA107243

Project Area  
Eightmile Draw 7.5' USGS Quad  
Chaves County, New Mexico 1982 (photorev)  
T.7S, R.26E, Section 21

Exhibit A



1 year to General  
 Exhibit B

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brannan Rd., Alamo, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 10, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number		Well Code		Well Name	
Property Code		Property Name			Well Number
		CATTERSON "SS" FEDERAL			7
OGRID No.		Operator Name			Elevation
		YATES PETROLEUM CORPORATION			3726

**10 Surface Location**

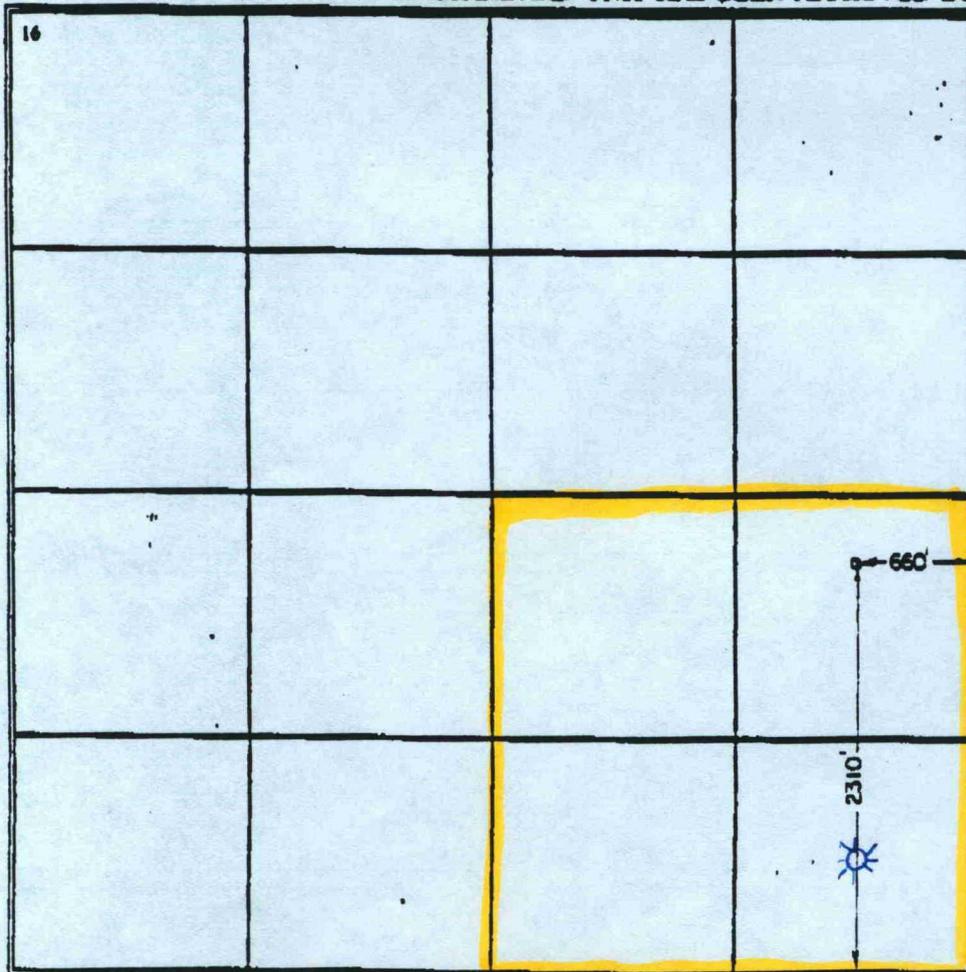
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	21	7S	26E		2310	SOUTH	660	EAST	CHAVES

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or InER	14 Consolidation Code	15 Order No.

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_

**18 SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey 10/11/94 October 1994  
 Signature and Seal of Professional Surveyor:  
  
 Certificate Number 3640

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
NANCY A. RATH

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  
TELECOPIER: (505) 983-6043

March 24, 1995

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Merit Energy Company  
12221 Merit Drive, Suite 1500  
Dallas, TX 75251

*Gene Bills*

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Catterson "SS" Federal No. 7 Well, located 2310 feet from the South line and 660 feet from the East line of Section 21, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico

Gentlemen:

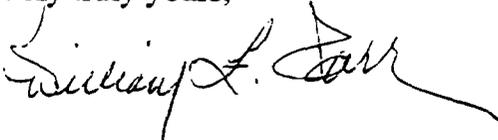
Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative approval of the above-referenced unorthodox well location for its Catterson "SS" Federal No. 7 Well.

Pursuant to the provisions of Division Rule 104(F), the Division Director may approve this application on receipt of waivers from all offset operators or if no objection is received from an offset operator within 20-days after the Division receives this application.

Merit Energy Company  
March 24, 1995  
Page 2

Accordingly, we request that as an offset operator you waive objection to this proposed unorthodox well location by signing a copy of this letter and returning it to me for filing with the Division.

Very truly yours,



WILLIAM F. CARR

ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh  
Enclosure

WAIVER OF OBJECTION:

\_\_\_\_\_  
Company

\_\_\_\_\_  
Representative

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

P 176 016 017



### Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>Merit Energy Company</b>	
Street and No. <b>12221 Merit Drive, Suite 1500</b>	
P.O. State and ZIP Code <b>Dallas, TX 75251</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 2.98
Postmark or Date <b>March 24, 1995</b>	

PS Form 3800, June 1991

PS Form 3811, Mar. 1984

1 Article Addressed to:  
**Merit Energy Company  
12221 Merit Drive, Suite 1500  
Dallas, TX 75251**

2 Article Number:  
**P 176 016 017**

3 Signature - Addressee:  
*[Signature]*

4 Signature - Agent:  
*[Signature]*

5 Date on Delivery:  
**March 24, 1995**

6 Type of Service:  
 Registered Mail  
 Certified Mail  
 Restricted Delivery  
 Insured Mail  
 COD  
 Return Receipt for Merchandise

7 Addressee's Address (ONLY if returned and fee paid)  
**Merit Energy Company  
12221 Merit Drive, Suite 1500  
Dallas, TX 75251**

8 Return Receipt Showing to Whom, Date, and Addressee's Address  
**Merit Energy Company  
12221 Merit Drive, Suite 1500  
Dallas, TX 75251**

9 Return Receipt Showing to Whom & Date Delivered  
**Merit Energy Company  
12221 Merit Drive, Suite 1500  
Dallas, TX 75251**

10 TOTAL Postage & Fees: \$ 2.98

11 Postmark or Date:  
**March 24, 1995**

12 Signature of Addressee or Agent:  
*[Signature]*

13 Date on Delivery:  
**March 24, 1995**

14 Signature of Post Office Employee:  
*[Signature]*

15 Date of Mailing:  
**March 24, 1995**

16 Office of Origin:  
**Dallas, TX**

17 Office of Destination:  
**Dallas, TX**

18 Article Description:  
**Merit Energy Company**

19 Remarks:  
**NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES**

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
NANCY A. RATH

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  
TELECOPIER: (505) 983-6043

March 24, 1995

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Sanders Petroleum Corporation  
Post Office Box 2918  
Roswell, New Mexico 88202

Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Catterson "SS" Federal No. 7 Well, located 2310 feet from the South line and 660 feet from the East line of Section 21, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico

Gentlemen:

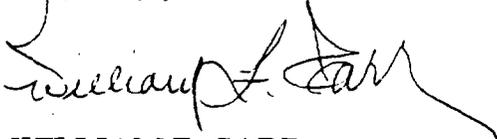
Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative approval of the above-referenced unorthodox well location for its Catterson "SS" Federal No. 7 Well.

Pursuant to the provisions of Division Rule 104(F), the Division Director may approve this application on receipt of waivers from all offset operators or if no objection is received from an offset operator within 20-days after the Division receives this application.

Sanders Petroleum Company  
March 24, 1995  
Page 2

Accordingly, we request that as an offset operator you waive objection to this proposed unorthodox well location by signing a copy of this letter and returning it to me for filing with the Division.

Very truly yours,



WILLIAM F. CARR

ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh  
Enclosure

WAIVER OF OBJECTION:

Sanders Petroleum Corporation  
Company

Bill J. Milstead  
Representative



Signature

Land Manager  
Title

March 28, 1995  
Date



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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
NANCY A. RATH

JACK M. CAMPBELL  
OF COUNSEL

**HAND-DELIVERED**

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

March 31, 1995

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

**RECEIVED**

MAR 31 1995

Oil Conservation Division

Re: Application of Yates Petroleum Corporation for Administrative Approval of  
an Unorthodox Well Location for its Catterson "SS" Federal No. 7 Well

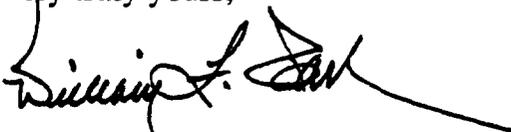
Dear Mr. Stogner:

On March 30, 1995 I was advised that the acreage offsetting the above proposed unorthodox well location is no longer owned by Merit Energy. This interest has recently been conveyed by Merit to Tide West Oil Company. Accordingly, on this date, I have provided Tide West Oil Company by certified mail, return receipt requested a copy of Yates' application for administrative approval of an unorthodox location for the Catterson "SS" Federal No. 7 Well.

Pursuant to our conversation of March 30, 1995, this will require that the twenty (20) day time period within which Tide West may object to this application will commence on March 31, 1995 and that the Division will have to delay action on this matter until the 20 day time period runs from this date.

If you have questions concerning this matter, please advise.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION  
WFC:mlh

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
YATES	EXHIBIT NO. 4
CASE NO.	11283

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

**MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN**

**MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
NANCY A. RATH**

**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  
TELECOPIER: (505) 983-6043**

March 31, 1995

**CERTIFIED MAIL -  
RETURN RECEIPT REQUESTED**

Tide West Oil Company  
6666 South Sheridan Road, Suite 250  
Tulsa, OK 74133-1750

**Re: Application of Yates Petroleum Corporation for Administrative Approval of an Unorthodox Well Location for its Catterson "SS" Federal No. 7 Well, located 2310 feet from the South line and 660 feet from the East line of Section 21, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico**

Gentlemen:

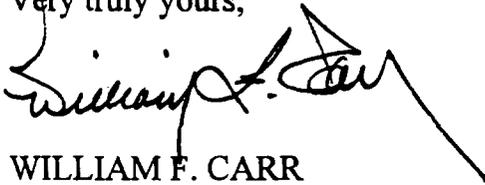
Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative approval of the above-referenced unorthodox well location for its Catterson "SS" Federal No. 7 Well.

Pursuant to the provisions of Division Rule 104(F), the Division Director may approve this application on receipt of waivers from all offset operators or if no objection is received from an offset operator within 20-days after the Division receives this application.

Tide West Oil Company  
March 31, 1995  
Page 2

Accordingly, we request that as an offset operator you waive objection to this proposed unorthodox well location by signing a copy of this letter and returning it to me for filing with the Division.

Very truly yours,



WILLIAM F. CARR

ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh  
Enclosure

WAIVER OF OBJECTION:

\_\_\_\_\_  
Company

\_\_\_\_\_  
Representative

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



P 087 492 230

### Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>Tide West Oil Company</b>	
Street and No. <b>6666 South Sheridan Rd., Suite 250</b>	
P.O. State and ZIP Code <b>Tulsa, OK 74133-1750</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date  <b>March 31, 1995</b>	

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> Complete items 1 and/or 2 for delivery services. Complete items 3, 4, 5, 6, 7, 8, and 9 for return receipt services. Print your name and address on the reverse of this form to get our return this card to you. Attach this card 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.		1. <input type="checkbox"/> Registered <input type="checkbox"/> Restricted Delivery <input type="checkbox"/> Addressed's Address
3. Article Addressed to: <b>Tide West Oil Company</b> <b>6666 South Sheridan Road</b> <b>Suite 250</b> <b>Tulsa, OK 74133-1750</b>		2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
4. Article Number <b>P 087 492 230</b>		5. <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise
5. Signature of Addressee <i>[Signature]</i>		6. <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail
6. Signature (Agent)		7. Date of Delivery <b>3/31/95</b>
7. PS Form 3811, December 1991 *U.S. GPO: 1993-592-714		8. Addressee's Address (Only if requested and fee is paid)

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

District I  
 PO Box 1950, Hobbs, NM 88241-1950  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Grande Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088 LU  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 10, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <b>PECOS SLOPE Abo</b>
Property Code	Property Name <b>CATTERSON "SS" FEDERAL</b>	Well Number <b>7</b>
OGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORPORATION</b>	Elevation <b>3726</b>

10 Surface Location

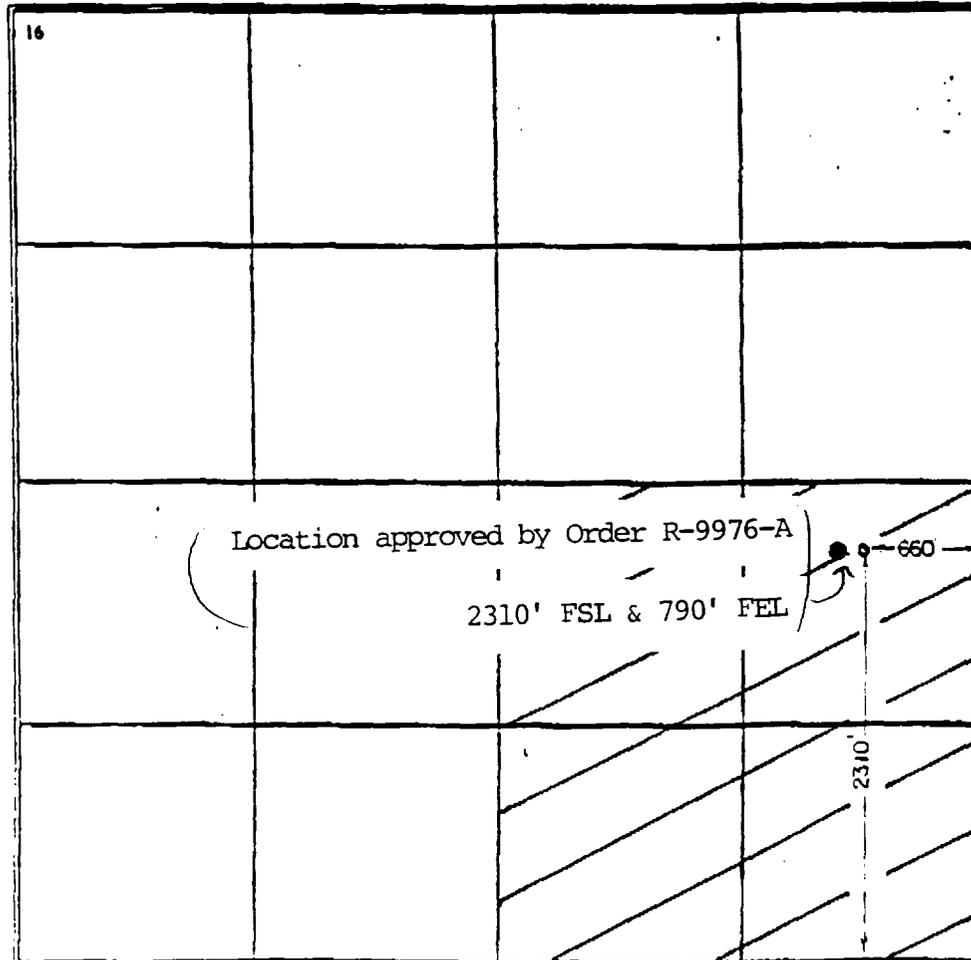
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	21	7S	26E		2310	SOUTH	660	EAST	CHAVES

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres <b>160</b>	13 Joint or Infill	14 Consolidation Code	15 Order No.
----------------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Clifton R. May*  
 Signature  
**Clifton R. May**  
 Printed Name  
 Permit Agent  
 Title  
**October 17, 1994**  
 Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

**10/14/94.**  
 Date of Survey

Signature of Surveyor  
  
 Certificate Number

PRODUCTION HISTORY SUMMARY

03/31/95 Frac job

04/06/95 First production to sales

*2664<sup>+</sup>  
(-115)*

<u>Month</u>	<u>Days Well Capable of Producing</u>	<u>Days Well Actually Produced</u>	<u>Actual Monthly Production (mcf)</u>	<u>Average Daily Production (mcf/d)</u>
4/95 <sup>(11-30)</sup>	25	<i>(15)</i> 8	<i>(4,543)</i> 1,408	909
5/95	31	29	12,511	176
6/95	30	31	<u>10,595</u>	431
7/95	<u>31</u>			<u>345</u>
Total to date:	117 days	73	29,057	398

*1500-120  
Flaring  
Taking  
Press  
110 psi  
line psi*

Well has produced at capacity for 44 days (4/6-10, 6/2-20, 7/12-31). Total production for these 44 days is 25,052 mcf.

Average production at capacity =  $\frac{25052 \text{ mcf}}{44 \text{ days}} = 569 \text{ mcf/d}$ .

*C. O'Leary*

Max. gas well could have produced to date = (569 mcf/d)(117 days) = 66,573 mcf

*Michael J. Brown  
Robert J. Brown*

Well has produced 73 days out of possible 117 days.

Well has produced 29,057 mcf out of a possible 66,573 mcf.

$\frac{29057}{66573} = 44\%$

<p><b>BEFORE EXAMINER SIGNER</b> OIL CONSERVATION DIVISION</p>
<p>YATES EXHIBIT NO. <u>6</u></p>
<p>CASE NO. <u>11283</u></p>