

Avalon Delaware Unit

Yates
Exhibits
#1-7

Yates Brings Three Main Points

1. Yates argued with Exxon a lot
2. A fair agreement was reached
Yates supports Unit as proposed by Exxon
3. Premier promised Delaware development by 1991
NMOCD Case 10145

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case Nos. 11297 and 11298 Exhibit No. 1

(De Novo)

Submitted by: Yates Petroleum Corporation

Hearing Date: December 14, 1995

Negotiations with Exxon -- Technical Committee Report

- | | | |
|-----------------|--|-------|
| 1. Sep 22, 1992 | Exxon releases Technical Report | |
| 2. Nov 13, 1992 | Yates meets with Coquina about Technical Report | |
| 3. Nov 25, 1992 | Boneau writes Exxon about Technical Report
(a) \$80 million AFE
(b) Reserves wrong for 4 wells | Ex 2A |
| 4. Dec 9, 1992 | Yates meets with Exxon about Technical Report | Ex 2B |
| 5. Dec 22, 1992 | Exxon revises primary reserves for 5 wells | Ex 2C |
| 6. Jan 7, 1993 | Boneau reports to Coquina about Exxon meeting | Ex 2D |
| 7. Feb 15, 1993 | Exxon draft of proposed changes to Technical Report | Ex 2E |
| 8. Mar 3, 1993 | Yates proposes amendment language for Tech Report | Ex 2F |
| 9. Apr 15, 1993 | Final Revisions to Technical Report | Ex 2G |

**BEFORE THE
OIL CONSERVATION COMMISSION**
Santa Fe, New Mexico

Case Nos. 11297 and 11298 Exhibit No. 2
(De Novo)

Submitted by: Yates Petroleum Corporation

Hearing Date: December 14, 1995

Negotiations with Exxon -- Ownership Formula

1. Apr 6, 1994	Notice from Exxon of WIO meeting on Apr 26	Ex 3A
2. Apr 26, 1994	WIO meeting in Midland - We hear Exxon plan (a) Attendance (b) Handouts (c) Proposed Agreements	Ex 3B
3. May 4, 1994	Agenda from Exxon for UCC-pick meeting	Ex 3C
4. May 13, 1994	Notes from UCC meeting - Premier, Yates & Exxon	Ex 3D
5. Jun 15, 1994	Comment letters - Premier, Yates, Hudson, Whiting, ANP	Ex 3E
6. Jun 17, 1994	Yates handouts for WIO meeting in Midland (a) Ownership formula (b) Voting percentage for approval (c) After-payout interests (d) Overhead rates	Ex 3F
7. Jun 20, 1994	Exxon minutes from June 17 WIO meeting	Ex 3G
8. Aug 1, 1994	Draft of Yates Proposal A for internal discussion	Ex 3H
9. Sep 6, 1994	Boneau sends Proposal A to Exxon (a) Phase I includes primary only (b) All Capital charged to Phase II owners (c) OpCosts charged according to current phase	Ex 3I
10. Oct 10, 1994	Exxon responds to Yates Proposal A with questions	Ex 3J
11. Nov 21, 1994	Yates meets with Exxon about formula	Ex 3K
12. Dec 5, 1994	Boneau sends Proposals B & C to Exxon (a) Special Phase II Owners (b) CO2 overhead higher	Ex 3L
13. Dec 30, 1994	Boneau review of Exxon counterproposal	Ex 3M
14. Jan 5, 1995	Boneau outlines Yates position for Exxon (a) Still talking 2-phase formula	Ex 3N
15. Jan 18, 1995	Yates proposes one-phase 23/47/30 (a) Exxon went to 25/50/25	Ex 3O

**BEFORE THE
OIL CONSERVATION COMMISSION**
Santa Fe, New Mexico

Case Nos. 11297 and 11298 Exhibit No. 3
(De Novo)

Submitted by: Yates Petroleum Corporation

Hearing Date: December 14, 1995

Negotiations with Exxon -- Voting Percentage for Approval

1. Jan 31, 1995	Exxon draft telling where Exxon/Yates agree	Ex 4A
2. Feb 1, 1995	Boneau response to Exxon draft (a) "Voting procedure stinks"	Ex 4B
3. Feb 8, 1995	Exxon fax on voting philosophy	Ex 4C
4. Feb 9, 1995	Boneau response on Avalon voting	Ex 4D
5. Feb 14, 1995	Exxon fax with latest proposal	Ex 4E
6. Feb 21, 1995	Yates draft and Exxon comments (a) Exxon finds "confusing"	Ex 4F
7. Feb 22, 1995	Exxon draft to send to WIO (a) "I'm at my limit on voting"	Ex 4G
8. Feb 23, 1995	Peyton Yates position on voting procedure (a) "This is as far as Peyton Yates will go"	Ex 4H
9. Feb 23, 1995	Exxon letter with final voting procedure (a) "Spirit of Cooperation"	Ex 4I

**BEFORE THE
OIL CONSERVATION COMMISSION**
Santa Fe, New Mexico

Case Nos. 11297 and 11298 Exhibit No. 4
(De Novo)

Submitted by: Yates Petroleum Corporation

Hearing Date: December 14, 1995

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

IN THE MATTER OF:)
)
APPLICATION OF YATES PETROLEUM)
CORPORATION FOR SPECIAL POOL) CASE NO. 10145
SANTA FE, EDDY COUNTY, NEW MEXICO.)
_____)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: JIM MORROW, Hearing Examiner

November 23, 1990
10:45 a.m.
Santa Fe, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

This matter came on for hearing before the Oil
Conservation Division on November 23, 1990, at 10:45 a.m. at
Oil Conservation Division Conference Room, State Land Office
Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico, before
Deborah LaVine, RPR, Certified Shorthand Reporter No. 252 and
Notary Public, in and for the County of Santa Fe, State of New
Mexico.

FOR: OIL CONSERVATION
DIVISION

BY: DEBORAH LAVINE, RPR
Certified Shorthand Reporter

HUNNICUTT REPORTING
DEBORAH LAVINE, CSR, RPR

Case Nos. 11297 and 11298 Exhibit No. 5
(De Novo)
Submitted by: Yates Petroleum Corporation
Hearing Date: December 14, 1995

I N D E X

November 23, 1990
Examiner Hearing
Case No. 10145

PAGE

APPEARANCES

3

APPLICANT'S WITNESSES:

JANET RICHARDSON

Direct Examination by Mr. Carroll

4

Cross-Examination by Mr. Carr

7

DAVID F. BONEAU

Direct Examination by Mr. Carroll

8

Cross-Examination by Mr. Carr

23

Examination by Examiner Morrow

32

Redirect Examination by Mr. Carroll

32

Recross-Examination by Mr. Carr

39

Further Examination by Examiner Morrow

39

INTERVENOR'S WITNESSES:

LARRY JONES

Direct Examination by Mr. Carr

40

Cross-Examination by Mr. Carroll

48

Examination by Examiner Morrow

52

CLOSING STATEMENTS:

By Mr. Carr

54

By Mr. Carroll

55

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APPLICANT'S EXHIBITS:

MRKD

ADMTD

1. Map
2. Table
3. Map
4. Map
5. Map
6. Graph
7. Graph
8. Graph
9. Graph

5	25
10	23
12	23
14	23
15	25
17	25
19	25
20	25
20	25

INTERVENOR'S EXHIBITS:

1. Map
2. Neutron Density Log

42	48
45	48

HUNNICUTT REPORTING
DEBORAH LAVINE, CSR, RPR

1 A. Sometime next year in 1991, our intention is to go
2 into this well and to perforate the middle section of the
3 Delaware. And there's an evidence in the part of the exhibit
4 here, it has a log of the one where we're perforated.

5 (Intervenor's Exhibit No. 2
6 was marked for identification.)

7 Q. That's your Exhibit Number 2?

8 A. Yes, that's Exhibit Number 2. And Exhibit Number 3
9 of a cross section starting at about 3,400 feet that we plan
10 on perforating which we feel like that we might be successful
11 in completing this. And, of course, if we're successful, our
12 intention is to go ahead and to continue drilling or to plug
13 back that number one.

14 Q. Again, Mr. Jones, what's marked as Exhibit Number 2
15 is three pages; correct?

16 A. Right.

17 Q. And this is the log on the current Delaware
18 producer?

19 A. Right, yeah, that identifies the log on it. That's
20 the neutron density log.

21 Q. The first page of that shows the current perforated
22 interval in that well?

23 A. Yes, sir.

24 Q. And then the second portion or the last page of
25 this exhibit indicates the interval which correlates to the

1 exactly what, you know, exactly initially the perforations and
2 number of prorations which you'd have to have in order to
3 complete an AFE.

4 Q. And so am I correct in assuming that you really
5 have no timetable at this time with respect to doing that
6 operation?

7 A. No, I intend to do that next year.

8 Q. Next year. Well, can you --

9 A. In 1991.

10 Q. Well, do you have any specific evidence which tells
11 you or which would show to the commission that the granting of
12 this application today will adversely affect through drainage
13 of your location or your tract of land any time during the
14 year of 1991?

15 A. Do I have any specific -- other than my testimony
16 here and what we brought up, I don't have any other evidence.

17 MR. CARROLL: That's all I have.

18 EXAMINATION

19 BY EXAMINER MORROW:

20 Q. Mr. Jones, you indicated that you would continue
21 drilling. I think I understood you to mean that if you were
22 successful in this first recompletion, you would drill other
23 wells; is that correct?

24 A. That's correct.

25 Q. Did you answer a question that was asked of you as