

12-10-91
 12-18-90
 12-9-91
 L.H. Wenzl et al N.M.
 Dan & Mike Field (S)
 David Pet. 12-2-99
 12-1-97
 8-15-97
 Devon Ener. Harper Oil Snyder
 (ARCO) WC Disc. DA 12-75
 Dan & Mike Field (S)
 Chambers
 Dan & Mike Field (S)
 J.L. Reed, Est. Orion O&G 8-12-97
 U.L. Reed, Est. 26
 Dan Field, Tr. Glenda E. Dan Field, Tr. 26
 PG&E Res. 8-12-97
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12-1-98
 VA-1115 5175
 C.A. Fort, Est. (S) State
 West Lovington Strawn Unit
 Tracts Proposed to Expand
 West Lovington Strawn Unit
 Yates Acreage
 New Proposed Boundary for
 West Lovington-Strawn Pool

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BEFORE THE
 OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 11599 Exhibit No. 1
 Submitted by: Yates Petroleum Corporation
 Hearing Date: October 3, 1996

YATES PETROLEUM CORPORATION
NMOCD CASE 11599

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

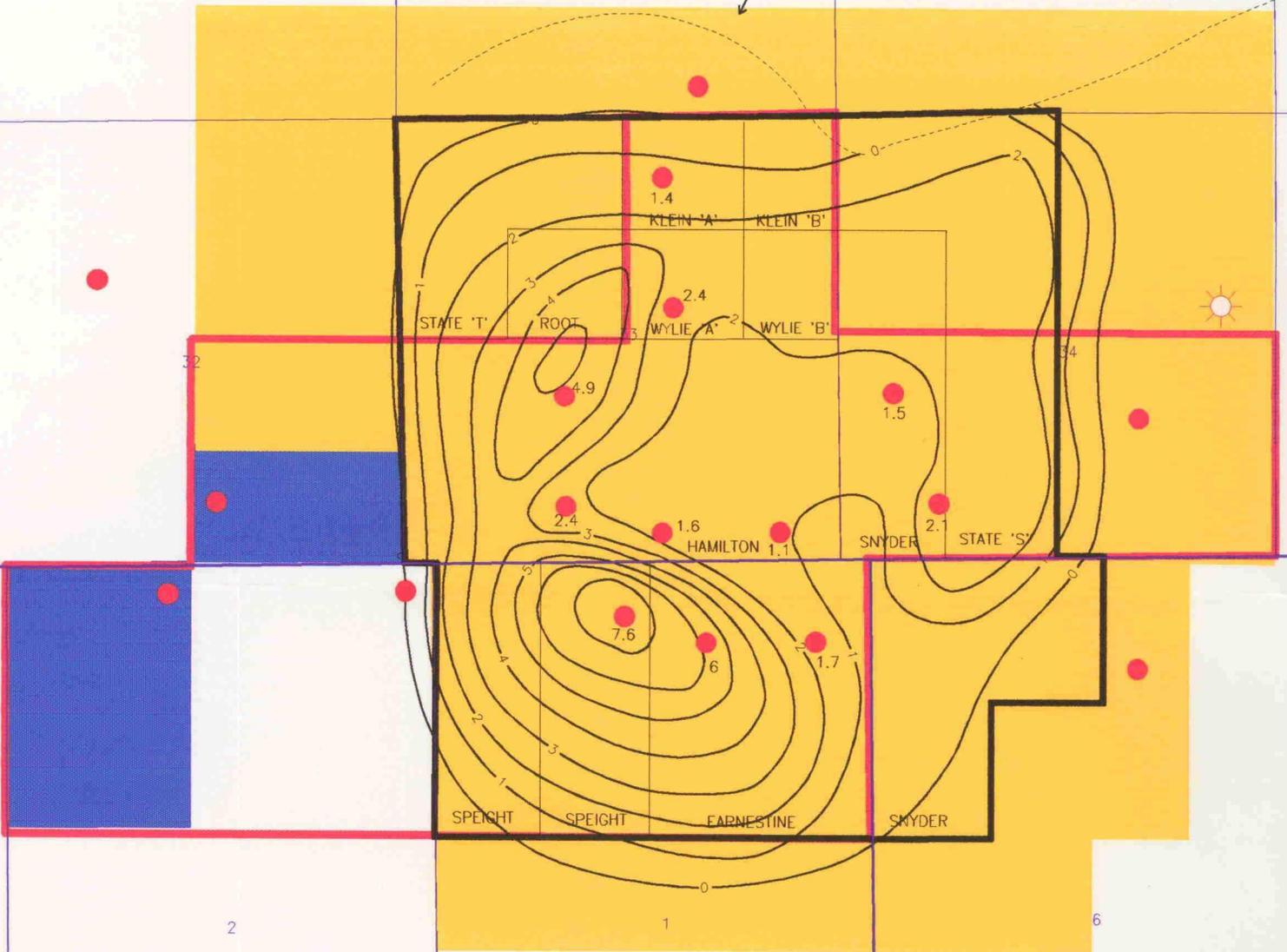
Case No. 11599 Exhibit No. 2

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

- I. SUGGESTED ACTION
 - A. DENY GILLESPIE-CROW APPLICATION
 - B. SET HEARING FOR UNIT EXPANSION
- II. REASONS TO DENY GILLESPIE-CROW APPLICATION
 - A. ATTEMPT BY GILLESPIE TO DISCOURAGE FUTURE DEVELOPMENT
 - 1. GILLESPIE WANTS TOTAL CONTROL OF RESERVOIR
 - 2. REMOVE INCENTIVE TO RISK DRILLING
 - 3. BURDEN OF PROOF SHOULD BE ON GILLESPIE
 - B. GILLESPIE SEEKS NMOCD APPROVAL FOR PAST BEHAVIOR
 - 1. GILLESPIE PRODUCED STATE S#1 FAR BELOW MINIMUM
 - 2. GILLESPIE SLOW TO ADDRESS SITUATION
 - 3. YATES HAS SOUGHT MEETINGS AND COMPROMISE

O/W CONTACT
-7617
by LOG ANALYSIS
WILEY #1



LEGEND

- Unit Outline
- Existing Pool
- Proposed WLS Pool
- South Big Dog Strawn

Yates Petroleum Corporation

WEST LOVINGTON STRAWN POOL
Lea County, New Mexico
Hydrocarbon Pore Feet

Carolyn Yates		9/24/96
TFLOWING.GPF	Scale 1:24000.	C.I. = 1

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

Case No. 11599 Exhibit No. 3

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

CHRONOLOGY OF EVENTS

October 1, 1995 West Lovington Strawn Unit, (WLSU), became effective.

October 26, 1995 The State S #1 well was completed with an initial potential of 505 BOPD + 720 MCF/D from the Strawn.

January 8, 1996 Yates received a letter from Gillespie-Crow acknowledging that Yates and others owned part of the State S #1. Gillespie-Crow noted its intent to unitize the State S #1 upon payout. Gillespie-Crow also indicated they would reduce production on the State S #1 to 175 BOPD when it was pulled into the WLSU.

February 27, 1996 Internal Yates letter where Yates calculated that its interest in the State S #1 was worth much more outside the WLSU than in the WLSU at the interest Gillespie-Crow offered.

May 10, 1996 Yates received letter from Gillespie-Crow with a ballot to expand the WLSU to include the State S #1.

June 20, 1996 Meeting of working interest owners of WLSU in Midland. Yates voted "no" on ballot in letter of May 10th.

July 2, 1996 Letter from Yates to Gillespie-Crow which asked that the State S #1 be produced at allowable. Yates indicated that they would settle for 4.89 percent of the expanded unit for their interest in the State S #1 if it was proved that this well belonged in the WLSU.

July 24, 1996 Phone call from Yates lawyer to Gillespie-Crow which asked that the State S #1 be produced at allowable.

August 2, 1996 Application of Gillespie-Crow to reduce allowable in the WLSU in Case 11599.

August 19, 1996 Motion from Yates to dismiss Case 11599.

August 22, 1996 First hearing on Case 11599. Outcome was continuation until today (October 3, 1996).

August 30, 1996 Amended application from Gillespie-Crow in Case 11599.

September 3, 1996 Phone call from Yates lawyer to Gillespie-Crow which asked that the State S #1 be produced at allowable.

September 13, 1996 Letter from Gillespie-Crow proposing expansion of the WLSU to include the State S #1 and the Chandler #1 well. This letter called for a WIO meeting September 19, 1996.

September 19, 1996 Second meeting with WIO's in Midland. Hanley invited for the first time.

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

Case No. 11599 Exhibit No. 4

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

Gillespie-Crow letter
January 8, 1996

"... it is Gillespie-Crow, Inc.'s intention, as Operator of the West Lovington Strawn Unit and the subject well, to bring said well into the Unit immediately upon payout. At that time, the well will be choked back to approximately 175 barrels of oil per day which is inline with production from the other Unit wells."

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

Case No. 11599 Exhibit No. 5

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

**STATE S #1
PRODUCTION**

DATE	DAYS	OIL PROD.	OIL	GAS PROD.	GAS	GOR	CUM OIL
	PROD.	(BBLs)	(BOPD)	(MCF)	(MCF/D)		(BBLs)
Oct-95	11	5,272	479	8,574	779	1.626	5,272
Nov-95	30	13,173	439	24,125	804	1.831	18,445
Dec-95	30	12,748	425	19,893	663	1.560	31,193
Jan-96	31	5,651	182	9,179	296	1.624	36,844
Feb-96	29	2,707	93	3,803	131	1.405	39,551
Mar-96	27	3,067	114	4,333	160	1.413	42,618
Apr-96	23	2,844	124	4,469	194	1.571	45,462
May-95	31	3,196	103	4,808	155	1.504	48,658
Jun-96	30	5,396	180	9,440	315	1.749	54,054
Jul-96	21	4,189	199	6,354	303	1.517	58,243

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

Case No. 11599 Exhibit No. 6

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

BOPD and MCF/D are per producing day

COMPARISON OF PRODUCTION				
WLSU WELLS VS. STATE S #1				
			<i>WLSU #18</i>	<i>WLSU #19</i>
DATE	AVG. WLSU	STATE S #1	SNYDER #1	SNYDER #2
	WELL PROD.	PROD.	PROD.	PROD.
	(BOPD)	(BOPD)	(BOPD)	(BOPD)
Oct-95	118	170	122	116
Nov-95	137	439	125	135
Dec-95	121	411	114	101
Jan-96	138	182	156	168
Feb-96	159	93	195	278
Mar-96	163	99	219	302
Apr-96	183	95	252	262
May-95	196	103	228	379
Jun-96	187	180	218	362
Jul-96	168	135	218	279

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

Case No. 11599 Exhibit No. 7

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

BOPD are per calendar day

1 Second, the
2 the positive-producti
3 unitization has preve
4 additional oil to be
5 critical. And I thin
6 to why Gillespie-Crow

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

Case No. 11599 Exhibit No. 8

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996

7 In late 1995, after unitization, Gillespie-Crow
8 drilled the State "S" Well Number 1. It's in the west
9 half, southeast quarter, of Section 34. I'll get up in a
10 while and use this map to point out where some of these
11 wells are located.

12 This immediately adjoins the unit, and this well
13 is definitely in pressure communication with all wells in
14 the West Lovington-Strawn unit. I have a handout here in a
15 minute I'll give to you. It is capable of top allowable
16 production.

17 In early 1996, Hanley Petroleum, one of the
18 Movants today, drilled its Chandler Number 1 well. This
19 well is also completed in the same reservoir as the West
20 Lovington-Strawn unit. It's only 330 feet north of the
21 unit's boundary.

22 Based on these completions, Gillespie-Crow has
23 started discussions with the working interest owners to add
24 additional acreage to the unit. To date, these
25 negotiations have not been successful, to say the least.

1 That's exactly what Gillespie-Crow is asking the Division
2 to do in this case, to restrict production, to prevent harm
3 to the reservoir and to prevent injury to neighboring
4 properties.

5 There's a few final issues to address. I think
6 these are more properly for the hearing, but since Mr. Carr
7 brought them up...

8 How many wells will be affected by this
9 Application? At this time, one, the State "S" Well Number
10 1. What Gillespie-Crow seeks is a restriction on oil
11 production from wells adjoining the unit which are
12 completed in the same reservoir. The Hanley well is
13 unaffected because it's producing only 125 barrels of oil
14 per day, which is less than the unit's allowable.

15 Will the State "S" Number 1 be affected? I
16 suppose to a certain extent it will. But Gillespie-Crow
17 and Enserch -- I forget the exact percentage, but they own
18 roughly half of the working interest in that well. When
19 there was a title dispute, they thought they owned about 80
20 percent of the working interest in that well, and that came
21 -- that was just recently resolved in that well.

22 But let me give you some background on that well.
23 It was not -- it has not always been -- It has not always
24 had its production restricted. It was produced for several
25 months at top allowable. Starting in early 1996, its

1 production was restricted due to the title issues I just
2 mentioned. More recently, its production has been
3 increased back up to the top allowable because of protests
4 by Yates and other of Mr. Carr's clients.

5 As I noted, this is at the expense of the
6 interest owners in the unit, because those wells have had
7 their production decreased concomitantly to prevent
8 reservoir damage.

9 I'd point out that this well paid out some time
10 ago, and even under the Application as it was envisioned at
11 the time, it would still produce about 200 barrels of oil
12 per day, and that's pretty good production, especially when
13 you don't have to pay the unit costs.

14 What acreage is affected? Let me give you some
15 idea. Once again, we think this is something for hearing.
16 I'd first start off by saying, you remember Mr. Kellahin
17 here with Mr. Squires, geologist. Yes, you accepted their
18 geology.

19 But if you'll go back and look at their map,
20 their unit outline wasn't any different than Gillespie-
21 Crow's. There's some differences in the thicknesses over
22 on the east side of the unit. There's a few other things.
23 There is an oil-water contact which Snyder Ranches agreed
24 was at the north edge of the unit. That will mean that
25 much of this acreage to the north and northeast will

1 MR. CARROLL: And what wells again were -- what
2 wells do you hope to restrict the production on?

3 MR. BRUCE: I don't know which quarter section
4 it's in. The State "S" Number 1 in the west half,
5 southeast quarter of Section 34 is the only well at this
6 time.

7 This well, the Hanley well in the -- Section 28
8 to the north, would not be restricted.

9 MR. CARROLL: Would not?

10 MR. BRUCE: Would not. But they do -- But since
11 that is a -- since they've just recently gotten the log
12 data from that well, they do plan on seeking the
13 unitization of that acreage also, since it is within the
14 unit. I mean, since it is within the unit's reservoir.

15 MR. CARROLL: The State "S" is operated by
16 Gillespie-Crow?

17 MR. BRUCE: Gillespie-Crow.

18 EXAMINER CATANACH: Gillespie-Crow operates the
19 State "S" Well Number 1?

20 MR. BRUCE: Yes, they do.

21 EXAMINER CATANACH: But you're producing at top
22 allowable rates?

23 MR. BRUCE: They informed me that late last month
24 they increased it back up to its top allowable rate, as an
25 accommodation to Yates and the others.

PRODUCTION HISTORY

Date: _____
Time: _____

File: _____
Get: _____

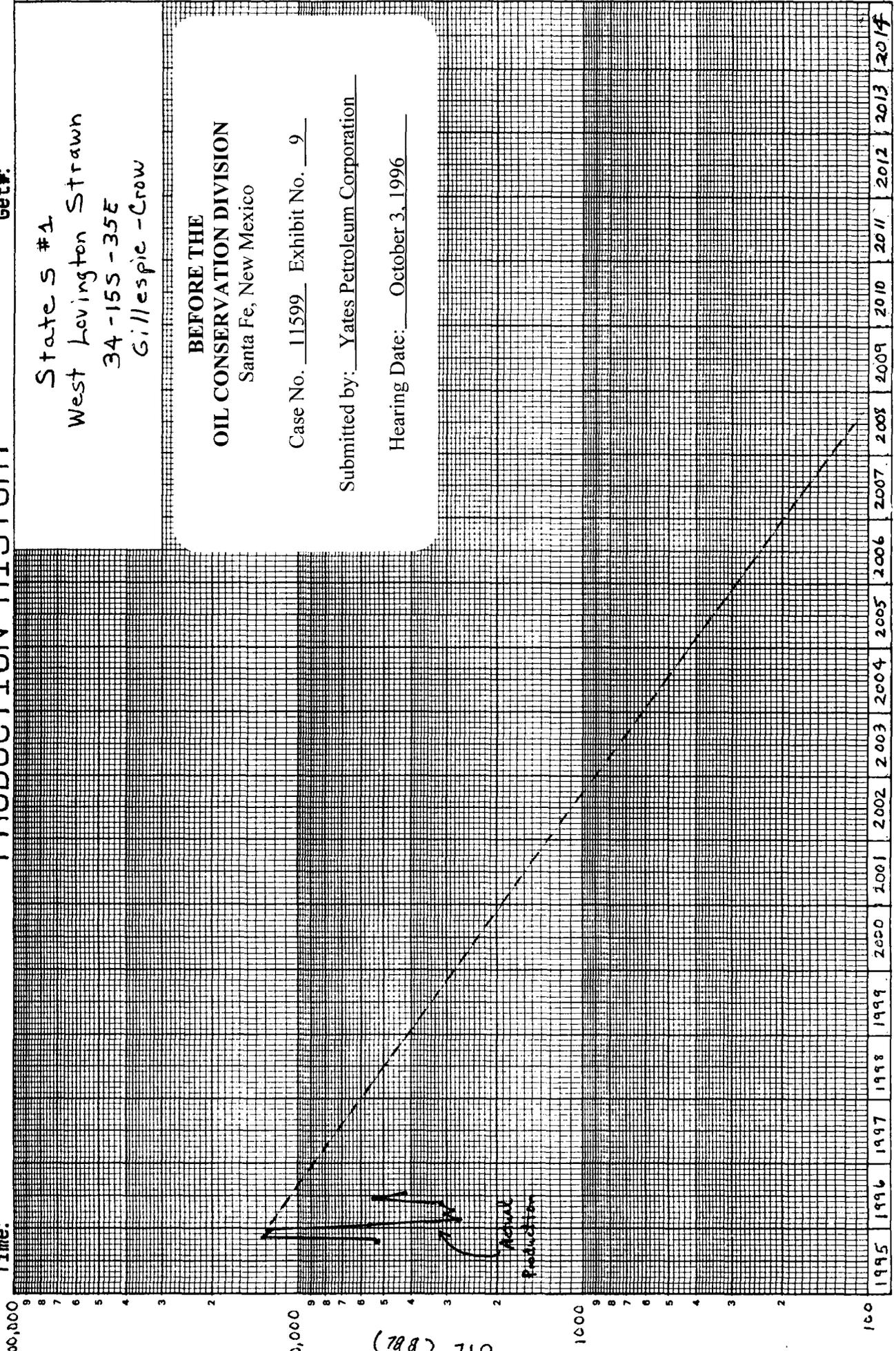
State S #1
West Livingston Strawn
34-155-35E
Gillespie-Crow

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

Case No. 11599 Exhibit No. 9

Submitted by: Yates Petroleum Corporation

Hearing Date: October 3, 1996



CUMULATIVE OIL (BBL) =

DPC & A

YEARS

SL 2033

CUMULATIVE GAS (MCF) =