

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

IN THE MATTER OF THE APPLICATION
OF AMERIND OIL COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 11717

**MOTION TO DISMISS
OF
YATES PETROLEUM CORPORATION**

COMES NOW, YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, and hereby moves the Division for an order dismissing the above referenced application and in support of its motion states:

1. Yates is the owner of the working interest in Lots 8, 10 and 11 of Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, which is located within the Undesignated West Lovington-Strawn Pool. A plat of Section 2 is attached hereto as Exhibit A.

2. The West Lovington-Strawn Pool is governed by Special Pool Rules and Regulations which provide for 80-acre spacing and proration units with wells to be located on standard units consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section.

3. In August 1996, Yates decided to drill a well in Lot 10 of Section 2 to offset drainage in the Strawn formation from the recently completed Amerind Gallagher State No. 2 located in Lot 6.

4. Yates filed an Application for Permit to Drill this well, which was approved by the Division on August 30, 1996. Yates proposed to dedicate to this well an 80-acre tract consisting of Lots 10 and 11 of said Section 2. A copy of this Application for Permit to Drill is attached hereto as Exhibit B.

5. Since this spacing and proration unit crossed the centerline of Section 2, Yates filed an application for administrative approval of this non-standard spacing unit on September 3, 1996.

6. On September 25, 1996, Amerind Oil Company and Michael E. Shearn Oil Properties ("Amerind") objected to this proposed non-standard spacing and proration unit and the application was returned to Yates.

7. Yates has reached an agreement with UMC Petroleum Corporation ("UMC"), the owner of the working interest in Lot 15 of Section 2, to reorient the spacing unit to place it within the standard spacing unit comprised of the W/2 SE/4 of said Section 2, and develop the Strawn formation with an 80-acre spacing unit consisting of Lots 10 and 15.

8. On December 20, 1996, Yates and UMC executed a Joint Operating Agreement for this property and filed a Communitization Agreement with the Commissioner of Public Lands. Copies of the Operating Agreement and the Communitization Agreement are attached hereto as Exhibits C and D.

9. The Division approved an Application for Permit to Drill for this well on January 7, 1997. A copy of this Application for Permit to Drill is Attached hereto as Exhibit

MOTION TO DISMISS OF YATES PETROLEUM CORPORATION.

Page 2

E.

10. Thereafter, on January 13, 1997, Amerind filed this application to force pool the interest of Yates into a well it proposed to drill on a non-standard spacing and proration unit comprised of Lots 7 and 10 of Section 2. Amerind also proposes to locate the well on Yates Lot 10.

11. By letter dated January 25, 1997, Amerind advised that Lot 10 may be pooled with its Lot 7. It erroneously contends that Lots 10 and 15 are a nonstandard spacing or proration unit for which Yates has failed to obtain Division approval. Amerind's position appears to be that in an irregular Section, all spacing units are non-standard.

12. Amerind is the operator of spacing units in Section 2 comprised of Lots 1 and 2, Lots 3 and 4, and Lots 5 and 6. Amerind also is currently seeking the pooling of all interests in 80- acre spacing units comprised of Lots 8 and 9 , and Lots 7 and 10. Although Amerind contends that Yates Division approval for a nonstandard spacing unit comprised of Lots 7 and 10, apparently it has not sought Division approval for any of a nonstandard units for any of the wells it operates in this irregular section.

13. Accepted surveying practice establishes that, as here, all accumulated error in surveying an irregular Section falls in the most northerly portion of the section . See, Moffitt and Bouchard, *Surveying*, Thomas Y. Crowell Company, Inc. 1975. Accordingly, a spacing unit comprised of Lots 10 and 15 is a standard 80-acre unit being the equivalent of the W/2 NE/4 of Section 2. Any other interpretation of the status of the lands in this Section would

MOTION TO DISMISS OF YATES PETROLEUM CORPORATION.

Page 3

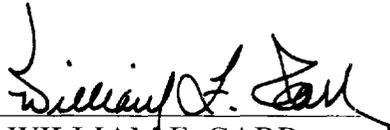
be an interpretation by the Division that any spacing or proration unit in an irregular section is a nonstandard unit.

14. Amerind also contends that the Yates spacing unit will result in Lot 7 never being included in an 80-acre oil spacing unit for this pool. This argument is not the result of the Yates spacing unit but the fact that Amerind has also filed an application seeking the formation of a non-standard unit consisting of Lots 8 and 9 of this section. Absent this pooling application, Amerind could combine its acreage in Lot 7 with acreage in Lot 8, thereby forming an 80-acre oil spacing unit in the Strawn formation. In fact, Amerind is complaining to the Division about a problem which it has created.

WHEREFORE, Yates Petroleum Corporation, requests that the application of Amerind Oil Corporation for compulsory pooling of Lots 7 and 10 of Section 2, Township 16 South, Range 35 East be dismissed and that Yates be permitted to drill its Field "APK" State Com Well No. 1 pursuant to its approved Application For Permit to Drill thereby protecting this acreage from further drainage from the offsetting Amerind Gallagher State Well No. 1.

Respectfully submitted,

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

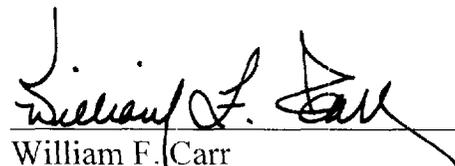
By: 
WILLIAM F. CARR

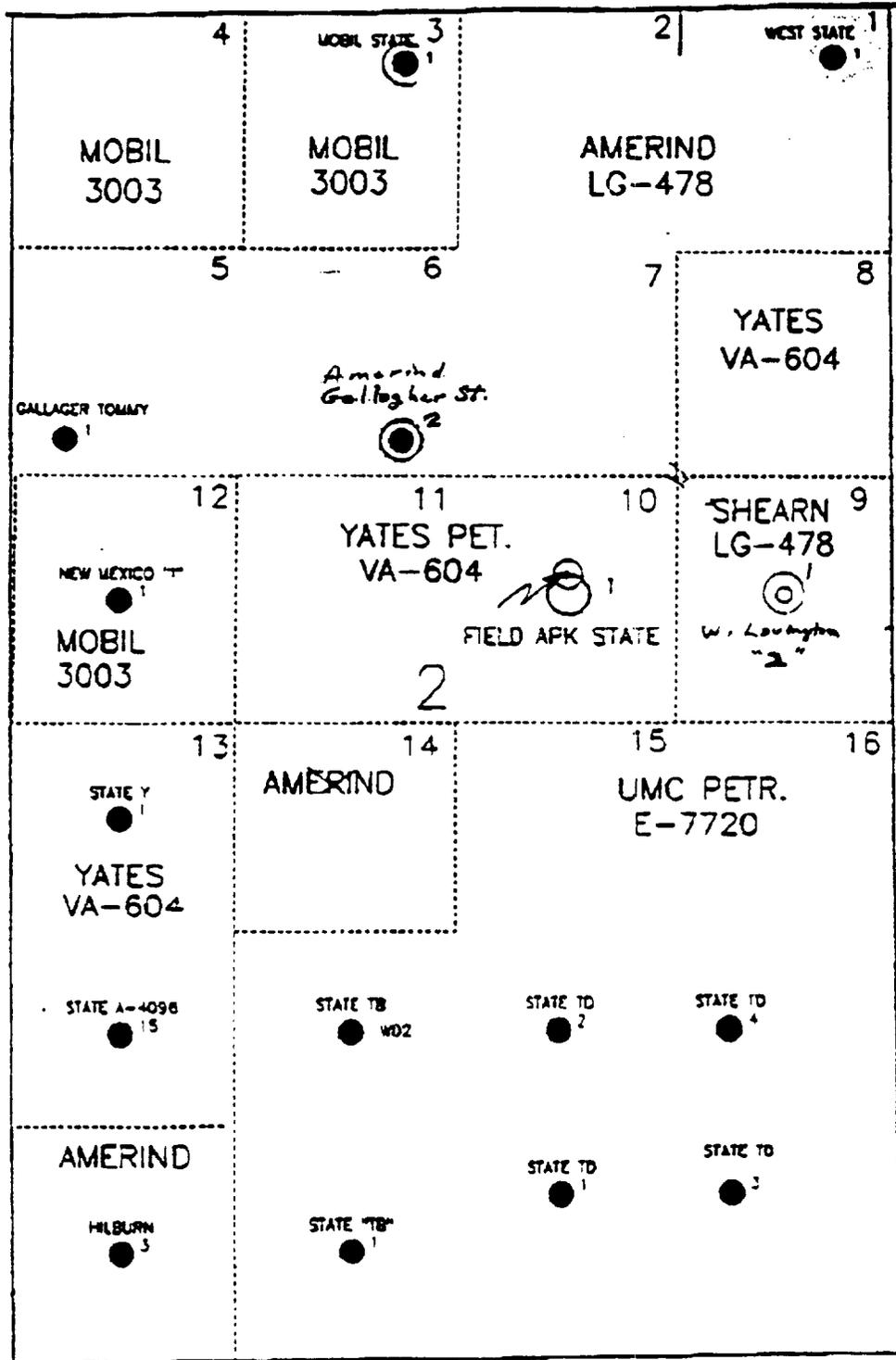
ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of February, 1997, I have caused to be hand-delivered a copy of Yates Petroleum Corporation's Motion to Dismiss in the above-captioned case to the following named counsel:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, New Mexico 87501


William F. Carr



Yates Petroleum Corporation		
FIELD APK STATE / 1		
SEC. 2, T10S-R25E		
1800' FEL 3500' FNL LEA CO., MN		
WELL NO.	DATE	STATUS

Exhibit A

Geo Brian Donna
Lucas

District I
PO Box 1950, Hobbs, NM 88241-1950
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos 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
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		OGRID Number 025575
		API Number 30-025-33563
Property Code 19431	Property Name Field APK State	Well No. 1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County
Lot 10	2	16S	35E		3500	North	1880	East	Lea

8 Proposed Bottom Hole Location If Different From Surface

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

Proposed Pool 1 West Lovington Strawn	Proposed Pool 2
--	-----------------

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3990'
Multiple No	Proposed Depth 11900'	Formation Strawn	Controlled Undesignated	Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14 3/4"	11 3/4"	42#	450'	550 sx	Circulate
11"	8 5/8"	32#	4950'	1050 sx	Circulate
7 7/8"	5 1/2"	15.5# & 17#	TD	1350 sx	Approx. 7100'

Permit Expires 1 Year From Approval Date Unless Drilling Underway

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plan to drill and test the Strawn and intermediate formation. Approx. 450' of surface casing will be set and cement circulated to surface. Approx. 4950' of intermediate casing will be set and cement circulated. If commercial production casing will be ran and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW Gel, Paper, LCM spud to 450'; Brine to 4950'; Cut brine, starch to 9600'; Salt Gel starch to TD.

BOPE PROGRAM: BOPE will be installed on the 11 3/4" casing and tested daily for operational.

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

Signature: *Cliff R. May*

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY JERRY STYTON

Title: DISTRICT I SUPERVISOR

Approval Date: AUG 30 1993

Expiration Date:

A.A.P.L. FORM 610 - 1977
MODEL FORM OPERATING AGREEMENT

Use of this identifying mark is prohibited
except when authorized in writing by the
American Association of Petroleum Landmen

OPERATING AGREEMENT

DATED

December 20, 19 96

OPERATOR Yates Petroleum Corporation

CONTRACT AREA Township 16 South, Range 35 East
Section 2: Lots 10 & 15

COUNTY OR PARISH OF Lea STATE OF New Mexico

COPYRIGHT 1977 — ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610 - 1977 REVISED
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101

ARTICLE XVI
MISCELLANEOUS

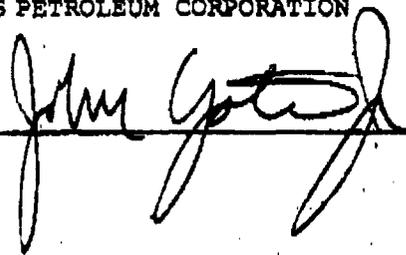
This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 20th day of December, 1996.

OPERATOR

YATES PETROLEUM CORPORATION



NON-OPERATORS

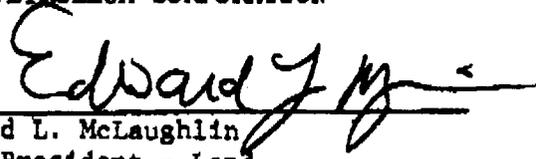
YATES DRILLING COMPANY

ABC PETROLEUM CORPORATION

RE

MYCO INDUSTRIES, INC.

UMC PETROLEUM CORPORATION



Edward L. McLaughlin
Vice President - Land

STATE OF NEW MEXICO)
)SS
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 20th day of December, 1996 by John Yates, Jr., Attorney-in-Fact, for Yates Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.

My commission expires:
1-8-2000


Notary Public

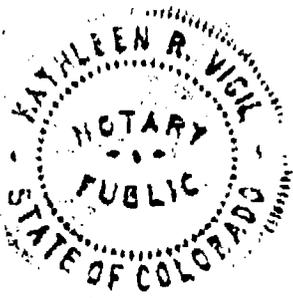
COLORADO
STATE OF ~~NEW MEXICO~~)
)SS
DENVER)
COUNTY OF EDDY)

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7 The foregoing instrument was acknowledged before me this 20th day of January,
1996 by ~~Payton Yates, Attorney-in-Fact, for Yates Drilling Company, John Yates, Jr., Attorney-in-Fact for the~~
~~Petroleum Corporation, and Frank Yates, Jr., Attorney-in-Fact for Yates Industries, Inc., all New Mexico~~
~~corporations, on behalf of said corporations,~~ Edward L. McLaughlin, to me known to be the Vice
President-Land of UMC Petroleum Corporation, a Delaware Corporation on behalf of
such corporation.
My commission expires:
09-03-97

Kathleen R. Vigil
Notary Public
Name: Kathleen R. Vigil



ATTACHED TO AND MADE A PART OF THAT CERTAIN OPERATING AGREEMENT DATED DECEMBER 20, 1996, BETWEEN YATES PETROLEUM CORPORATION, AS "OPERATOR", AND UMC PETROLEUM CORPORATION, AS "NON-OPERATORS".

EXHIBIT "A"

I. LANDS SUBJECT:

1. Lands Subject to Agreement:

Township 16 South, Range 35 East, N.M.P.M.
Section 2: Lots 10 & 15
Lea County, New Mexico

2. Depth Restriction:

From surface to base of the Strawn formation.

II. PERCENTAGE INTERESTS OF PARTIES UNDER THE AGREEMENT:

Yates Petroleum Corporation	35.00%
Yates Drilling Company	5.00%
Abo Petroleum Corporation	5.00%
Myco Industries, Inc.	5.00%
UMC Petroleum Corporation	50.00%

III. LEASES SUBJECT TO AGREEMENT:

1. State of New Mexico VA-604
Township 16 South, Range 35 East
Section 2: Lot 10
Lessor: State of New Mexico
Lessee: Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
Expiring: 5-1-97
Gross Acres: 40
Net Acres: 40
2. State of New Mexico E-7720
Township 16 South, Range 35 East
Section 2: Lot 15
Lessor: State of New Mexico

Lessee: State of New Mexico

Lessee: UMC Petroleum Corporation

Expiring: HBP

Gross Acres: 40

Net Acres: 40

IV. ADDRESSES OF PARTIES TO WHICH NOTICES SHOULD BE SENT:

**UMC Petroleum Corporation
410 17th Street - Suite 1400
Denver, Colorado 80202
Attention: Joe Gavlik**

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Rob Bullock**

COMMUNITIZATION AGREEMENT

STATE OF NEW MEXICO) **KNOW ALL MEN BY THESE PRESENTS:**

COUNTY OF

THAT THIS AGREEMENT* is entered into as of the January 20 19 97, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the Commissioner to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Strawn formation (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independantly developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

***This agreement not to be used for holding or carbon dioxide**

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. **The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:**

Township 16 South Range 35 East N. M. P. M.

Section 2: Lots 10, 15

Lea County, New Mexico,

containing 80.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit "A" showing the acreage, and ownership (Lessees of Record) of all leases within the communitized area.

2. **The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.**
3. **Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for**

in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

- 4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.*
- 5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.*
- 6. The commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.*
- 7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.*
- 8. Yates Petroleum Corporation shall be the Operator of said communitized area and all matters of operation shall be determined and performed by Yates Petroleum Corporation.*

9. *This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.*
10. *Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.*
11. *It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in*

Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

- 12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.
- 13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

YATES PETROLEUM CORPORATION

OPERATOR: _____

BY: _____

[Handwritten Signature]

RB

LESSEES OF RECORD: _____

YATES PETROLEUM CORPORATION

By: _____

UMC PETROLEUM CORPORATION

By: _____

**Edward L. McLaughlin
Vice President - Land**

STATE OF NEW MEXICO)

COUNTY OF EDDY)

JS

The foregoing instrument was acknowledged before me this 27th day of January 19 97 by Randy G. Patterson, as Attorney in Fact on behalf of Yates Petroleum Corporation, a New Mexico Company corporation.

1-8-2000
My Commission Expires

[Handwritten Signature]
Notary Public

STATE OF COLORADO

COUNTY OF DENVER

)ss



The foregoing instrument was acknowledged before me this 23rd day of January,
by Edward L. McLaughlin, as Vice President-Land of
the Petroleum Corporation, a Delaware Corporation.

September 3, 1997

My Commission Expires

Kathleen R. Vigil

Notary Public: Kathleen R. Vigil
410 17th Street, Suite 1400
Denver, Colorado 80202

STATE OF _____

)ss

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____, as Attorney in Fact on behalf of
_____ Company.

My Commission Expires

Notary Public

STATE OF _____

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COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____, as Attorney in Fact on behalf of
_____ Company.

My Commission Expires

Notary Public

STATE OF _____

)ss

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____, as Attorney in Fact on behalf of
_____ Company.

My Commission Expires

Notary Public

EXHIBIT "A"

Attached to and made a part of that Communitization Agreement dated January 20, 1997 by and between YATES PETROLEUM CORPORATION, UMC PETROLEUM CORPORATION, Company covering the ^{Lots} 10, 15 Section 2 Township 16 South Range 35 East, Lea, County, New Mexico.

Operator of Communitized Area:

Company Yates Petroleum Corporation

Description of Leases Committed:

Tract No. 1

Lessor:

State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record:

Yates Petroleum Corporation

Serial No. of Lease:

VA-0604

Date of Lease:

5-1-92

Description of Lands Committed:

Township 16 South, Range 35 East
Section 2: Lot 10.

Lea County, New Mexico

No. of Acres:

40.00

Tract No. 2

Lessor:

State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record:

UMC Petroleum Corporation

Serial No. of Lease:

E-7720-4

Date of Lease:

1-19-54

**Description of Lands
Committed:**

Township 16 South, Range 35 East

Section 2: Lot 15

Lea County, New Mexico

No. of Acres:

40.00

Tract No. 3

Lessor:

**State of New Mexico acting by and through
its Commissioner of Public Lands**

Lessee of Record:

Serial No. of Lease:

Date of Lease:

**Description of Lands
Committed:**

No. of Acres:

Tract No. 4

Lessor:

**State of New Mexico acting by and through
its Commissioner of Public Lands**

Lessee of Record:

Serial No. of Lease:

Date of Lease:

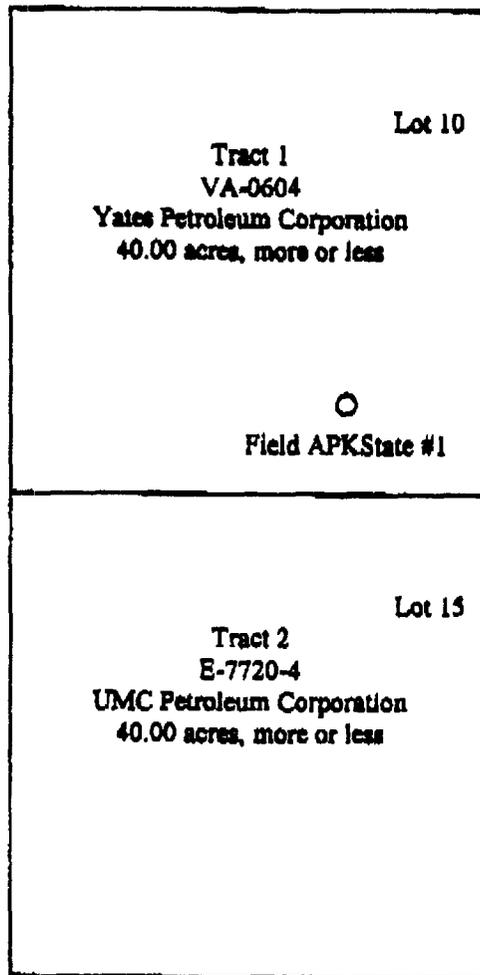
**Description of Lands
Committed:**

No. of Acres:

RECAPITULATION

TRACT NO.	NO. OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
Lease No. 1	40.00	50.00%
Lease No. 2	40.00	50.00%
Lease No. 3	---	---
Lease No. 4	---	---
	<hr/>	<hr/>
	80.00	100.00%

EXHIBIT B



PLAT OF COMMUNITIZED AREA
Township 16 South, Range 35 East
Section 2: Lots 10, 15
Strawn Formation
Lea County, New Mexico

Communitization Agreement
Field APK State #1
T16-R35E, Sec. 2: Lots 10, 15
Lea County, New Mexico

Randy Roh

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit 3 Copies
to Appropriate
District Office

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Albec, NM 87410

WELL API NO.	30-025-33563
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	VA-604
7. Lease Name or Unit Agreement Name	Field APK State Com. 1943
8. Well No.	1
9. Pool name or Wildcat	West Lovington Strawn

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:	OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>
2. Name of Operator	YATES PETROLEUM CORPORATION
3. Address of Operator	105 South Fourth Street, Artesia, New Mexico 88210 (505) 748-1471
4. Well Location	(J) Unit Lease Lot 10: 3500 Feet From The North Line and 1880 Feet From The East Line Section 2 Township 16 South Range 35 East NMPM Lea County
10. Elevation (Show whether DF, RKB, RT, GR, etc.)	3990'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Change name and dedicated acreage <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
Yates Petroleum Corporation requests that the name of this well be changed from the Field "APK" State #1 to the Field "APK" State Com. #1 Also, Yates requests that the acreage dedicated to this well be changed from Lot 10 and Lot 11 of Section 2, T16s-R35E to Lot 10 and Lot 15. A changed C-102 is attached.

Exhibit E

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

SIGNATURE Clifton R. May TITLE Regulatory Agent DATE 12/20/96
 TYPE OR PRINT NAME CLIFTON R. MAY TELEPHONE NO (505) 748-1471



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 5, 1997

Campbell, Carr, Berge & Sheridan, P. A. Telefax No. (505) 983-6043
Attn: William F. Carr, Legal Counsel for Yates Petroleum Corporation
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Kellahin and Kellahin Telefax No. (505) 982-2047
Attn: W. Thomas Kellahin, Legal Counsel for Amerind Oil Company, Ltd.
P. O. Box 2265
Santa Fe, New Mexico 87504

Re: Case No. 11,717, Application of Amerind Oil Company, Ltd. for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 7 and 10 of irregular Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Messrs. Carr and Kellahin:

Reference is made to the aforementioned case scheduled to be heard tomorrow, Thursday, February 6, 1997, at the Division hearing, which case file contains the following:

- (1) Mr. Kellahin's original application dated January 13, 1997;
- (2) The advertisement and call of this case as it appears on Docket No. 4-97;
- (3) Mr. Kellahin's letter dated January 15, 1997, which discusses the orientation of 80-acre spacing and proration units within said irregular Section 2 in the West Lovington-Strawn Pool and rather they would be considered standard or non-standard:
 - (a) Lots 10 and 15 would be standard;

(b) Lots 10 and 11 would be non-standard; and,

(c) Lots 7 and 10 would also be non-standard;

(4) Mr. Kellahin's request of February 3, 1997 to consolidate this case with Case No. 11716;

(5) Mr. Carr's entry of appearance in this matter, dated February 3, 1997; and,

(6) Mr. Carr's motion to dismiss, dated February 5, 1997.

Considering the fact that all of said irregular Section 2 is subject to the "*Special Rules and Regulations for the West Lovington-Strawn Pool*", as promulgated by Division Order No. R-9722, as amended, which includes a provision for 80-acre spacing, and that a request for a non-standard 80-acre oil spacing and proration unit to comprise Lots 7 and 10, that is the subject of the force pooling application, was not included in the call of Case 11, 717 or legal advertisement for said case, this matter is hereby dismissed.

Also, considering the above action in Case 11717, Amerind may wish to continue Case No. 11716 and re-advertise said application accordingly.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
Case File 11,717
Case File 11,716
William J. LeMay, OCD Director - Santa Fe
Rand Carroll, Legal Counsel - OCD, Santa Fe
Florene Davidson - OCD, Santa Fe