

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

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FAX 505 / 622-4221

ROSWELL, NEW MEXICO 88202-1933

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AUG 28 1989

**OIL CONSERVATION DIV.
SANTA FE**

August 24, 1989

N. M. Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Case 9763

Re: Objection to Deviated well
TXO Production Company
Burton Flat Fed. #1
900' FSL & 1815' FWL
Sec. 11, T-20-S, R-29-E
Eddy Co., New Mexico

Gentlemen:

Harvey E. Yates Co. (HEYCO), objects to TXO's proposal to drill a deviated well at the cited location under the Parkway (Strawn) oil pool rules, with a bottom hole location in NW/4 of Sec. 14. HEYCO holds the adjacent suspended lease in the SW/4 of Sec. 14. We believe that either the lessee in the NE/4 or the SW/4 should be a working interest owner in TXO's well.

The presence of 10 Strawn gas producers in Sections 2 thru 16 of T-20-S, R-29-E, leads us to believe that expected production from TXO's well should be gas, and it should therefore be permitted on 320 acres. Only one poor Strawn oil well in Sec. 15 is allocated to the Parkway, South Strawn pool. This well is offset in Sec. 9, 11, and 16 by Strawn gas production.

We recommend all of Sec. 14 be unitized in order to minimize the high risk and high cost of drilling deviated wells in this area, and that the well be drilled to around 11,800 TVD to test the Morrow formation.

Sincerely,

David B. Pearcy
David B. Pearcy
Chief Geologist

Cy: TXO
Yates Pet.

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
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August 24, 1989

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AUG 24 1989

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

OIL CONSERVATION DIVISION

Case 9763

Re: Applications of TXO Production Corp. for Directional
Drilling:

Williamson Federal #6
Surface Location: 1500' FEL, 100' FNL,
Section 15, T-20-S, R-29-E, Eddy County, New Mexico
Targeted Bottomhole Location: 1815' FNL and
825' FEL, Section 15, T-20-S, R-29-E,
Eddy County, New Mexico
Pool: Parkway South (Strawn)

Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL,
Section 11, T-20-S, R-29-E, Eddy County, New Mexico
Targeted Bottomhole Location: 825' FNL and
1815' FWL, Section 14, T-20-S, R-29-E,
Eddy County, New Mexico
Pool: Parkway South (Strawn)

Dear Mr. LeMay:

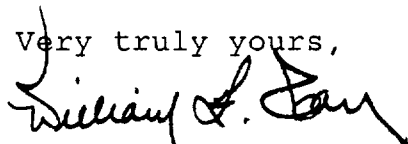
Yates Petroleum Corporation is an offset operator to each of the above-referenced wells and, pursuant to the provisions of Oil Conservation Division Rule 111, hereby objects to each of these applications.

Yates Petroleum Corporation is concerned about the appropriate spacing for each of the subject wells and, furthermore, believes that it may be more appropriate to include these wells in the Burton Flat East Strawn Pool instead of the Parkway South Strawn Pool as set forth in the applications of TXO.

William J. LeMay, Director
August 24, 1989
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Yates Petroleum Corporation requests that each of these applications be set for hearing before an Examiner of the Oil Conservation Division at the earliest possible date.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

WILLIAM F. CARR

WFC:mlh

cc: TXO Production Corp.
Attn: Tim Goudeau, Drilling
and Production Engineer
900 Wilco Building
Midland, Texas 79701