

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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

April 19, 1990

HAND-DELIVERED

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87501

RECEIVED
APR 19 1990
OIL CONSERVATION DIVISION

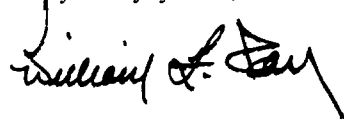
Re: Case No. 9903
Application of Yates Petroleum Corporation for Directional Drilling and an
Unorthodox Well Location, Eddy County, New Mexico

Dear Mr. Stogner:

Enclosed is a copy of a waiver of objection to the above-referenced case which we have received from Texaco USA. Yates has now received waivers from all offsetting operators to whom notice is required pursuant to Oil Conservation Division Rule 1207.

We request that you include this waiver of objection in the above-referenced case file.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosure

cc w/enc.: Mr. Mike Burch
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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 27, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Texaco USA
Post Office Box 3109
Midland, Texas 79702

Re: Application of Yates Petroleum Corporation for Approval of Directional
Drilling and an Unorthodox Location, Eddy County, New Mexico

Gentlemen:

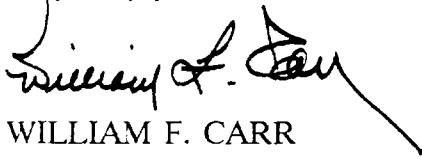
Enclosed is an amended application which Yates Petroleum Corporation has filed with the New Mexico Oil Conservation Division seeking approval to directionally drill its Gazelle AHG Federal Com Well from a surface location 2280 feet from the North line and 1180 feet from the West line to a standard bottom hole location in the Strawn formation within 150 feet of a point 1815 feet from the South line and 2145 feet from the East line and a non-standard bottom hole location in the Morrow formation within 150 feet of a point 1566 feet from the South line and 1734 feet from the East line of Section 15, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The S/2 of Section 15 will be dedicated to this well. The bottom hole location for the well will be within 150 feet of a point 1468 feet from the South line and 1573 feet from the East line of said Section 15.

This letter is to provide you with notice of this application as required by Oil Conservation Division Rule 111(d). If you have no objection to the directional drilling of this well or the proposed unorthodox location in the Morrow formation, please sign below and return one copy to us for filing with the Division. A self-addressed stamped envelope has been provided for your convenience.

Texaco USA
March 27, 1990
Page Two

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 18, 1990. You do not need to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear and become a party of record by that time will preclude you from challenging this matter at a later date.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosure

ATTORNEY FOR YATES PETROLEUM CORPORATION

APPROVAL

Company: Texaco

By: Robert L. Taylor

Date: 3/27/90



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

GARREY CARRUTHERS
GOVERNOR

May 1, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9903
ORDER NO. R-9167

Applicant:

Yates Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

PACIFIC ENTERPRISES OIL COMPANY (USA) CERTIFIED, RETURN RECEIPT

April 27, 1990

SOUTHWEST REGION

200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

TO: See Attached List

RE: Dark Canyon Prospect #5661
Eddy County, New Mexico

W/2 Section 21, T-23-S, R-26-E
Federal Com #21-1 Well
State of New Mexico Case No. 9901
State of New Mexico Order #R-9153

Gentlemen:

Pursuant to the subject Case/Order, please find attached an itemized schedule of estimated well costs (AFE) pertaining to the captioned well.

We respectfully request, if you desire to participate, to please execute and return a copy of said Authority For Expenditure to this office.

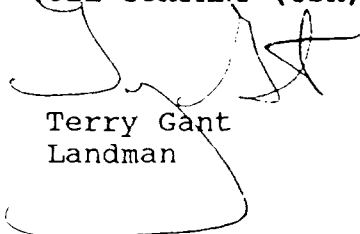
Also, if you desire to participate, please find attached a Joint Operating Agreement to govern said well and land that Pacific Enterprises Oil Company (USA) desires that you execute and return to this office. If you so desire to be a party to said JOA, please execute and return only the extra JOA signature page attached. Note that a revised Exhibit "A" to said Joint Operating Agreement, if needed, will be sent to all executing parties after all elections have been made.

Further, please find enclosed a copy of that certain March 20, 1990 Drilling Title Opinion covering said land for your file.

If you have any questions regarding the above or attachments hereto, please contact the undersigned.

Very truly yours,

**PACIFIC ENTERPRISES
OIL COMPANY (USA)**


Terry Gant
Landman

TG/dsr
Attachments

cc: State of New Mexico
Energy and Minerals Dept., OCD
P.O. Box 2088
Santa Fe, NM 87501-2088
ATTN: Ms. Florence Davidson

Ms. Karen Aubrey
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

MAILING LIST TO APRIL 27, 1990
PACIFIC ENTERPRISES OIL COMPANY (USA) LETTER
W/2 SECTION 21, T-23-S, R-26-E, EDDY COUNTY, NEW MEXICO
FEDERAL COM #21-1 WELL

CASE NUMBER 9901
ORDER NUMBER R-9153

J. M. Huber Corporation
2000 West Loop South
Houston, TX 77027
ATTN: Ms. Barbara Oldham

James A. Allega
3111 Seaboard
Midland, TX 79705

Ernie Bello
3325 Ala Akulikuli
Honolulu, HI 96818

Coquina Oil Corporation
c/o American National Petroleum Company
1717 St. James Place,
Suite 200
Houston, TX 77227
ATTN: Mr. Mike Englert

Melba Davis Greenlee Whatley
AKA Melba Davis Greenlee
P.O. Box 5623
Austin, TX 78763

Edward C. Hallock
15 Friar Tuck Circle
Summit, NJ 07901

Sanford J. Hodge, III
2012 Shell
Midland, TX 79705

E. T. Kurashige Trust &
E. F. Kurashige Trust,
Irwin Mitsugi Kurashige, Trustee
2934 Oahu Avenue
Honolulu, HI 96822

E. D. Arbow, M.D.
c/o Robert Manley
Attorney at Law
509 West Third Avenue
Anchorage, AL 99518

Robert B. Bunn
2493 Makiki Heights Driving
Honolulu, HI 96822

David Goodnow
230 Ridgefield Road
Wilton, CT 06897

Richard L. Griffith
P.O. Box 939
Honolulu, HI 96808

Jack C. Hale
780 NE 10th
East Wenatchee, WA 98801

Joseph R. Hodge
P.O. Box 570324
Houston, TX 77257-0324

Charles C. Johnston
c/o Ins. System 161
Forbes Road
Braintree, MA 02184

Ruby F. Kawasaki
734 Kalaipuer Street
Honolulu, HI 96825

Dennis I. Maehara Trust &
Dennis I. Maehara and
Irwin M. Kurashige,
Tenants in Common
1010 South King Street #701
Honolulu, HI 96814

Vernon Munroe
Apartment 8 South
139 East 66th Street
New York, NY 10021

Estate of Wm. B. Oliver
c/o NCNB Texas
Trust Oil & Gas Dept.
P.O. Box 830308
Dallas, TX 75283-0308

H. S. Ross and
Henry S. Ross, Trustee
124 Monarch Bay
South Laguna, CA 92677

Space Building Corporation
250 Cape Highway Route 44
East Taunton, MA 02718

Elizabeth M. Webster
c/o G. R. Webster
P.O. Box 31
Blawenburg, NJ 08504

American National Petroleum Company
1717 St. James Place
Suite 200
Houston, TX 77227
ATTN: Mr. Mike Englert

Santa Fe Energy Operating
Partners LP
500 West Illinois,
Suite 500
Midland, TX 79701
ATTN: Mr. Gary Green

John McIsaac
1085 Morse Boulevard
Singer Island, FL 33404

Charles Cline Moore
138 Harvard Avenue
Mill Valley, CA 94941

Lester G. Naito
98-1370 Kaonohi Street
Aiea, HI 96701

Alphonso Ragland
8235 Douglas Avenue
Suite 500, LB 48
Dallas, TX 75225

Adolph P. Schuman and
Marital Trust U/W/O
Adolph P. Schuman
c/o James F. Crafts, Jr.
Orrick, Herrington &
Sutcliffe
600 Montgomery Street
San Francisco, CA 94111

J. Frederick Van Vranken
AKA J. Frederick Van
Vranken, Jr.
Sanford C. Bernstein & Co.
767 Fifth Avenue
New York, NY 10153

Enron Oil & Gas Company
P.O. Box 2267
Midland, TX 79702
ATTN: Mr. Robert McCommon

Exxon Corporation
P.O. Box 1600
Midland, TX 79702
ATTN: Mr. W. T. Duncan

PACIFIC ENTERPRISES OIL COMPANY (USA)**ORIGINAL****AUTHORITY FOR EXPENDITURE**

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team **DATE:** 4-19-90
DEPARTMENT: Exploration and Development Midland, Texas
PROSPECT: Dark Canyon #5661 **WELL NAME:** PEOC Federal Com #21-1
LOCATION: 1980' FNL and 660' FWL of Section 21, T-23-S, R-26-E
Eddy County, New Mexico

Drill and Test Cost	\$454,000.00
Completion	<u>298,000.00</u>
TOTAL	\$752,000.00

JUSTIFICATION:

Proposed 12,000' well to test the Morrow Formation.
See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS	WORKING INTEREST	COST	GROSS AFE AMOUNT \$752,000.00
---------------------	-------------------------	-------------	--------------------------------------

APPROVED ____ **DISAPPROVED** ____

SEE PAGE 2

COMPANY REPRESENTATIVE

COMPANY

DATE

<u>PARTICIPANTS</u>	<u>WORKING INTEREST</u>	<u>COST</u>
Pacific Enterprises Oil Company (USA)	.12500000	\$ 94,000.00
J. M. Huber Corporation	.12500000	94,000.00
E. D. Arbow, M.D.	.00007327	55.10
James A. Allega	.00005861	44.07
Ernie Bello	.00014653	110.19
Robert B. Bunn	.00029305	220.37
Coquina Oil Corp.	.01388900	10,444.53
David Goodnow	.00014653	110.19
Melba Davis Greenlee Whatley	.00036632	275.47
AKA Melba David Greenlee		
Richard L. Griffith	.00014653	110.19
Jack C. Hale	.00014653	110.19
Edward C. Hallock	.00014653	110.19
Joseph R. Hodge	.00002442	18.36
Sanford J. Hodge, III	.00002442	18.36
Charles C. Johnston	.00073264	550.95
Ruby F. Kawasaki	.00014653	110.19
E. T. Kurashige Trust and	.00014653	110.19
E. F. Kurashige Trust,		
Irwin Mitsugi Kurashige, Trustee		
Dennis I. Maehara Trust and	.00014653	110.19
Dennis I. Maehara and Irwin M.		
Kurashige, Tenants in Common		
John McIsaac	.00029305	220.37
Charles Cline Moore	.00036632	275.47
Vernon Munroe	.00014653	110.19
Lester G. Naito	.00014653	110.19
Estate of Wm. B. Oliver	.00036632	275.47
Alphonso Ragland	.00021979	165.29
H. S. Ross & Henry S. Ross, Trustee	.00021979	165.29
Aldoph P. Schuman, and	.00021979	165.29
Marital Trust U/W/O		
Adolph P. Schuman		
Space Building Corporation	.00146528	1,101.89
Elizabeth M. Webster	.00036632	275.47
J. Frederick Van Vranken	.00021979	165.29
AKA J. Frederick Van Vranken, Jr.		
American National Petroleum	.22933652	172,461.06
Enron Oil & Gas Company	.25000000	188,000.00
Santa Fe Energy Operating Partners LP	.12500000	94,000.00
Exxon Corporation	.12500000	94,000.00
	-----	-----
TOTAL	1.00000000	\$752,000.00

/January/1990

PACIFIC ENTERPRISES OIL CO. (USA)
WILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: Dark Canyon Field Carlsbad, South

Well Location H/2 Sec 21 Legal Description T-23-S, R-26-E

County Eddy State NM Proposed Depth 12,000'

Objective Formation Morrow/Strawn AFE No. _____ Terra H.I. _____

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	TOTAL
Survey - Stake Location	1	1,000	xxx	0	1,000
Permits & Hearings	2	700	83	0	700
Building Road, bridges, canals	3	5,500	84	0	5,500
Building Location & Pits	4	11,400	85	1,000	12,400
Insurance (for Terra only)	5	3,700	86	0	3,700
Move in - Rig up - Rig down - Move out	6	0	87	0	0
Rat Hole	7	0	xxx	0	0
Footage Contract <u>12,000'</u> @ <u>\$18/ft</u>	8	216,000	xxx	0	216,000
Day work contract <u>4/3</u> days @ <u>\$4,000/day</u>	9	17,000	88	10,000	27,000
Turnkey Agreement	10	0	90	0	0
Rig for Completion <u>\$1400/day</u> x 10 days	xxx	0	101	14,000	14,000
Drill Bits	12	0	102	500	500
Rental Equipment	13	9,000	103	3,000	12,000
Fishing Tools & Service	14	0	104	0	0
Company Labor	15	0	107	2,000	2,000
Auto & Travel	16	0	108	400	400
Contract Labor	17	13,500	113	5,000	18,500
Trucking, Hauling, Service Equipment	18	3,000	114	3,000	6,000
Power & Fuel	19	0	115	0	0
Water	20	18,000	116	4,000	22,000
Mud & Chemicals	21	20,000	117	0	20,000
Drill Pipe, Casing, Rod Inspection	22	1,500	125	3,600	5,100
Formation Testing (incl 2 DST)	23	10,000	xxx	0	10,000
Coring _____ ft of core @ \$ _____/ft	24	0	xxx	0	0
Mud Logging	25	9,600	xxx	0	9,600
Logs	26	16,000	126	4,000	20,000
Temperature Survey	27	0	148	0	0
Bottom Hole Pressure Test	28	0	149	3,500	3,500
Directional Services	29	0	152	0	0
Engineering, Geological, Geophysical	30	0	153	0	0
Cmtg, Conductor or Surf Csg (incl Float equip)	31	7,000	xxx	0	7,000
Cmtg, Intern or Prod Csg (incl Float equip)	32	14,000	154	8,000	22,000
Squeeze Jobs	33	0	155	0	0
Perf or Shooting	34	0	156	8,000	8,000
Frac	xxx	0	157	20,000	20,000
Swabbing	36	0	158	0	0
Plugging, if dry	37	10,000	159	0	10,000
Damage Claims	38	2,500	165	1,500	4,000
Cleaning Location	39	0	166	2,000	2,000
District Expense	40	8,800	172	2,500	11,300
Communications	41	200	177	200	400
Environmental & Safety Equipment	42	500	178	500	1,000
Misc Material & Service (Contingency)	43	10,100	179	5,300	15,400
-----	---	---	---	---	---
TOTAL INTANGIBLES		409,000		102,000	511,000

/January/1990

PACIFIC ENTERPRISES OIL CO. (USA)
DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	
TOTAL					
Surface Casing					
600' of 13-3/8" 00 H-40 488/ft., 8rd, ST&C @ 18.50/ft.	50	11,100	xxx	0	11,100
Intermediate Casing					
2000' of 8-5/8" 00, 248/ft., 8rd ST&C @ 9.00/ft.					
800' of 8-5/8" 00, 328/ft., 8rd ST&C @ 12.50/ft.	51	28,000	xxx	0	28,000
Production Casing					
600' of 5-1/2" 00, 178/ft, N-80 @ 68.80/ft.					
10,100' of 5-1/2" 00, 178/ft, N-80 @ 8.25/ft.					
2000' of 5-1/2" 00, 178/ft, S-95 @ 12.00/ft.	xxx	0	52	114,400	114,400
Liner					
___ ft of ___" 00, ___8/ft @ \$ ___/ft	xxx	0	53	0	0
Tubing					
11,600' of 2-3/8" 00, N-80, 4.78/ft, 8rd, EVE @ 63.15/ft	xxx	0	54	36,600	36,600
Xmas Tree & Tubing Head Components	55	4,000	182	9,000	13,000
Pumping Unit or Prime Mover	xxx	0	56	0	0
Production Platform - Mat. & Labor	xxx	0	58	0	0
Rods	xxx	0	59	0	0
Subsurface Pump	xxx	0	60	0	0
Tanks	xxx	0	61	3,000	3,000
Circulating Pump	xxx	0	63	0	0
Dehydrator	xxx	0	64	0	0
Heater Treater or Gunbarrel	xxx	0	65	0	0
Separator/FHKO	xxx	0	66	8,000	8,000
Flowline & Connection 500' ft of 2" 00 FG Linepipe @ 2/ft	xxx	0	68	1,500	1,500
Meter, Meter Run & Connections	xxx	0	70	5,000	5,000
Buildings	xxx	0	71	0	0
Packer	xxx	0	72	5,000	5,000
Miscellaneous Equipment (fittings, etc.)	73	1,900	185	3,500	5,400
TOTAL TANGIBLES		45,000		186,000	231,000
Installation of Tubing	xxx	0	54	0	0
Installation of Pumping Unit & Prime Mover	xxx	0	56	0	0
Installation of Tanks	xxx	0	61	1,000	1,000
Installation of Dehydrator	xxx	0	64	0	0
Installation of Heater Treater or Gun Barrel	xxx	0	65	0	0
Installation of Separator/FHKO	xxx	0	66	2,000	2,000
Installation of Flowline	xxx	0	68	5,000	5,000
Installation of Miscellaneous Equipment	73	0	185	2,000	2,000
TOTAL INTANGIBLE INSTALLATION COSTS		0		10,000	10,000
Est. 5280' gas sales line \$48,000+		409,000		102,000	511,000
		45,000		186,000	231,000
		0		10,000	10,000
TOTAL WELL COST COMPLETED		454,000		298,000	752,000

Prepared by:

C. Robert McPherson III

Date

1/11/90

Approved by:

C.B.B.

Date

1/13/90