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S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

April 8, 1987

Case No. 9118
M.S.

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

ATTN: Michael Stogner

Dear Sir:

This letter is written in reference to Case No. 9118, the creation of the Cedar Lake Strawn oil pool, which was scheduled for hearing on April 8, 1987. Yates Petroleum Corporation believes that no basis exists for the creation of this pool and that the Strawn reservoir in question is a gas reservoir and not an oil reservoir.

Meridian Oil Company (formerly Southland Royalty) operates the proposed discovery well, the Holly 4 Federal #1. This well has been producing from the Strawn reservoir for approximately 4 years and the well has been properly designated as a gas well in the Sand Tank Strawn pool. The other wells in the field, the Holly 5 Federal #1 and Holly 8A Federal #1, are also operated by Meridian and are also properly assigned to the Sand Tank Strawn gas pool. Meridian Oil Company recompleted the Holly 4 Federal #1 in November 1986 to another interval in the Strawn and have reclassified the well as an oil well. Meridian informed Yates Petroleum the purpose of this reclassification is to change the spacing, from 320 acre gas to 40 acre oil so that they may reenter the plugged and abandoned FAF Federal #1 and complete it in the Strawn also. This well is located on the same 320 acre proration unit as the Holly 4 Federal #1 and Meridian believes one well is not capable of draining 320 acres. Yates Petroleum believes that the ability of a well to drain its proration unit has nothing to do with the classification of the reservoir as oil or gas. If Meridian believes that this new Strawn completion is an oil pool they have offered no evidence to support that claim. The initial potential after recompletion showed a GOR of 5111 SCF/STB which is higher than the initial GOR of the Sand Tank Strawn gas pool. Relatively low GOR's are common for Strawn gas pools in this area and are not indicative of an oil reservoir. Yates Petroleum believes that if the Holly 4 Federal #1 is not capable of draining its 320 acre proration unit that Meridian should request permission for an additional well on the existing proration unit but not try to reclassify the pool.


Michael Stogner

April 8, 1987

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Yates Petroleum and Meridian Oil are currently involved in Cases 9109 and 9110 which were heard before David Catanach and are continued until the April 22, 1987 hearing. These cases propose revised pool rules for the Benson Strawn pool which is approximately 5 miles south of the Holly 4 Federal #1 and the proposed new Cedar Lake Strawn oil pool. The testimony in this case presents a classic example of the problems that can be encountered when a pool is mistakenly classified as oil instead of gas. Yates Petroleum requests that our position opposing the creation of the Cedar Lake Strawn oil pool be made a part of the record in this case and we welcome the opportunity to answer any questions you may have regarding our position in this matter.

Very truly yours,

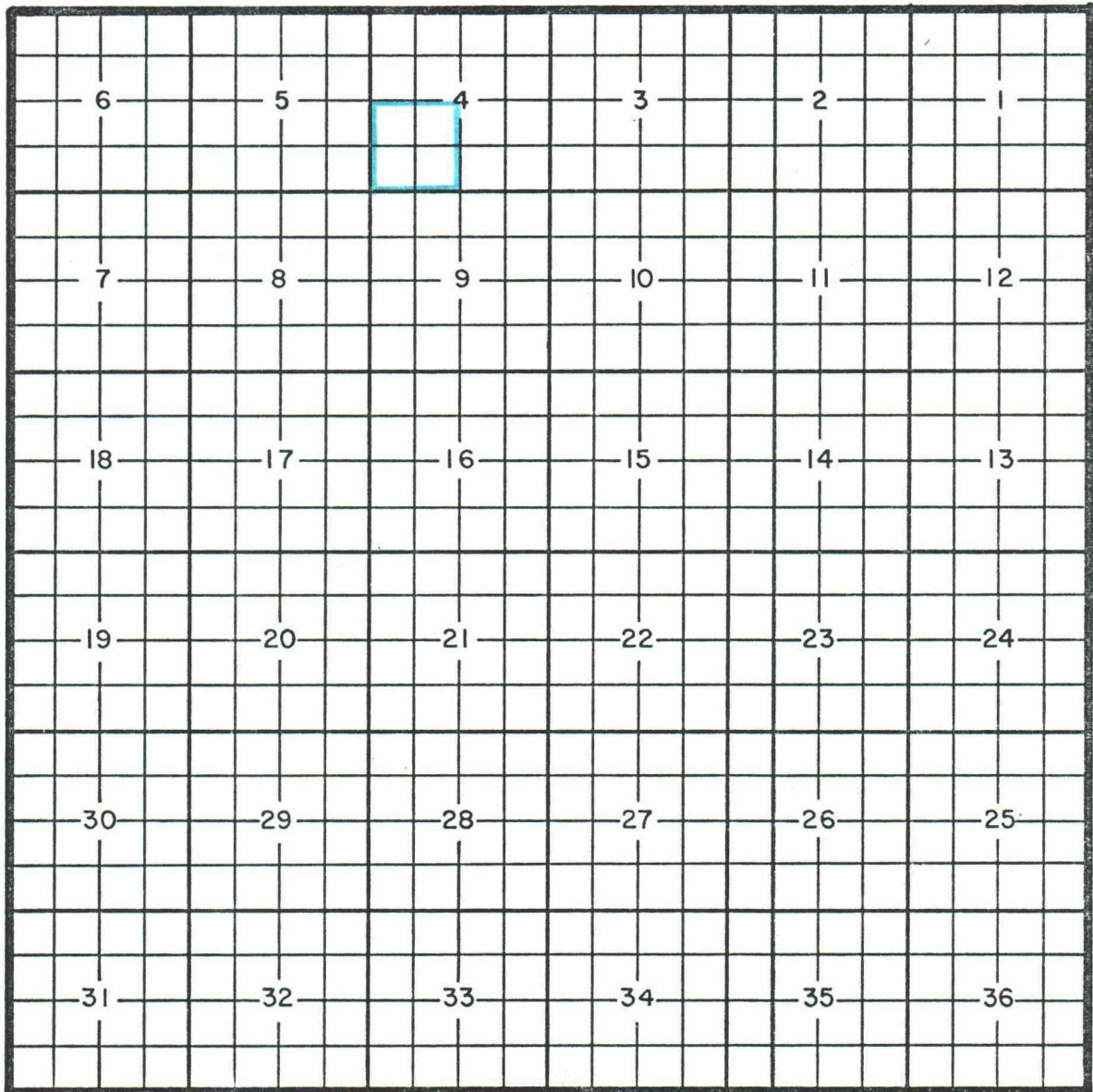
A handwritten signature in cursive script, appearing to read "David L. Lanning".

DAVID L. LANNING
Petroleum Engineer

DLL/cvg

COUNTY Eddy POOL Cedar Lake-Strawn Pool

TOWNSHIP 18S RANGE 30E NMPM



Purpose: One completed oil well capable of producing.

Disc. Well: Southland Royalty Co., Holly 4 Fed. #1-N-4-18-30

Comp: 11-20-86 thru Strawn perfs. Top: 10,485'

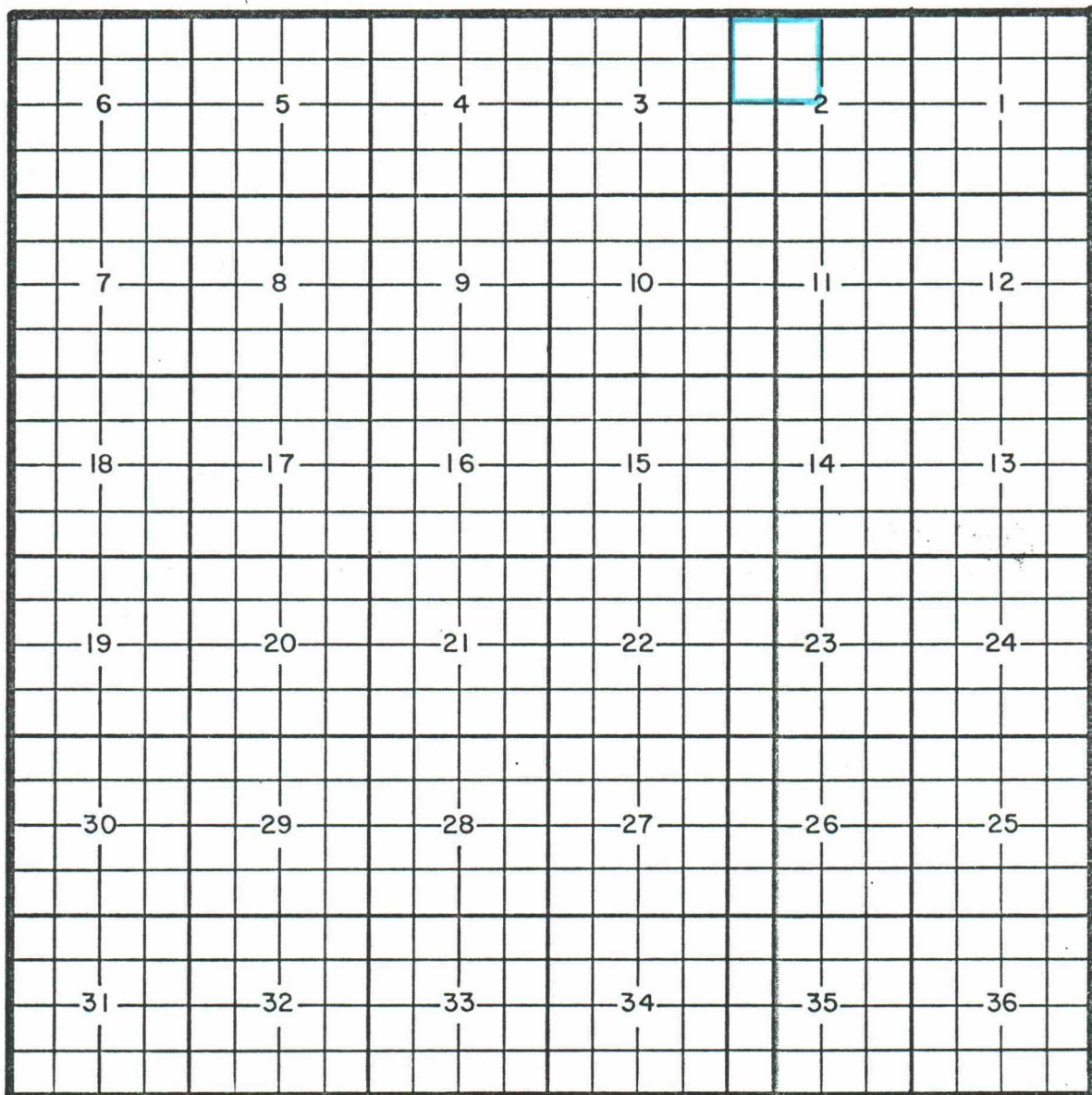
Pool boundary outlined in blue.

Section 4: SW/4

TO BE DISMISSED PENDING FURTHER STUDY.

COUNTY Eddy POOL Cotton Draw-Bone Spring Pool

TOWNSHIP 24S RANGE 31E NMPM



Purpose: One completed oil well capable of producing.

Disc. Well: Texaco Prod. Inc., Todd 2 St. #1-F-2-24-31

Comp: 1-19-87 thru Bone Spring perms. Top: 10,874'

Pool boundary outlined in blue.

Section 2: NW/4

COUNTY Eddy

POOL Esperanza-Wolfcamp Pool

TOWNSHIP 22S

RANGE

27E

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Purpose: One completed oil well capable of producing.

Disc. Well: TXO Prod. Corp., Delta Fee C #1-C-12-22-27

Comp.: 12-11-86 thru Wolfcamp perfs. Top: 9819'

Pool boundary outlined in blue.

Section 12: NW/4

TO BE DISMISSED PENDING FURTHER STUDY.

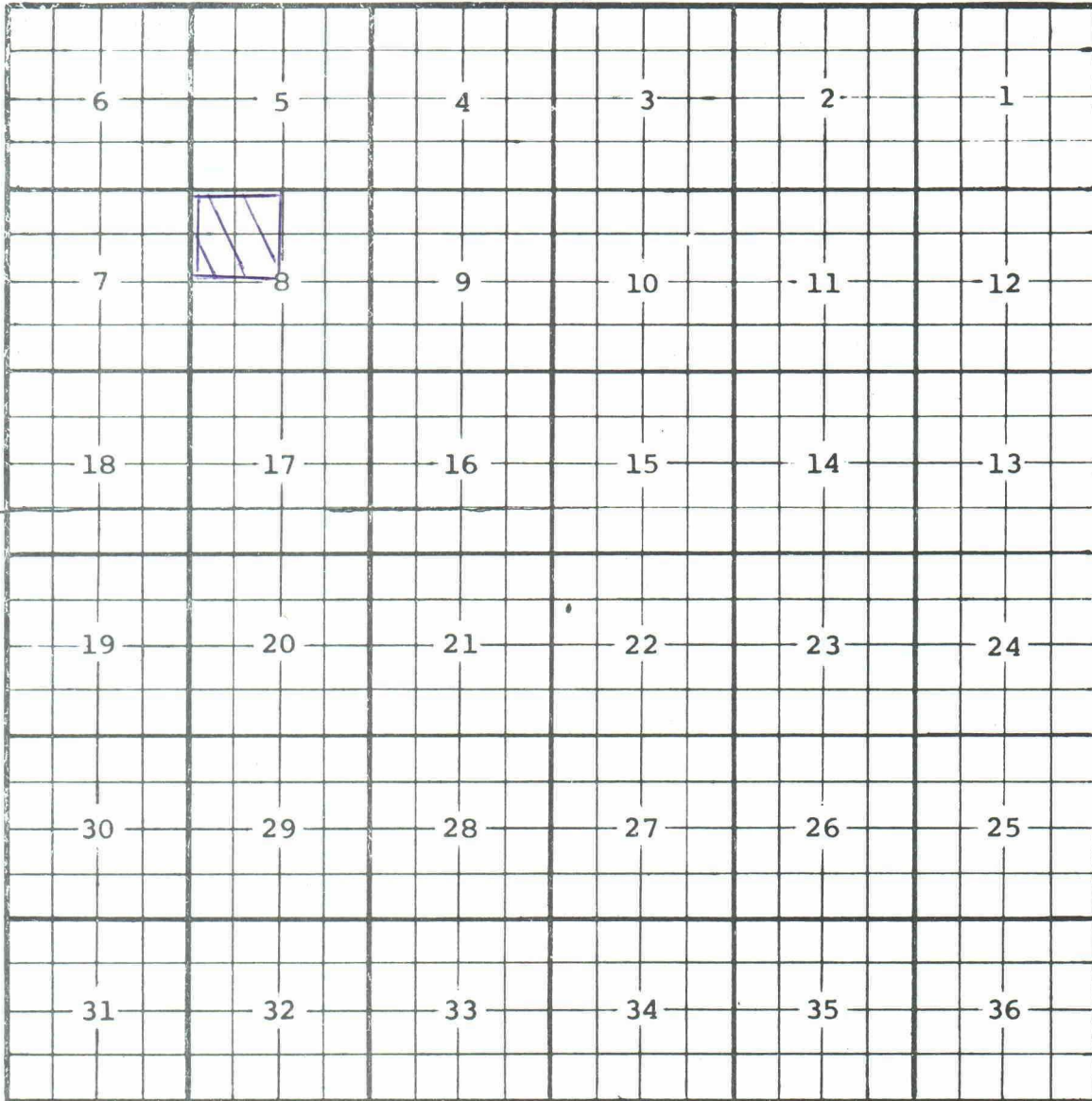
COUNTY EDDY

POOL Cave-Seven Rivers

TOWNSHIP 17 South

RANGE 29 East

NMPM



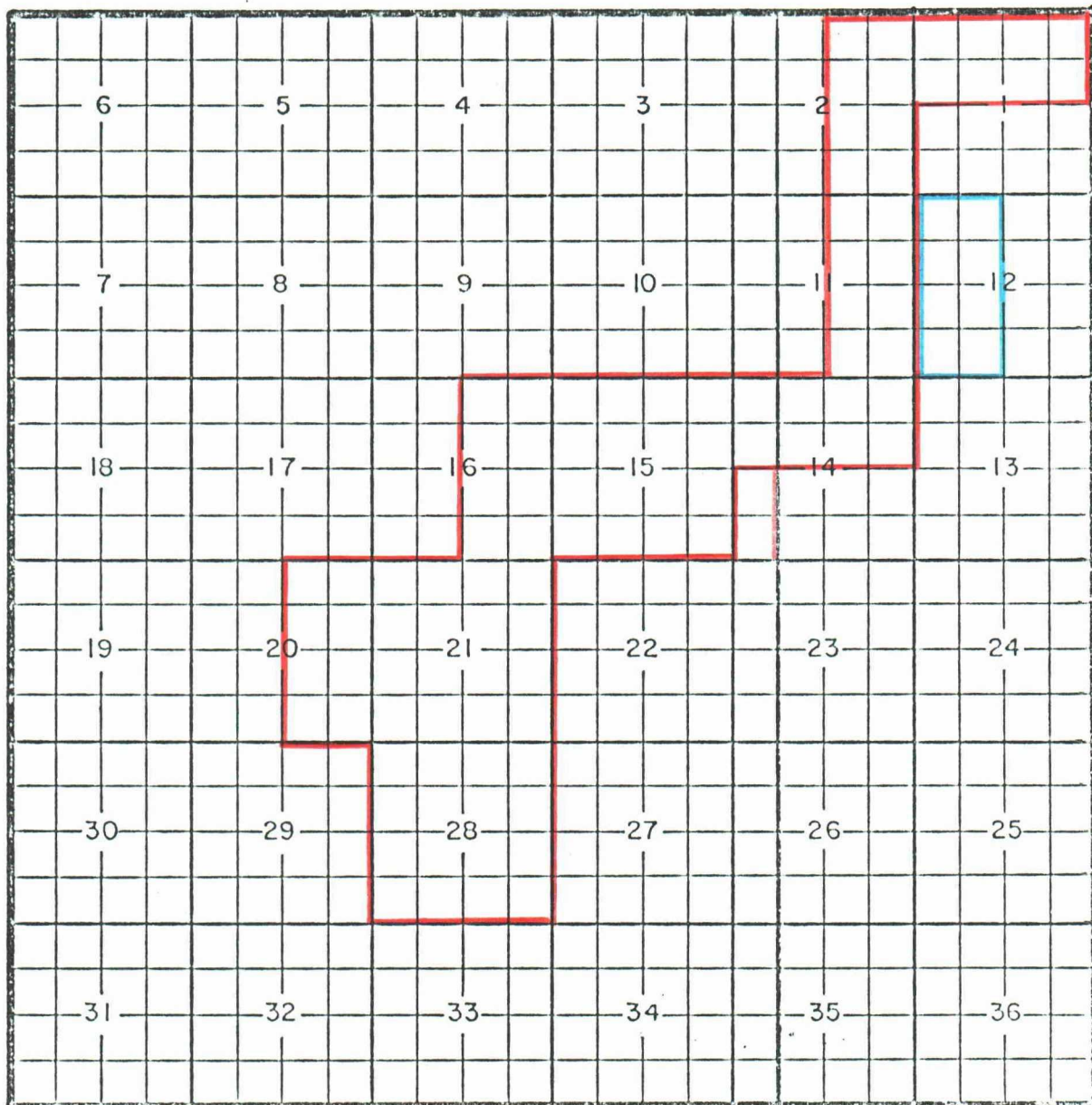
PURPOSE: Abolish Cave-Seven Rivers Pool because acreage is already included in Grayburg Jackson Pool.

Proposed pool abolishment outlined in blue.

Section 8: NW/4

COUNTY Eddy POOL East Carlsbad-Wolfcamp Gas Pool

TOWNSHIP 22S RANGE 27E NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
TXO Prod. Corp.	Delta Fee C	1-C	12-22-27	12/11/86	Wolfcamp	9811

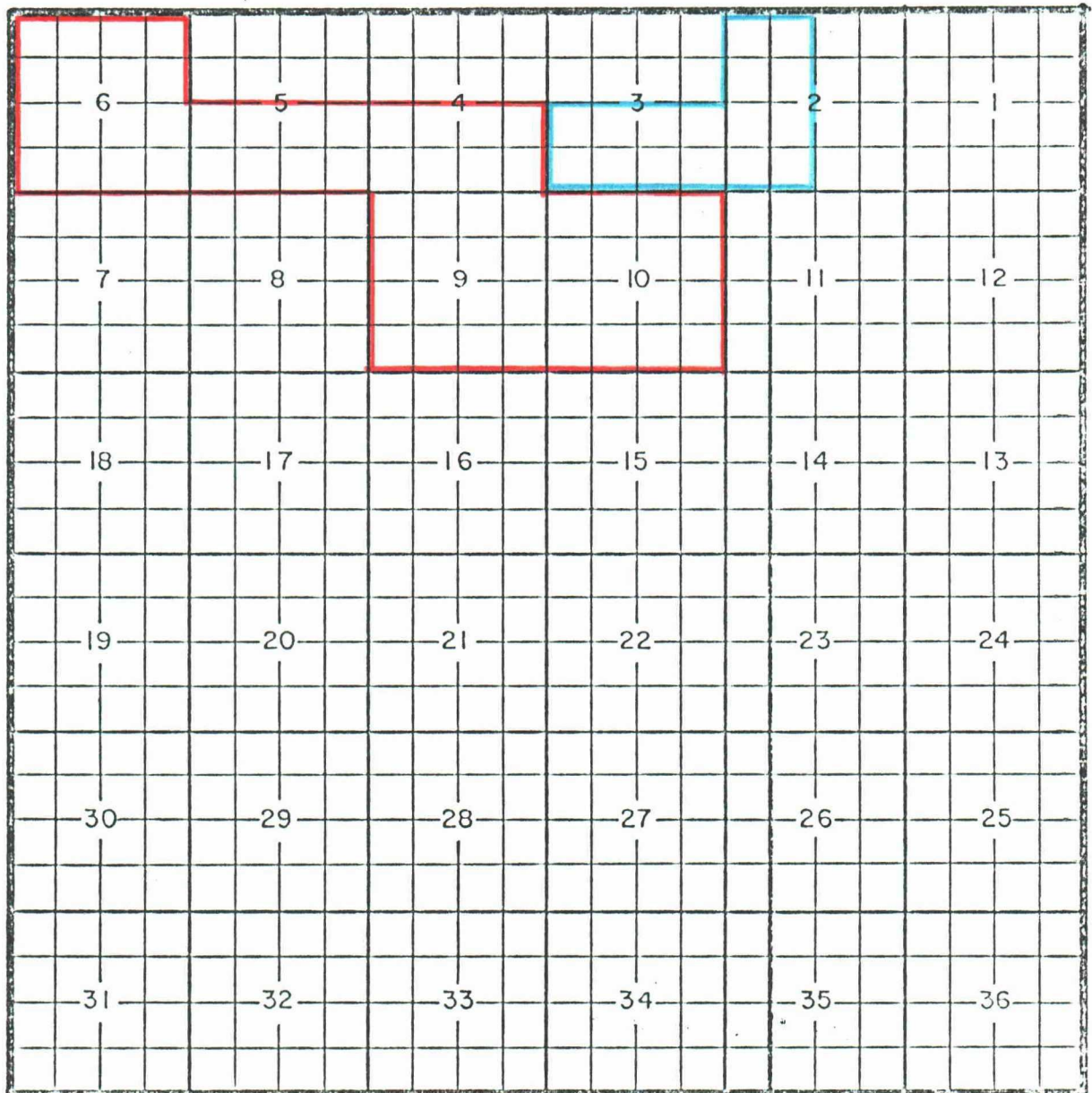
Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 12: W/2

Cedar Canyon-Morrow Gas Pool

NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Santa Fe Energy Operating Partners, L.P.	H.B. State	1-E	2-24-29	1/30/87	Morrow	13,449

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 2: W/2
3: S/2

Chaves

POOL

Diablo-San Andres Pool

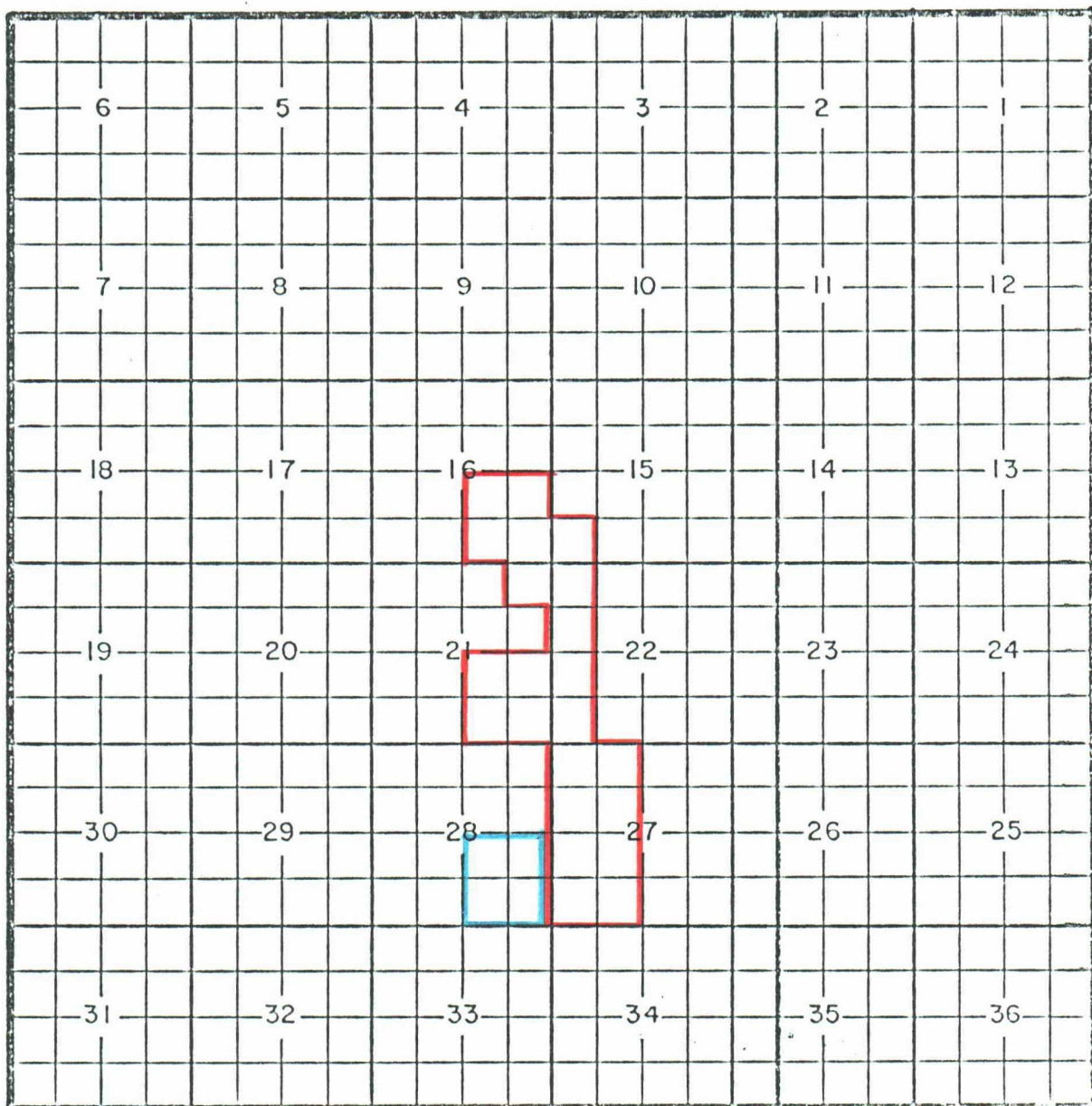
TOWNSHIP

10S

RANGE

27E

NMPM



PURPOSE: One completed oil well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Hanson Operating Co, Inc.	Hanlad A St.	1-I	28-10-27	12/23/86	San Andres	2072

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 28: SE/4

COUNTY Eddy

POOL

East Empire-Yates-Seven Rivers Pool

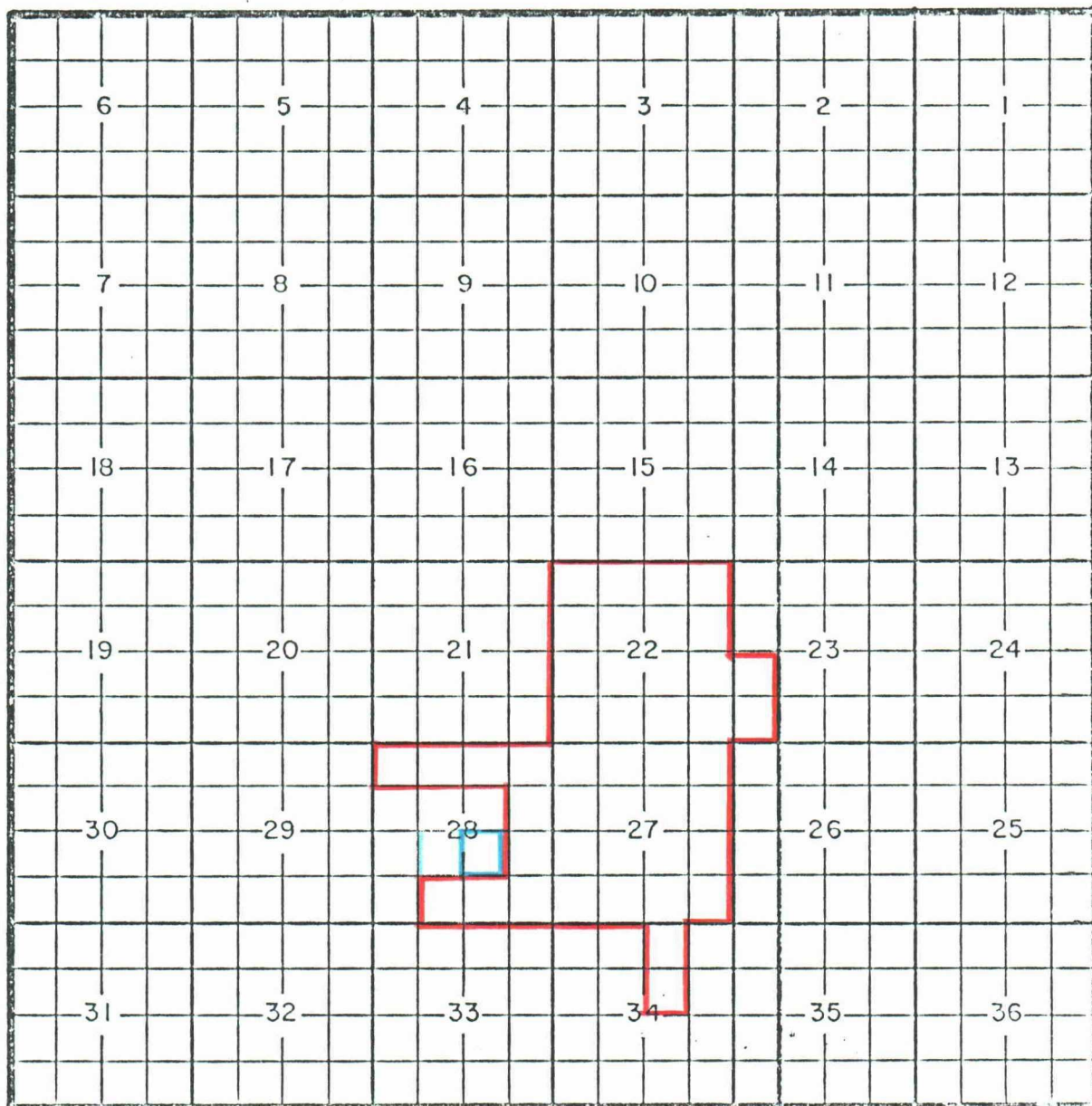
TOWNSHIP

17S

RANGE

28 E

NMPM



PURPOSE: One completed oil well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Red Lake Oil Co.	Welch State	1-J	28-17-28	1/7/87	Seven Rivers	736

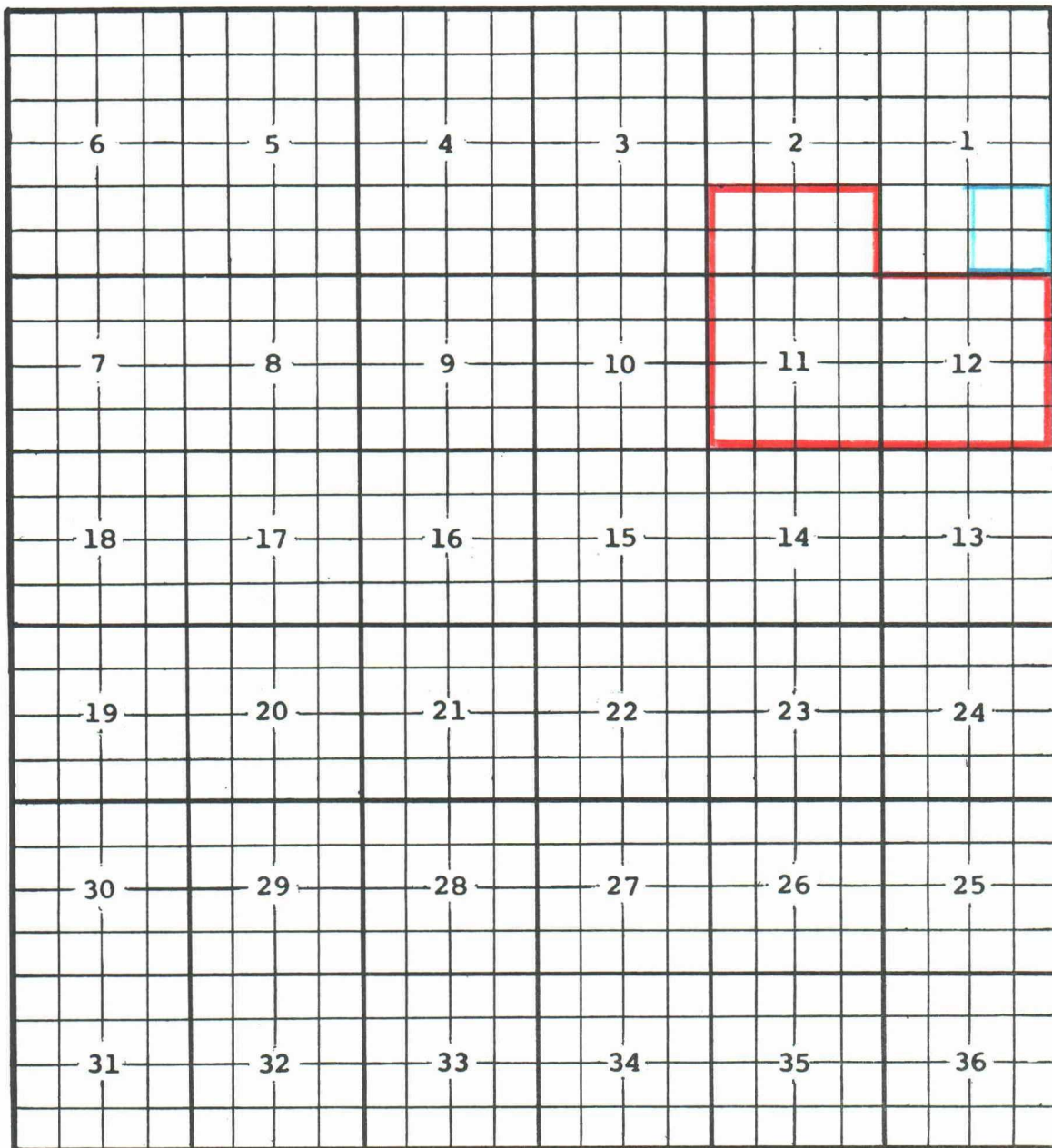
Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 28: NW/4 SE/4

COUNTY Eddy POOL NW Fenton-Delaware Pool

TOWNSHIP 21S RANGE 27E NMPM



PURPOSE: One completed oil well capable of producing.

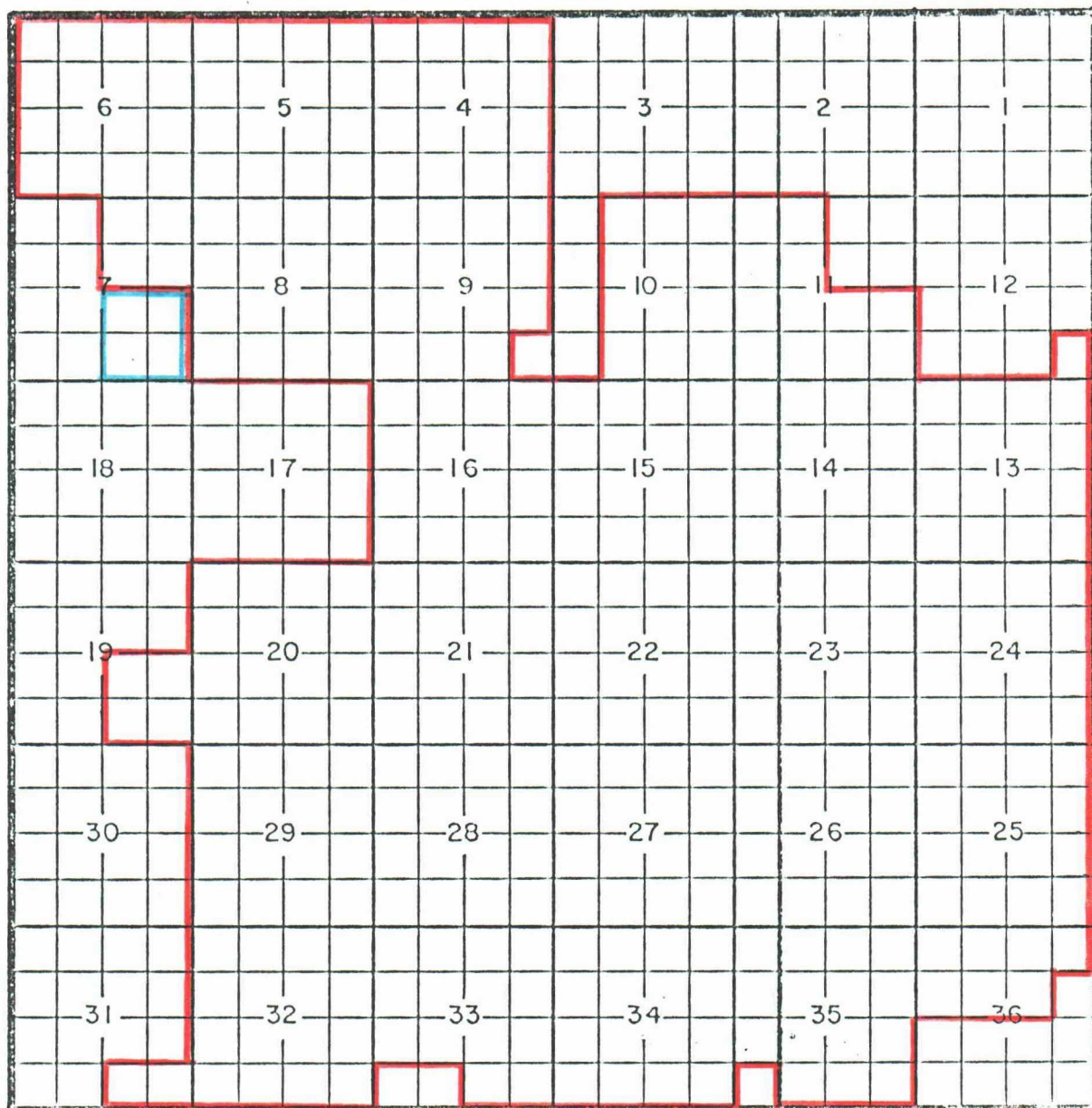
OPERATOR	LEASE	#-Ut.	S-T-R	COMP.	FORMATION	TOP
Mobil	Government D	14-R	1-21-27	12/18/86	Delaware	2779

Pool boundary outlined in red.
Proposed extension outlined in blue.

Section 1: SE/4

COUNTY Eddy POOL Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool

TOWNSHIP 17S RANGE 29E NMPM



PURPOSE: One completed oil well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Beach Exploration, Inc.	Phillips Fed.	1-0	7-17-29	12/30/86	Queen	2404

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 7: SE/4

COUNTY Eddy

POOL

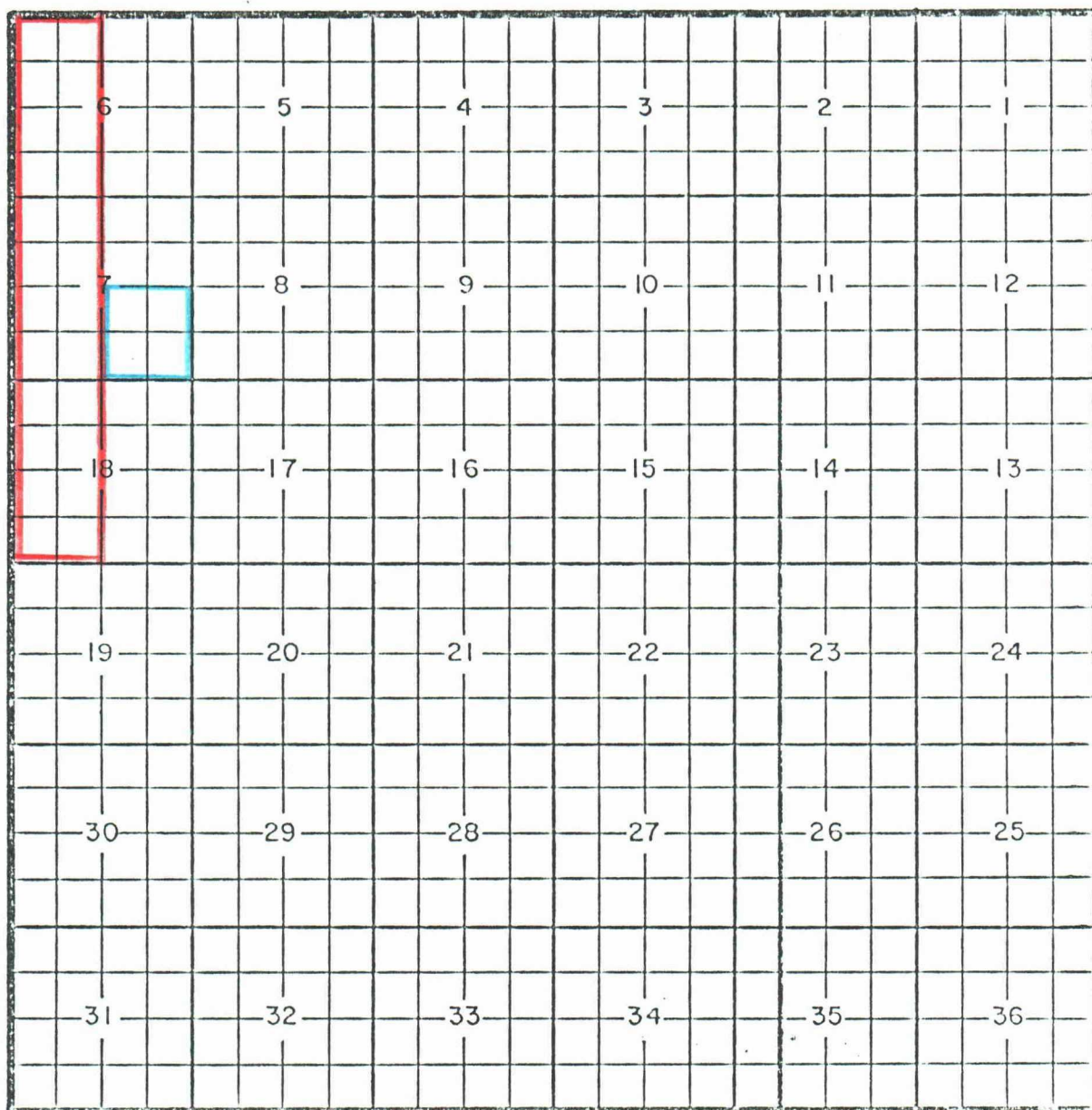
Malaga-Atoka Gas Pool

TOWNSHIP

24S

RANGE 29E

NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
HNG Oil Co.	Fort 7 Com.	1-0	7-24-29	12/3/86	Atoka	12,125

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 7: SE/4

COUNTY

Eddy

POOL

McMillan-Upper Penn Gas Pool

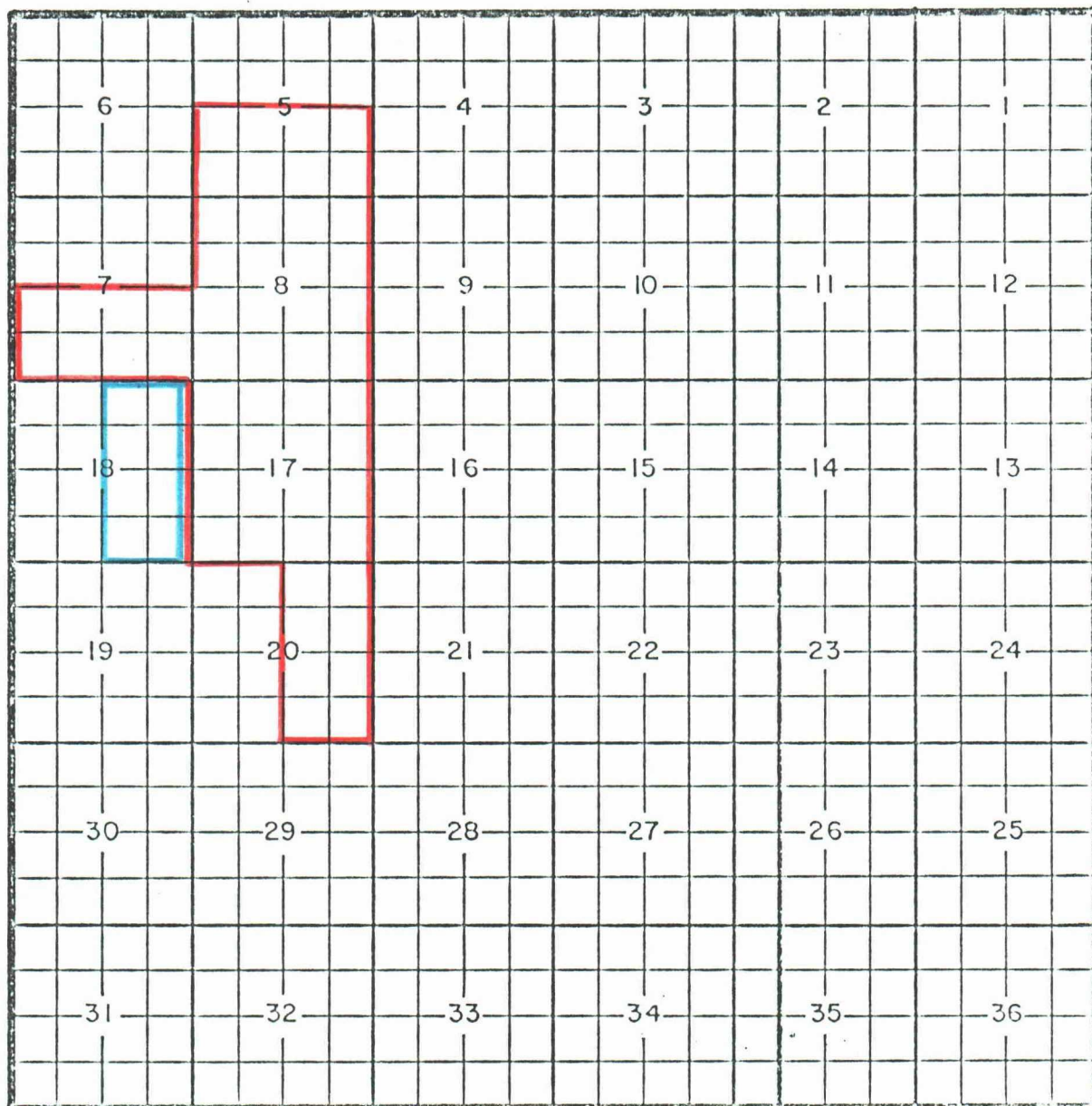
TOWNSHIP

19S

RANGE

27E

NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Robert Enfield	Federal 18	1-A	18-19-27	12/24/86	Penn.	7906

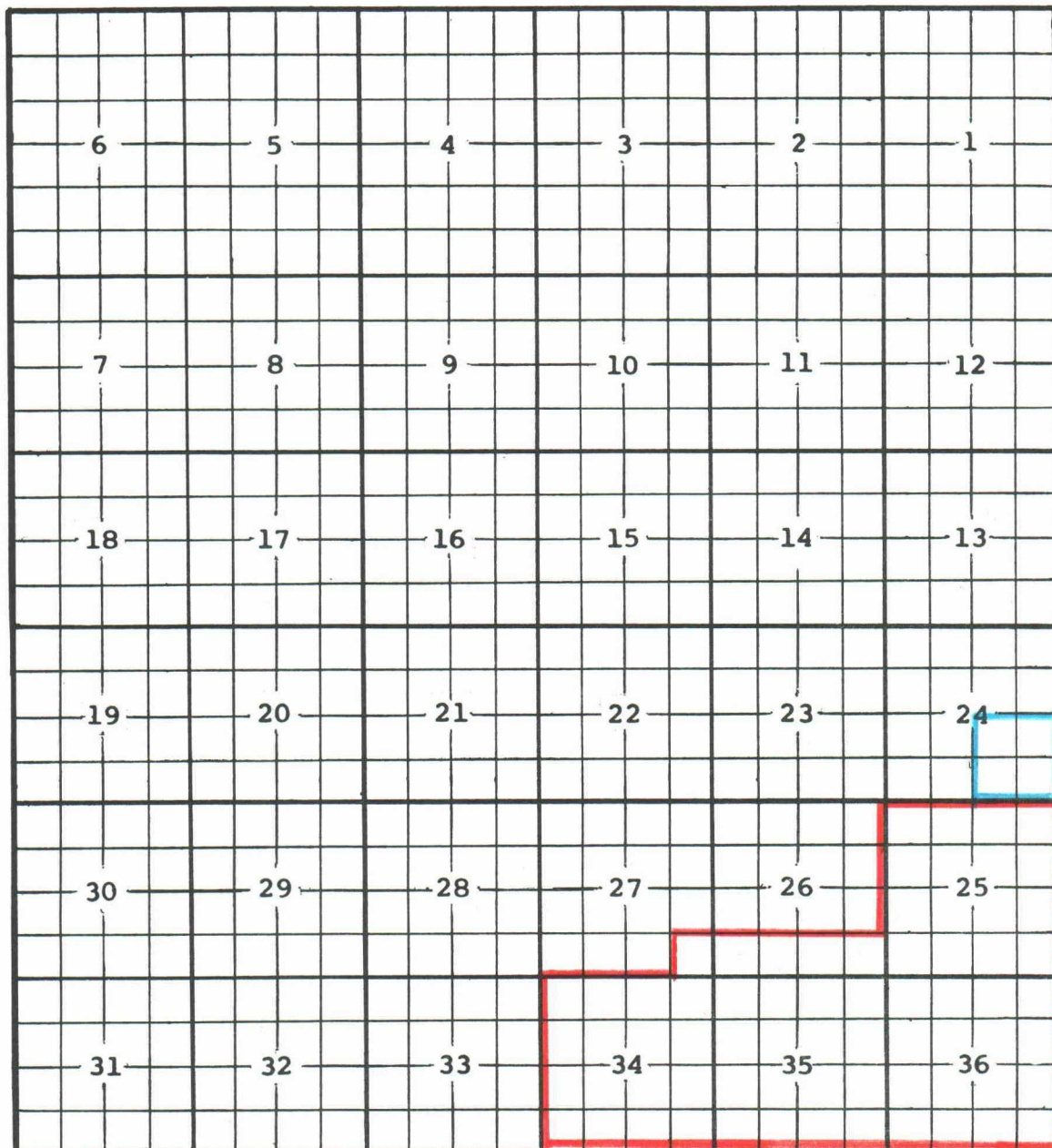
Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 18: E/2

COUNTY Eddy POOL East Red Lake-Queen-Grayburg Pool

TOWNSHIP 16S RANGE 28E NMPM



PURPOSE: One completed oil well capable of producing.

OPERATOR	LEASE	#-Ut.	S-T-R	COMP.	FORMATION	TOP
Spectrum 7 Expl. Co.	State 24	1-0	24-16-28	1/10/87	Queen	1537

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 24: SE/4

COUNTY Eddy

POOL

North Ross Draw- Delaware Pool

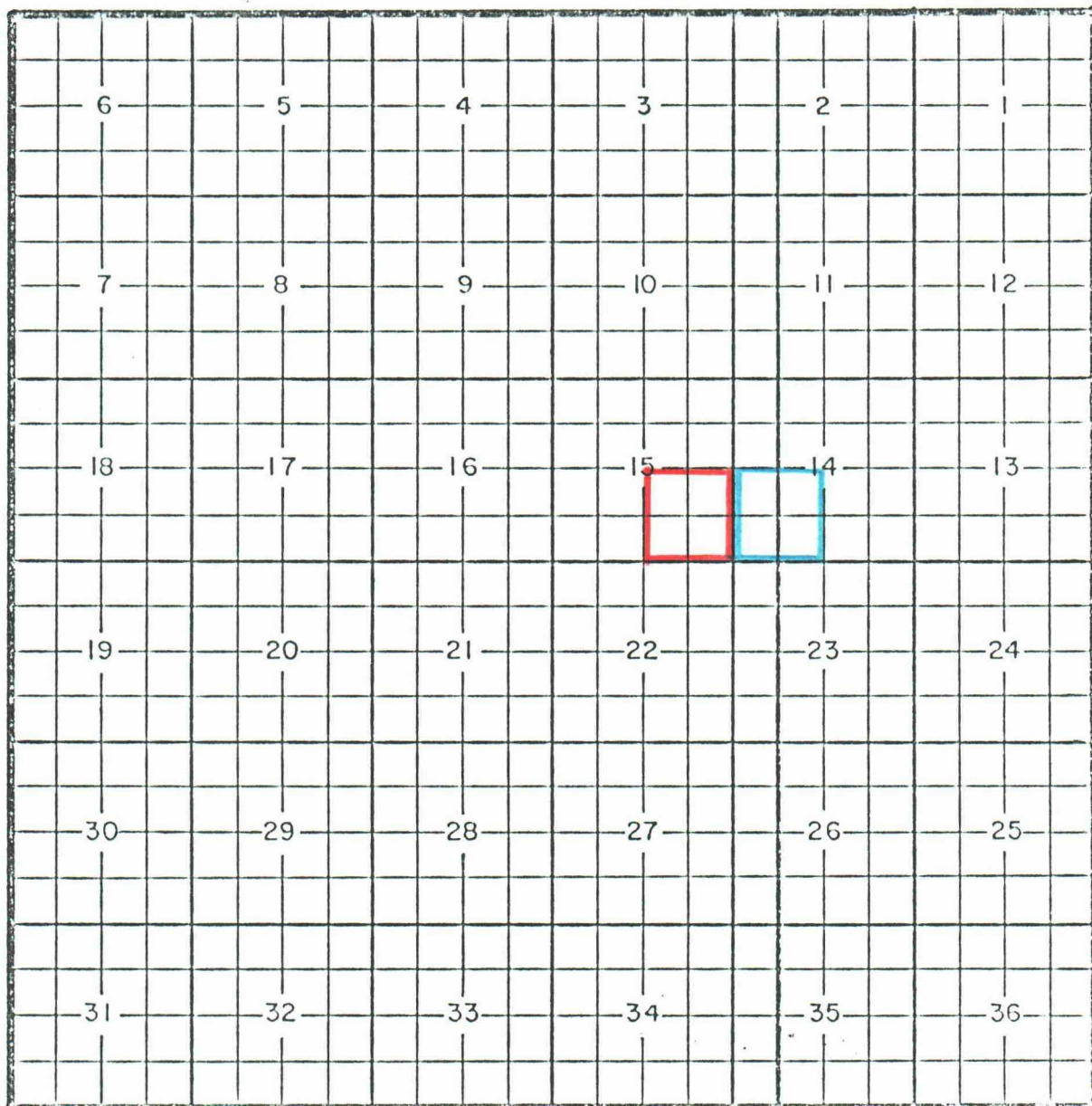
TOWNSHIP

26S

RANGE

30E

NMPM



PURPOSE: One completed oil well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
J. C. Williamson	Sun Ex. Fed. Ut.	2-M	14-26-30	2/1/87	Delaware	5793

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 14: SW/4

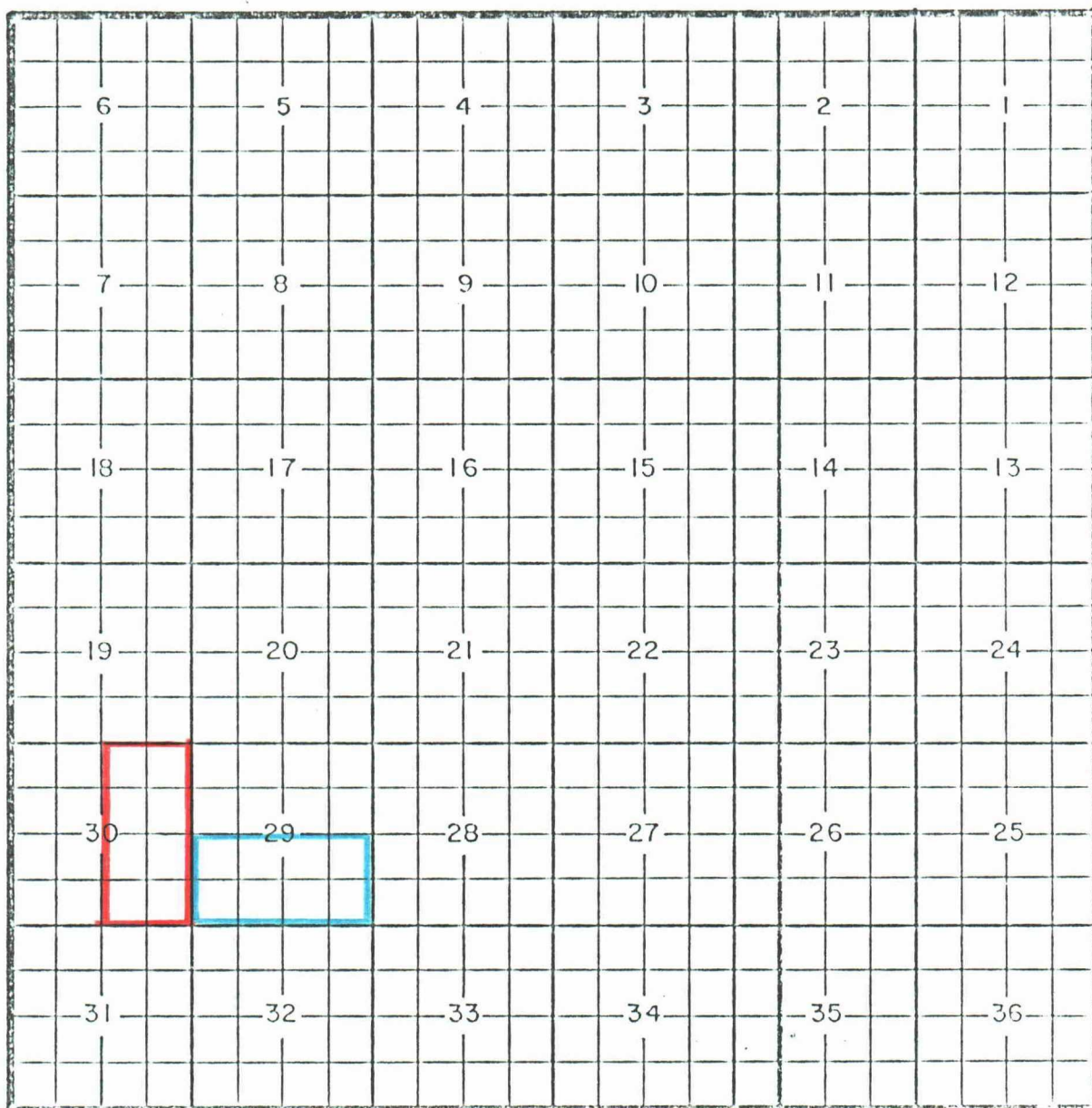
COUNTY Eddy

POOL Saladar-Strawn Gas Pool

TOWNSHIP 20S

RANGE 28E

NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Yates Pet. Corp.	Federal DC	1-L	29-20-28	12/8/86	Strawn	10,168

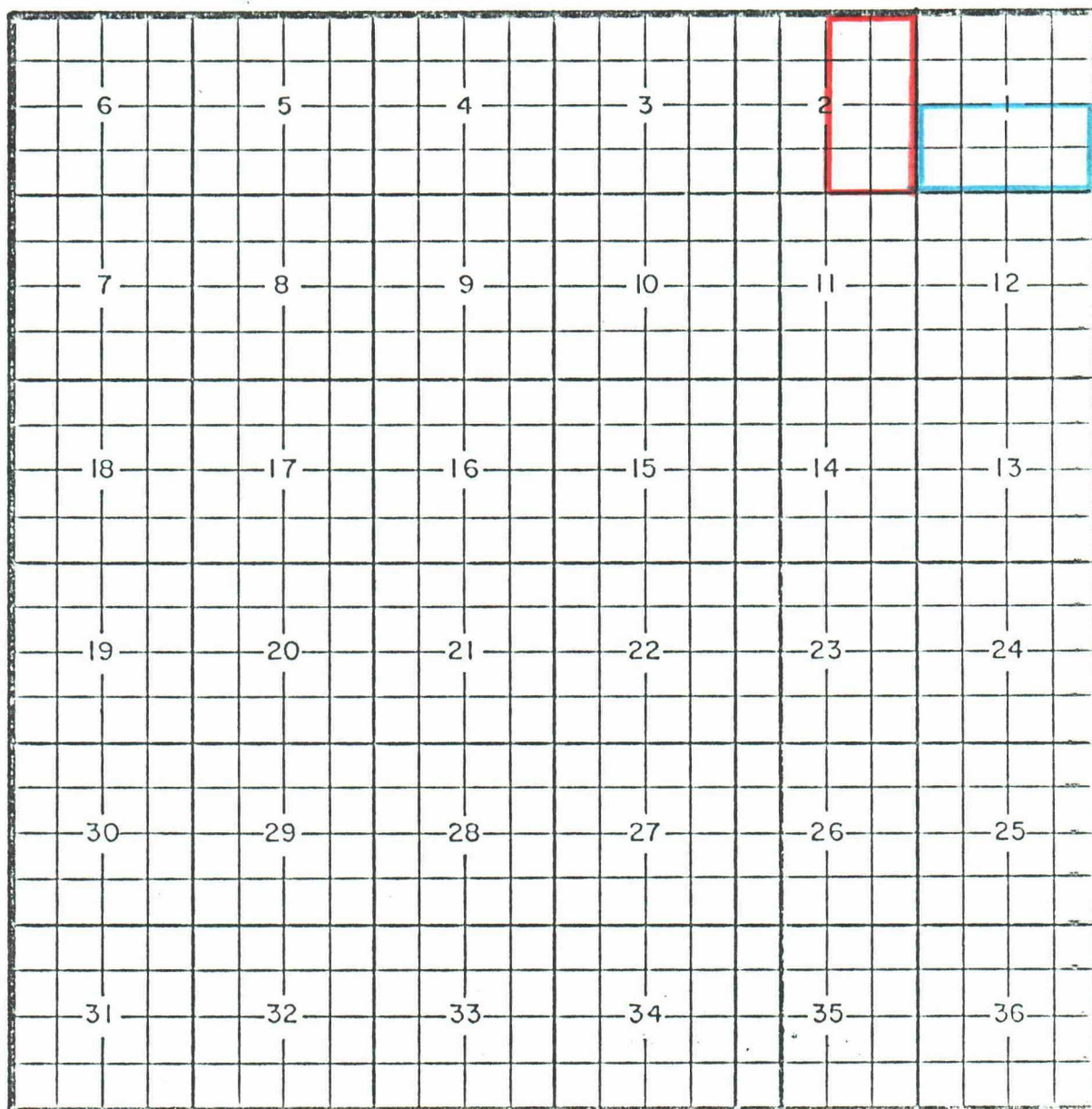
Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 29: S/2

COUNTY Eddy POOL North Sand Dunes-Morrow Gas Pool

TOWNSHIP 23S RANGE 31E NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Union Oil of California	Barclay Fed.	1-N	1-23-31	11/18/84	Morrow	14,818

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 1: S/2

COUNTY Eddy

POOL

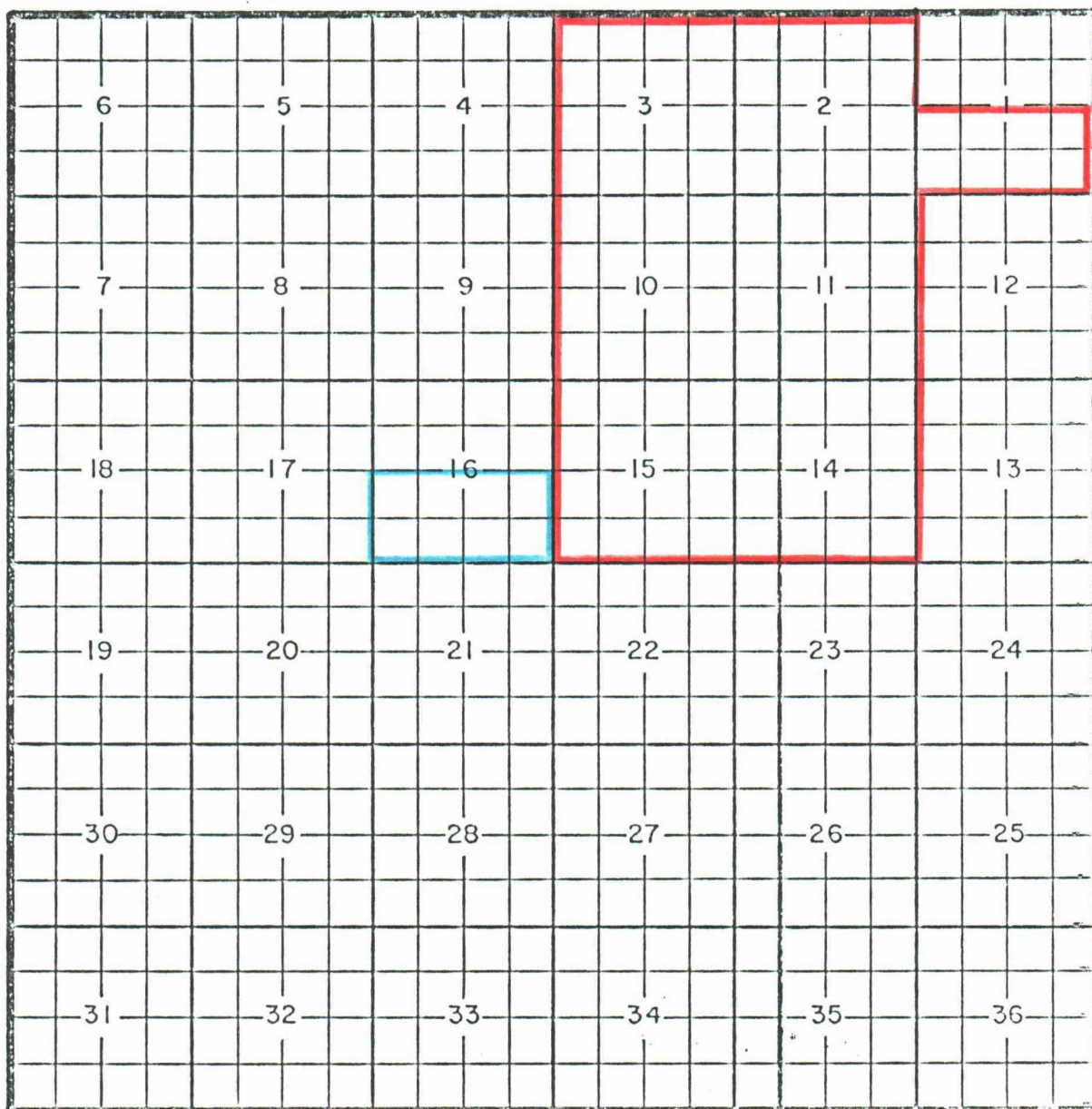
Turkey Track-Atoka Gas Pool

TOWNSHIP 19S

RANGE

29E

NMPM



PURPOSE: One completed gas well capable of producing.

OPERATOR	LEASE	#-UT.	S-T-R	COMP.	FORMATION	TOP
Southland Royalty Co.	State 16 A Com.	1-0	16-19-29	12/9/86	Atoka	10,684

Pool boundary outlined in red.

Proposed extension outlined in blue.

Section 16: S/2