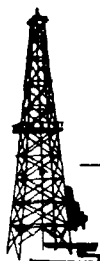


HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

505/623-6601

FAX 505/622-4221

ROSWELL, NEW MEXICO 88202-1933

May 16, 1988

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

Re: Case No. ~~9326~~ 9390: Application for Special Pool Rules,
Tres Ninos-Devonian Gas Pool,
Chaves County, New Mexico

MS

Dear Mr. Stogner,

With respect to Robert N. Enfield's proposal to establish special pool rules for the Tres Ninos Devonian-Gas Pool, we can see the need for 160 acre spacing. The location of the discovery well is well situated in a gas pool with 160 acre dedication. It is located at such a position to effectively drain 160 acres (the proration unit surrounding the well bore). Two of Robert Enfield's proposed rules are not practical for uniform development, protection of correlative rights, and maximum recovery of gaseous hydrocarbons without undue waste. The two special pool rules are:

- 1) 5c: Location of wells not closer than 330 ft. to any outer boundary of a spacing unit or proration unit.
- 2) 5d: 1320 feet between wells.

We see several problems:

1) If the offset to the south of the discovery well; McCombs #1-E, Sec. 29, T7S, R31E; was drilled at a 330' FSL & 330' FWL with 1320 feet between wells, we would be denied a location with which to drain our acreage and another location made unusable. (See enclosed Plat)

2) The previously completed "new well" is then offset to the east, at a location of 2310' FSL & 330' FEL, Sec. 29, T7S, R31E, and completed successfully. Now, we have a situation in where we are being drained in three directions from the SE/4 of the NE/4, Sec. 29; SW/4 of the NW/4, Sec. 28; and the NW/4 of the SW/4, Sec. 28. The SE/4 of the Sec. 29 would be extended into the Tres Ninos Pool and subject to Special Pool Rules.

If wells were no closer than 1320' apart, we would have to drill 990 ft. away from Robert Enfield's lease line. This would inhibit practical development of our leases, and set us up for draining Flag-Redfern's acreage in the E/2 of Sec. 28, if our well was successful and we offset to the east one location.

In summary of these situations, Robert N. Enfield could effectively drain other leases until the depletion of his wells, plug and abandon them, and then redrill one virtually undrained infield location. Special Pool Rules should be established to allow other operators to drill locations 330' or 660' from proration units, not just Robert Enfield.

More practical pool rules would be:

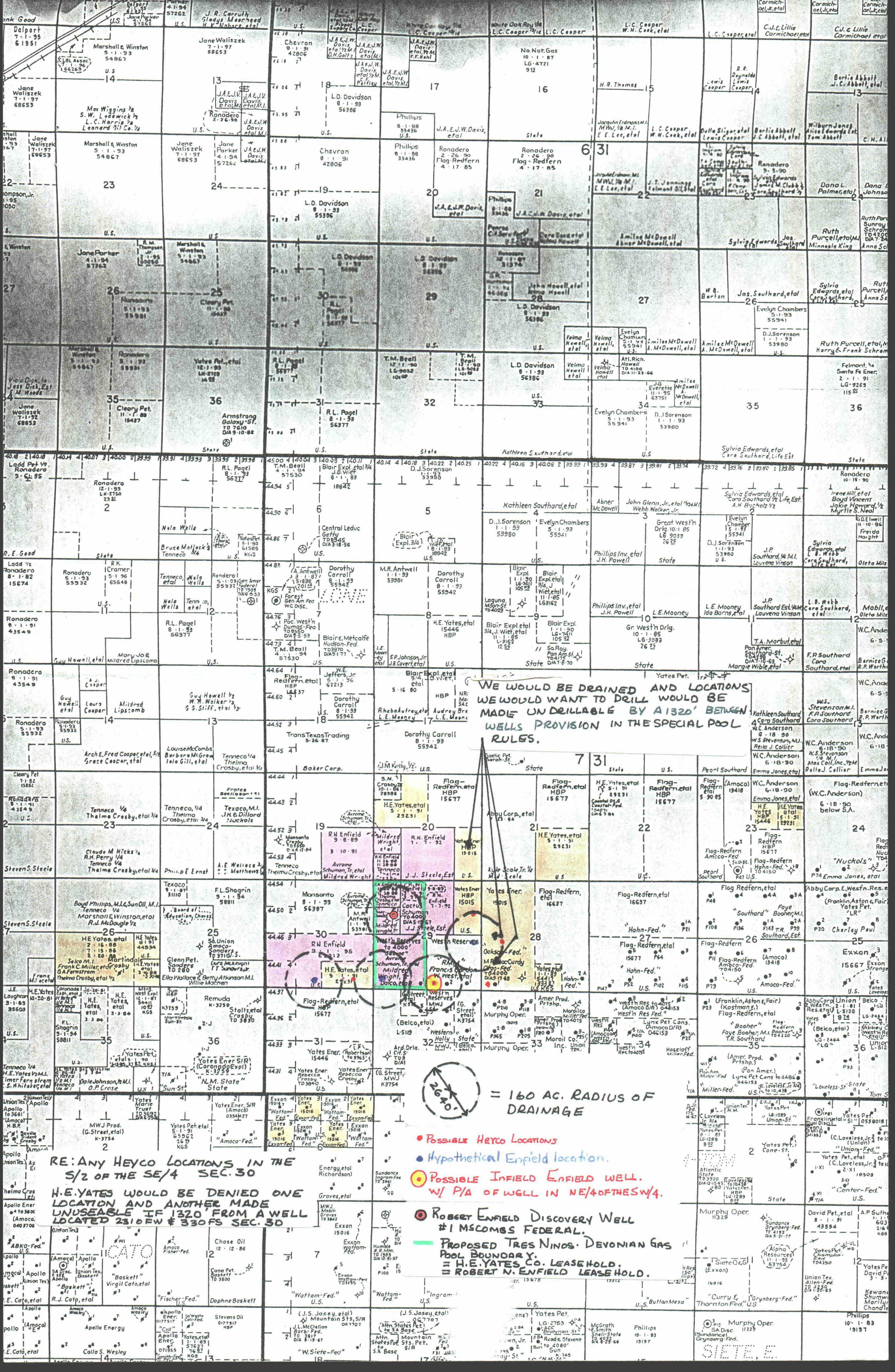
- 1) 150' or 330' from 1/4 1/4 of proration unit for uniformity in development of leases,
- 2) one well per proration unit, if classified as a gas well,
- 3) no stipulation on footages between wells,
- 4) non-standard locations only by practical geologic evidence.

Sincerely,
HARVEY E. YATES COMPANY

A handwritten signature in cursive script, appearing to read "Larry Brooks".

Larry Brooks
Geologist

LB/vt
LARRY03



ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

~~Robert N. Enfield~~

Other _____