

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

APR 22 1994

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April 13, 1994

New Mexico Oil Conservation Commission  
811 South First Street  
Artesia, New Mexico 88210

ATTN.: Mark Ashley

Dear Sir:

This letter should clarify why the Greasewood "BD" #1, a gas well, is dedicated to the same acreage as the oil wells, Greasewood "BD" # 8, #9, & #10. All these wells are located in 5 19S 25E (see Attachment 1).

The Greasewood "BD" #1 produces gas from the Slaughter portion of the San Andres Formation while the Greasewood "BD" #8, #9, & #10 wells produce from the Yeso formation. The pool rules for the Penasco Draw San Andres-Yeso state in rule (5b) that "The simultaneous dedication of any acreage to an oil well and a gas well within the same **formation** is prohibited" (see Attachment 2). This rule was added by Order No. R-5353-H, October 1, 1981. These wells produce from the same pool, the Penasco Draw San Andres-Yeso, but from different formations.

The Greasewood "BD" #1 was originally completed June, 29, 1967. On January 12, 1973, the Oil Conservation Commission approved a request by Yates Petroleum to classify this well as a Slaughter gas well dedicated to the North half of Section 5 (see Attachment 3). The Greasewood "BD" #8, #9, & #10 wells were all drilled and completed in the Yeso formation in 1980. As noted above, the rule (5b) was added in 1981.

If you believe there is a problem with the situation noted above or you need further information, please do not hesitate to contact me.

Sincerely,

*Carolyn Bulovas Yates*  
Carolyn Bulovas Yates  
Petroleum Engineer

Attachments

cc: Darrell Atkins  
Dave Boneau  
Jim Brown  
Norbert McCaw  
Mike Slater

(cc orig.)

6-22-94  
Looks ok - JHM  
Please send copy  
to Santa Fe for  
their record