

Case 12681 ReOpened

Yates Petroleum Corporation

January 8, 2004

1. Yates seeks to make permanent the temporary pool rules for the Big Dog Atoka oil pool.
2. One-well pool: Yates Big Bear ATN #2
1675 S & 660 W, Section 29-15S-35E
Lea County, New Mexico
Completed June 25, 2001
Atoka perforations at 11,878 – 11,882
Spacing Unit = N/2 SW/4 of Section 29
3. NMOCD Hearing on June 28, 2001, resulted in temporary rules:
80-acre spacing units
Second well allowed on undrilled 40 acres
330-foot setbacks from quarter-quarter section line
Oil allowable = 445 BOPD
4. In June 2001, drainage area for Big Bear ATN #2 was estimated as 74 acres
5. As of November 30, 2003, well has produced 74,970 BO
Current Rate = 32 BOPD
6. Big Bear ATN #2 has drained 73 acres to date
Ultimate drainage area = 94 acres
7. Conclusion: 80-acre spacing unit is appropriate based upon 2+ years of data
Other temporary rules are likewise still appropriate
Temporary pool rules should be make permanent