

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

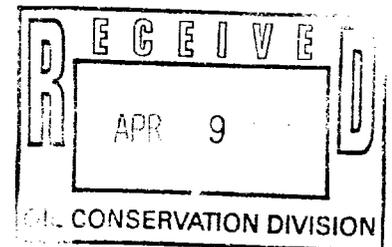
JACK M. CAMPBELL  
OF COUNSEL

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

April 29, 1996

**VIA FACSIMILE AND HAND-DELIVERED**

Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87505



Rand Carroll, Esq.  
Division Attorney  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Case No. 11525:  
Application of Yates Petroleum Corporation for amendments to allowables  
and cancellation of overproduction in the North Dagger Draw-Upper Penn  
Pool, Eddy County, New Mexico

and

New Mexico Oil Conservation Division Case No. 11526:  
Application of Yates Petroleum Corporation for amendments to allowables  
and cancellation of overproduction in the South Dagger Draw-Upper Penn  
Pool, Eddy County, New Mexico

Gentlemen:

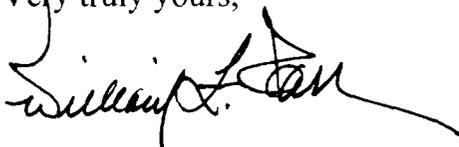
Yates Petroleum Corporation has received copies of the Request for Continuance filed by  
Conoco Inc. in each of the above-referenced cases.

Michael E. Stogner, Hearing Examiner  
Rand Carroll, Esq., Division Attorney  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
April 29, 1996  
Page 2

We met with Mr. Tim Gum, District Supervisor of Oil Conservation Division District II concerning allowables and the overproduced status of certain wells in each of the pools which are the subject of the above-referenced cases. During this meeting with Mr. Gum, representatives of Yates advised Mr. Gum that they would bring this matter to hearing before the Division at the earliest possible time. The applications currently set for hearing on May 2, 1996 are the result of those representations to Mr. Gum. Yates will be prepared to present its cases to the Division at that time.

Yates Petroleum Corporation is unable to evaluate the impact of the above-referenced applications on other operators in the pool. Accordingly, Yates takes no position on the Motion for Continuance. We believe this motion should be weighed by the Division in the light of the arguments raised therein. Should the Division determine that a continuance is necessary, Yates will be prepared to present testimony in support of these applications at the time and place directed by the Examiner.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping underline.

WILLIAM F. CARR  
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

cc: W. Thomas Kellahin, Esq. (**Hand-Delivered**)

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 26, 1995

**VIA FACSIMILE AND HAND DELIVERED**

Mr. Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Rand Carroll, Esq.  
Division Attorney  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

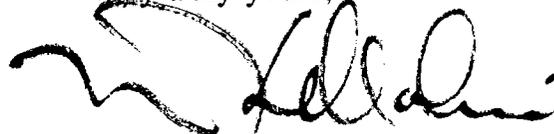
**Re: NMOCD Case 11526**  
***Application of Yates Petroleum Corporation***  
***for Amendments to Allowables and Cancellation of***  
***Overproduction in the South Dagger Draw-Upper Penn Pool***  
***Eddy County, New Mexico***

Gentlemen:

On behalf of Conoco Inc., an adversely affected interested party, please find enclosed: (a) our Entry of Appearance and (b) Request for Continuance for the referenced case which is now set for an Examiner's hearing on May 2, 1996.

We are requesting that this case be continued until the hearing scheduled for June 13, 1996.

Very truly yours,



W. Thomas Kellahin

cc: Via facsimile to:  
William F. Carr, Esq.  
Attorneys for applicant  
cc: Conoco Inc.  
Attn: Jerry Hoover  
cc: OCD-Artesia  
Attn: Tim Gum

6

**OIL CONSERVATION DIVISION**

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

**IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION FOR  
AMENDMENTS TO THE ALLOWABLE AND FOR  
CANCELLATION OF OVERPRODUCTION IN  
THE SOUTH DAGGER DRAW-UPPER PENN  
ASSOCIATED POOL, EDDY COUNTY, NEW MEXICO**

**CASE 11526**

**ENTRY OF APPEARANCE  
AND  
REQUEST FOR CONTINUANCE**

Comes now CONOCO INC., ("Conoco") by its attorneys, Kellahin and Kellahin, and enters its appearance in this case as an interested party in opposition to the applicant.

Conoco moves that this case be continued from the Examiner's docket now schedule for May 2, 1996 to the Examiner Docket scheduled for June 13, 1996 and as ground therefore states:

- (1) On Tuesday, April 15, 1996, Conoco received Yates' application in this case and became aware for the first time that Yates was requesting to significantly increase the oil allowable and corresponding gas allowable increase and to cancel any overproduction in this pool.

(2) On Tuesday, April 23, 1996, representatives of Conoco Inc., Nearburg Producing Company and Marathon Oil Company attended a meeting at Yates' offices in Artesia to have Yates explain the Yates' application.

(3) Conoco is an operator and working interest owner in the South Dagger Draw-Upper Penn Associated Pool.

(4) Yates is seeking to increase the oil allowable in this pool from the current 1400 BOPD to 8,000 BOPD per 320-acre spacing and proration unit and to have all overproduction canceled.

(5) Yates' application for these pool-wide rule changes, if approved, would increase the gas allowable from 9.8 million MCFPD to a new maximum gas allowable of 56 million MCFPD (8,000 BOPD x 7,000 to 1 GOR) which will have a dramatic impact on the correlative rights in this pool.

(6) It is essential for Conoco's experts to have a reasonable period of time in which to adequately prepare for an evidentiary hearing on this matter.

(7) Having this matter presented at an evidentiary hearing set for May 2, 1996 is premature and will result in Yates' presenting its technical case on that date with Conoco severely handicapped in presenting its technical case because there simply was not sufficient time to adequately prepare thus resulting in a request that Conoco's witnesses testify at a subsequent hearing.

(8) A continuance will also afford an opportunity for the operators to discuss a potential agreed upon recommendation to the Division for a solution of this problem.

(9) Conoco also requests the Division to issue a Notice to Operators in the Pool requiring immediate compliance with the current pool rules such that no operator continues to produce in excess of the

current oil and/or gas allowable or otherwise accumulate additional overproduction pending final adjudication of this matter.

(10) Counsel for Yates is not available for the Examiner hearing set for May 30, 1996 and counsel for Conoco is not available for the Examiner hearing set for May 16, 1996. Both counsel are available for the Examiner hearing set for June 13, 1996.

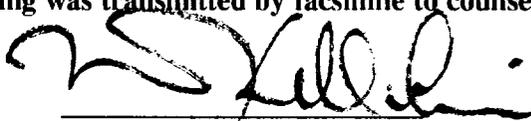
Counsel for the Applicant, Yates Petroleum Corporation ("Yates"), has been contacted concerning this request and has advised that Yates is opposed to a continuance.



W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

**CERTIFICATE OF NOTICE:**

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 26 day of April, 1996.



W. Thomas Kellahin