

NEW MEXICO OIL CONSERVATION COMMISSION

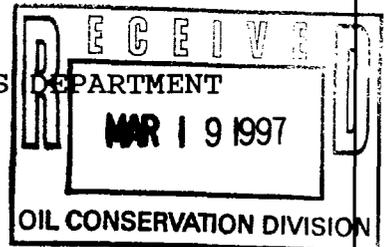
EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MARCH 6, 1997 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
David Percy	ARCO Permian	Midland
Lee Scarborough	ARCO Permian	Midland
Michael Shen	IUP	SANTA FE
Randy Moore	Mentmore Oil	Midland
Paul Hader	New Source Oil Co.	Midland
Bill Oliver	David Pet	Roswell
Fred Hoff	David Pet	"
Kelbini	Kellbini Oil Co.	SANTA FE
Ed McLaglin	UMC Petroleum	Denver
Gene Bailey	Doyle Hartman	Santa Fe
STEVE SACERMAN	BLM	SANTA FE
James Bruce		SF

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



IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
)
APPLICATION OF YATES PETROLEUM)
CORPORATION FOR COMPULSORY POOLING,)
DIRECTIONAL DRILLING AND UNORTHODOX)
LOCATION, LEA COUNTY, NEW MEXICO)
)

CASE NO. 11,738

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 6th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 6th, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

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March 6th, 1997
Examiner Hearing
CASE NO. 11,738

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A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
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 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at

2 8:15 a.m.:

3 EXAMINER STOGNER: I will open today's hearing
4 for Docket Number 7-97. Please note today's date,
5 Thursday, March 6th, 1997. I'm Michael Stogner, appointed
6 Hearing Examiner for today's cases.

7 At this time I will call first case, Number
8 11,738.

9 MR. CARROLL: Application of Yates Petroleum
10 Corporation for compulsory pooling, directional drilling
11 and unorthodox location, Lea County, New Mexico.

12 EXAMINER STOGNER: Call for appearances.

13 MR. CARR: May it please the Examiner, my name is
14 William F. Carr with the Santa Fe law firm Campbell, Carr,
15 Berge and Sheridan.

16 We represent Yates Petroleum Corporation in this
17 matter, and I have two witnesses.

18 EXAMINER STOGNER: Any other appearances?

19 Will both witnesses please stand to be sworn at
20 this time?

21 (Thereupon, the witnesses were sworn.)

22 MR. CARR: May it please the Examiner, initially
23 I'd like to note that a letter has been sent to the
24 Division and to me concerning this Application by the
25 attorneys for the interests of Leonardo Anderson and Laura

1 Geraldine Anderson Hill, in which they have protested the
2 Application on the grounds that Yates is seeking to drill
3 from this current location into neighboring pools.

4 I would like to note first of all that our
5 evidence will show that that is an incorrect statement.
6 And furthermore, as we get into the land testimony, we have
7 received letters from Leonardo Anderson and Laura Geraldine
8 Anderson Hill, both of which indicate a desire to be pooled
9 in this matter.

10 So that is our response to the letter from their
11 attorneys from Palm Springs, California.

12 And at this time I would call our land witness,
13 Mr. Bill Owen.

14 EXAMINER STOGNER: That letter that you referred
15 to is in the file, dated February 25th, 1997. Is that the
16 one you're referring to?

17 MR. CARR: Yes, sir, it is.

18 EXAMINER STOGNER: That came to my attention, I
19 believe?

20 MR. CARR: Yes. And it is challenging whether or
21 not we're in the Undesignated Townsend-Morrow Gas Pool, and
22 I have confirmed that, in fact, we are.

23 EXAMINER STOGNER: Okay, that letter is made part
24 of the record.

25 Mr. Carr, you may continue.

1 BILL OWEN,

2 the witness herein, after having been first duly sworn upon
3 his oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. CARR:

6 Q. Would you state your name for the record, please?

7 A. Bill Owen.

8 Q. Where do you reside?

9 A. Roswell, New Mexico.

10 Q. By whom are you employed?

11 A. David Petroleum.

12 Q. And what is your position with David Petroleum?

13 A. Land manager.

14 Q. Could you explain to the Examiner the
15 relationship in this case between David Petroleum and Yates
16 Petroleum Corporation?

17 A. In this particular case, David Petroleum had
18 acquired a number of fee leases in this general area, and
19 we approached Yates Petroleum since they owned a state
20 lease in the southeast quarter of our Section 11 of
21 Township 16 South, Range 35 East, and we agreed to put our
22 interests together to try to go out and drill a well.

23 Q. Today in this hearing, are you representing both
24 David Petroleum and Yates Petroleum Corporation?

25 A. Yes, I am.

1 Q. And have the parties agreed that it will be
2 appropriate for Yates Petroleum Corporation to, in fact, be
3 the operator of the well?

4 A. Yes.

5 Q. Have you previously testified before this
6 Division?

7 A. Yes.

8 Q. At the time of that testimony, were your
9 credentials as an expert in petroleum land matters accepted
10 and made a matter of record?

11 A. Yes.

12 Q. Are you familiar with the Application filed in
13 this case?

14 A. Yes.

15 Q. And are you knowledgeable about the status and
16 ownership of the lands in the area surrounding the proposed
17 well?

18 A. Yes.

19 MR. CARR: Are the witness's qualifications
20 acceptable?

21 EXAMINER STOGNER: They are.

22 Q. (By Mr. Carr) Mr. Owen, would you initially
23 review for the Examiner what it is that you are seeking in
24 this case?

25 A. We're seeking a force pooling of certain small

1 interests that are yet to have a specific deal negotiated
2 with, and also the pooling of certain lands in the west
3 half of Section 11. They specifically would be in the
4 Morrow formation, the west half of the section, 320-acre
5 spacing unit. For a possible Strawn location would be the
6 northwest quarter of the section. For a -- also a possible
7 Strawn location would be an 80-acre spacing for the east
8 half of the northwest quarter, and a possible Wolfcamp
9 location at the southeast of the northwest quarter for a
10 40-acre spacing.

11 Q. Are you also seeking authority to directionally
12 drill the subject well?

13 A. Yes, we are. We plan to re-enter a well that's
14 located 1980 feet from the north and west lines and
15 directionally drill that location north by approximately
16 330 feet to a bottomhole location of approximately 1980
17 feet from the west line and 1650 feet from the north line.

18 Q. This well could be bottomed at an unorthodox
19 location; is that correct?

20 A. Yes, sir, it's possible. Most likely, the case
21 will be that we will not be unorthodox. However, there is
22 a possibility of drift with the location, and so we are
23 asking for an unorthodox approval.

24 Q. The bottomhole target location is 1650 from the
25 north line and 1980 from the west; is that correct?

1 A. That's correct.

2 Q. And that target is, in fact, a standard location?

3 A. Yes, that's correct.

4 Q. You're seeking authority to bottom that well
5 within 50 feet of that point?

6 A. That's correct.

7 Q. And if the well should drift further to the
8 north, you could be unorthodox by as much as 50 feet to the
9 north?

10 A. Yes, that's correct.

11 Q. Have you prepared exhibits for presentation in
12 this case?

13 A. Yes, I have.

14 Q. Let's go to what has been marked as Yates
15 Petroleum Corporation Exhibit Number 1. Would you identify
16 that and review that for the Examiner, please?

17 A. Exhibit Number 1 is a land map again highlighting
18 our Section 11, specifically, which is the west half of
19 Section 11 that's been highlighted, of Township 16 South,
20 Range 35 East. It highlights the 320 acres that would be
21 the proposed proration unit for a Morrow proration unit.

22 Q. This location, the bottomhole location, also
23 could be unorthodox in the Strawn; is that correct?

24 A. Yes, it's possible.

25 Q. And there are special pool rules in effect for

1 the Strawn in this area; is that right?

2 A. Yes, you are required to be within 150 feet from
3 the center of a quarter-quarter section.

4 Q. So in the Strawn you would be at an unorthodox
5 location?

6 A. Yes.

7 Q. Let's go to Exhibit Number 2. Can you review
8 that, please?

9 A. Exhibit Number 2 is an outline of the west half
10 of Section 11 that shows again where the surface location
11 would be, marked with a dryhole indicator and with a red
12 dot, a red circle, which would be the bottomhole location.

13 It shows in the lower portion of this outline the
14 working interest owners who have all agreed on this
15 particular location and agreed to move forward with the
16 drilling of it. There is a space between that set of
17 names, and the lower portion of names is the separate set
18 of names that we are currently negotiating with or have
19 agreed to be force pooled.

20 Q. And those are also working interest owners,
21 correct?

22 A. Yes, they have undivided mineral interest in a
23 portion of the west half, not all of it but just a portion
24 of it.

25 Q. You're currently in negotiations with most of

1 those individuals; is that correct?

2 A. With three of them we are. We feel very
3 confident we'll have a deal worked out, just within a
4 matter of days with three of them. And then the other
5 three, it's a different situation.

6 Q. Which three are you optimistic about obtaining a
7 voluntary agreement?

8 A. Mr. Clay Johnson, who is the first individual
9 listed, and then the bottom two interests, Harle, Inc., and
10 Larry Hunnicutt.

11 Q. What is the status of negotiations with Mr.
12 Johnson?

13 A. Mr. Johnson, we talked with him just a couple of
14 days ago, and he indicated he would get back with me on
15 Friday, as far as what he intended to do with the
16 particular interest.

17 Q. The interest owners that may be subject to
18 pooling are Leonardo Anderson and Laura Hill; is that
19 correct?

20 A. That's correct. Both of those individuals have
21 had the opportunity to lease or to join. They have made
22 the decision, and by so doing, with one of our later
23 exhibits, you will see that they have both indicated they
24 request on their part to be force-pooled.

25 Q. What about Bobby Ann Dow Logan?

1 A. We have not been able to locate this Logan
2 interest. We started a little over a year ago, wrote a
3 letter, had the letter returned to us, made numerous phone
4 calls, checked the county records again for any other type
5 leasehold information that would pertaining to that
6 interest. We were unsuccessful in doing so.

7 Subsequent to that, we also had her Social
8 Security Number run through a private professional locator
9 service to see if they could locate the individual, doing a
10 Social Security check, and were also unsuccessful in that
11 effort.

12 Q. At this time, Mr. Owen, what percent of the
13 working interest is voluntarily committed to this well?

14 A. Oh, a little over 98 percent. It's 98.181215
15 percent. And we expect that to be over 99 percent when you
16 take into consideration the status of these other three
17 interests that we expect to have a deal worked out with.

18 Q. Can you identify for me what has been marked as
19 Exhibit Number 3?

20 A. Exhibit Number 3 are the papers I indicated
21 earlier that we've received from the Hill interest and from
22 the Anderson interest, wherein they have requested to be
23 force-pooled. And again, the third page on that particular
24 exhibit just identifies one of the certified letters that
25 we had sent out.

1 Q. What are the primary objectives in this well?

2 A. Primary objectives are the Strawn formation and
3 the Morrow formation.

4 Q. Can you identify what has been marked as Yates
5 Exhibit Number 4?

6 A. Exhibit Number 4 is an authority for expenditure,
7 prepared by Yates Petroleum, estimating the cost for a dry
8 hole to be \$444,400, and a completed well would be
9 \$842,900.

10 Q. Are these costs in line with what are incurred by
11 operators in this area for similar wells?

12 A. Yes.

13 Q. Have you made an estimate of the overhead and
14 administrative costs to be incurred while drilling a well
15 and also while producing it if, in fact, it is successful?

16 A. Yes, while drilling would be \$5400 a month and
17 while producing would be \$540 a month.

18 Q. And what is the source of these figures?

19 A. The Ernst and Young survey, 1995.

20 Q. And do you recommend that these figures be
21 incorporated into the order that results from today's
22 hearing?

23 A. Yes.

24 Q. Is Exhibit Number 5 an affidavit confirming that
25 notice of today's hearing has been provided to all those

1 who will be subject to pooling in accordance with OCD
2 rules?

3 A. Yes.

4 Q. And Yates Petroleum Corporation seeks to be
5 designated operator of the proposed well?

6 A. Yes.

7 Q. Were Exhibits 1 through 6 either -- And what is
8 Exhibit Number 6?

9 A. Exhibit Number 6 is two separate waivers received
10 from Amerind Oil and from UMC Petroleum, who are offset
11 operators to the northeast and northwest, whereas they have
12 waived any objection to our possible unorthodox location.

13 Q. And these are the only operators who would be
14 affected by the unorthodox location?

15 A. Yes.

16 Q. Were Exhibits 1 through 6 either prepared by you
17 or compiled at your direction?

18 A. Yes.

19 MR. CARR: At this time, Mr. Stogner, we would
20 move the admission into evidence of Yates Petroleum
21 Corporation Exhibits 1 through 6.

22 EXAMINER STOGNER: Exhibits 1 through 6 will be
23 admitted into evidence.

24 MR. CARR: And that concludes my direct
25 examination of Mr. Owen.

EXAMINATION

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BY EXAMINER STOGNER:

Q. Mr. Owen, Exhibit Number 2 now, this is the 320-acre interest shown in this particular exhibit; is that correct?

A. Yes, sir.

Q. Okay. How would that differ if it was 80 acres?

A. The ownership?

Q. Yes, and the percentages.

A. The percentages in the big picture, Mr. Examiner, would remain very close to what they are. The top portion of the owners are all working interest owners who have currently signed a joint operating agreement and are prepared to move forward with the drilling, regardless of what the spacing unit would be.

Mr. Clay Johnson's interest is -- his only leasehold interest in this tract of land is in the northwest-northwest quarter. You can see that. It's kind of separated through the little hachmarks there.

So unless he signs the joint operating agreement, if he wanted to stay in the pool category, his interest would only apply to a west-half proration unit or to a 160-acre spacing unit. If it was reduced to an 80 or a 40, his interest would not be affected.

The lower five interests there, the Anderson

1 interest, the Hill, Logan, Harle and Hunnicutt, all those
2 interests are only in the 120 acres, the L-shaped 120 acres
3 to the -- that's in the northwest quarter, being the east
4 half of the northwest and the southwest of the northwest.

5 Q. Okay. In Exhibit Number 3, second page, there's
6 a letter to Leonardo Anderson, and that's dated May 30th,
7 and that's the only documentation that I show on the
8 exhibits, unless I'm maybe missing something here, about
9 written correspondence of any kind, trying to get some sort
10 of an agreement or a lease on the other five, with the
11 exception of -- What? I guess the Logan interest couldn't
12 be found or anything? Is this the only documentation that
13 you have?

14 A. Yes, sir, pertaining to the Anderson interest,
15 that's correct. We had had several phone calls with the
16 Andersons, when Mr. Anderson finally indicated that he
17 would just prefer to have his interest force-pooled. He
18 has gone through that process before, and for his
19 particular situation, he prefers, I guess, to have his
20 interest pooled.

21 Q. Now, does he also talk for the Hill?

22 A. No, that's the first page of that exhibit,
23 whereas Judith Chinello, who is conservator for Laura
24 Geraldine Anderson Hill, has made that decision.

25 They are, of course, a family interest, and the

1 difference in the dates of the two instruments is,
2 basically, our first letter from the Hills apparently has
3 been misfiled, so we contacted them just the other day to
4 have them execute a newer letter requesting to be pooled,
5 which they have obviously done.

6 Q. Okay. Now, when was Mr. Johnson first notified
7 of --

8 A. Clay Johnson?

9 Q. Yes.

10 A. Mr. Johnson, we weren't even aware that he had
11 the interest on this tract until approximately a month ago.

12 Of course, he has been put on notice for the
13 hearing, he has received an AFE from Yates Petroleum, and I
14 have talked with him as recent as just several days ago.
15 He said he just had been busy, he'd been out of town a lot,
16 he couldn't remember actually taking the lease. And he
17 indicated that he was out of town, actually, when I talked
18 to him, he would be back in town he would look at it and
19 give me a call tomorrow.

20 So we're scheduled to talk again tomorrow. And I
21 told him that we intended to move forward with our hearing,
22 but we'd be more than happy to work anything out with him
23 that we could.

24 Q. The first notification of Mr. Johnson was at the
25 same time that you filed this Application; is that what I'm

1 hearing?

2 A. That's correct. Mr. Johnson apparently had
3 leased this interest sometime in the middle part of 1996.
4 We have checked the records and have found no indication.
5 We called county records to inquire of that lease.

6 We had leased from -- What happened, Mr.
7 Examiner, he had leased one small interest in the northwest
8 northwest quarter from a -- one member of a family that we
9 had leased from the other majority interests of members of
10 that family. He leased a four-acre mineral interest up
11 there.

12 When we went to try to lease from this
13 individual, he indicated that he had leased to another
14 person. He didn't recall the individual's name. We had
15 checked several times with the county records, trying to
16 find out who that individual was so we could talk with him,
17 and we were unable to determine that a lease had ever been
18 placed of record until about a month ago, when at that
19 point we began our communication with Mr. Johnson.

20 Mr. Johnson, keep in mind, Mr. Examiner, is not a
21 mineral owner. He is a leasehold owner.

22 Q. Okay. How about the Harle and the Hunnicutt
23 interests? When were they first notified?

24 A. Oh, we contacted them, again, many months ago,
25 probably, again, back in that same time frame, back in the

1 summer of 1996, when we were still putting this prospect
2 together.

3 Q. Do you have a copy of that letter?

4 A. No, sir, I don't.

5 Both of those individuals are formerly from
6 Roswell. We've talked to them on the phone. Both of them
7 have indicated that when we got very close to drilling,
8 that they would be more than happy to either sign an AFE
9 and drill with us or lease their interest to us or give us
10 some sort of farmout.

11 So we have no concerns that either of them will
12 have any problem with moving forward with the drilling of
13 the well, and certainly anticipate both of them will join
14 in the drilling of the well.

15 Q. Do you have in your possession in your office
16 copies of those correspondences?

17 A. With Hunnicutt and Harle?

18 Q. Yes.

19 A. No, sir.

20 Q. You only talked to them over the phone?

21 A. Yes, sir.

22 Q. So the first written communication is their
23 notification of this compulsory pooling?

24 A. Yes, sir.

25 Q. Do you feel that's a prudent thing to do, is

1 notify them of a compulsory pooling at the same time you're
2 trying to get them to join?

3 A. Well, if we were dealing with people that we did
4 not know or had no prior experience with, I would say
5 probably the answer to your question would be no.

6 But in this particular case, both of these
7 individuals, as I mentioned, are from Roswell. I know both
8 of these individuals personally. So there has been no
9 problem with any type of conversation or negotiations with
10 them.

11 That's, from our perspective, not unusual at all,
12 from the standpoint of when our company has been contacted
13 by somebody we know, if we have a very, very small
14 interest, it would not be unusual for us just to tell them
15 that when you guys get ready to drill, let us know and
16 we'll be glad to work something out with you, either join
17 in your well or farm our interest out to you. And that in
18 essence is what's taken place with the Hunnicutt and Harle
19 interest.

20 But certainly if it was with an unknown entity
21 and somebody we had not had any prior dealings with, we
22 would have had normal communication with them through
23 written correspondence.

24 EXAMINER STOGNER: Mr. Carr, I continued one
25 about a month ago that was very similar to this where the

1 parties didn't, in my opinion, do a prudent effort of
2 trying to get a voluntary agreement, which this is what
3 it's appearing like in this particular instance.

4 MR. CARR: Well, you know, we could provide to
5 you a letter signed by the representatives of Hunnicutt and
6 Harle, I'm sure, that would confirm that they have been
7 aware of this and talking with David Petroleum since mid-
8 1996 and that they were aware of the hearing and confirm
9 the conversations that Mr. Owen has represented to you.

10 EXAMINER STOGNER: If it appears, as what Mr.
11 Owen is saying, that the Harle and the Hunnicutt and the
12 Johnson interest are essentially flanged up, is what I'm
13 hearing from you -- other than the Logan and Hill interest,
14 of course, that still needs to be force pooled.

15 MR. CARR: Logan and Hill would have to be. It
16 appears that the other three are probably going to be in,
17 voluntarily.

18 THE WITNESS: Well, the Hill and the Anderson
19 interests are the two that have requested to be pooled, and
20 the Logan interest is the one that we have not been able to
21 locate.

22 EXAMINER STOGNER: Mr. Carr, I'm going to allow
23 you to go ahead and continue with this case, and I will
24 make my decision, rather than continue this matter for
25 another 30 days.

1 MR. CARR: Okay. And I think it might be
2 appropriate, Mr. Stogner, just to be sure the record is
3 complete, that following the hearing a letter come from
4 Harle and Hunnicutt. And also I think it would be
5 appropriate to confirm the date the Johnson interest was of
6 record and discoverable, and I think we should provide
7 those for the record.

8 EXAMINER STOGNER: Okay.

9 MR. CARR: And that concludes my direct of Mr.
10 Owen.

11 EXAMINER STOGNER: I have no other questions.

12 MR. CARR: And at this time I would call Mr.
13 Edsel Neff.

14 EDSEL NEFF, JR.,

15 the witness herein, after having been first duly sworn upon
16 his oath, was examined and testified as follows:

17 DIRECT EXAMINATION

18 BY MR. CARR:

19 Q. Would you state your name for the record, please?

20 A. Edsel Neff.

21 Q. Where do you reside?

22 A. Roswell, New Mexico.

23 Q. By whom are you employed?

24 A. David Petroleum.

25 Q. And what is your position with David Petroleum?

1 A. Petroleum geologist.

2 Q. Mr. Neff, have you previously testified before
3 this Division?

4 A. Yes, I have.

5 Q. At the time of that testimony, were your
6 credentials as a petroleum geologist accepted and made a
7 matter of record?

8 A. Yes, sir, they were.

9 Q. Are you familiar with the Application filed in
10 this case?

11 A. Yes, sir.

12 Q. Have you made a geological study of the area
13 which is the subject of this Application?

14 A. Yes, I have.

15 Q. And are you prepared to share the results of that
16 study with Mr. Stogner?

17 A. Yes.

18 MR. CARR: Are the witness's qualifications
19 acceptable?

20 EXAMINER STOGNER: They are.

21 Q. (By Mr. Carr) Let's go to what has been marked
22 as Yates Petroleum Corporation Exhibit Number 7, and Mr.
23 Neff, if you could first explain what this is and exactly
24 how it was constructed and then review it for Mr. Stogner.

25 A. This is a Strawn time map. First of all, we shot

1 a 3-D in the area, Yates Petroleum and a couple other
2 parties. This is from a result of a 3-D survey that we
3 shot. It's a Strawn-time map, on top of the Strawn.

4 As you can see, the color chart on the right
5 shows an increase in time as you go from top to bottom.
6 That also is an increase in depth on the Strawn.

7 You'll see that the Strawn depths from west to
8 east, which also, like I say, is an increase in depth.

9 On this structure map, I've also got labeled the
10 re-entry, the bottomhole location, which is 330 foot to the
11 north, and I've also got marked an A-A' seismic. It's
12 going to be a cross-section, a couple cross-sections I'll
13 show you as we go through the testimony.

14 Q. Now let's go to Exhibit Number 8. Can you
15 identify this, please?

16 A. This is a seismic cross-section, labeled A-A' on
17 the structure map, and basically that's just -- this is
18 just wiggle-trace data, and I wanted to show the top of the
19 Strawn, the Atoka, the Mississippian, the re-entry where
20 the bottomhole location is going to be positioned, and the
21 measured depth and true vertical depth.

22 Q. And basically, this exhibit simply shows the
23 picks for each of the formations that are the --

24 A. Right.

25 Q. -- subject primary areas of interest in this

1 Application?

2 A. Right, this is a normal wiggle data that you
3 interpret.

4 Q. Let's keep that in front of us and move to
5 Exhibit Number 9, and using Exhibit Number 9, could you
6 review the information you have obtained from your seismic?

7 A. This is an amplitude map, and it's also the
8 result of a 3-D survey. It's directly related to velocity.
9 And what I mean by that is that this original data set has
10 been converted through inversion to give us velocity data.
11 As you'll see on the right, these are velocities. 26,000
12 all the way -- at the very top, down to 14,000, early
13 15,000.

14 And what we've found is that velocities, through
15 inversion, you can interpret porosity.

16 And what we've done is, you can see the Strawn,
17 Atoka and Mississippian are again labeled, the re-entry is
18 labeled along with the bottomhole location, and just notice
19 that at the bottomhole location we've got a decrease in
20 velocities which we're interpreting to be porosity in the
21 Strawn. We drop from 19,000 feet per second to
22 approximately 17,000, and we're interpreting that decrease
23 in velocity to be porosity, and that's the reason we're
24 recommending that we should kick this well 330 feet to the
25 north, to see if we can hit this porosity pod.

1 Q. Let's go to Exhibit Number 10. What is this?

2 A. This is a schematic proposal from DIG, out of
3 Midland, to kick this well off, to Yates -- It's to Yates
4 Petroleum.

5 Q. What is DIG?

6 A. DIG is a directional survey company that drills
7 horizontal and deviated wells. We've used them quite
8 often.

9 Q. Let's go to the second page of the exhibit. Can
10 you review for Mr. Stogner how you propose to actually
11 drill the well?

12 A. Okay, this is a schematic that they proposed to
13 us, basically showing the deviation, maximum deviation,
14 which is going to be six degrees. At TD it's got the
15 measured depth, true vertical depth. And the kickoff
16 point, which is at 7500 at the top of the page.

17 Q. And when you intersect the Strawn and the Morrow
18 formation, you actually will be drilling a vertical hole at
19 that time; is that right?

20 A. That's true.

21 Q. Are you prepared to make a recommendation to the
22 Examiner concerning the risk that should be assessed
23 against interest owners who now voluntarily participate in
24 the well?

25 A. Yes, I am.

1 Q. And what would that penalty be?

2 A. 200 percent.

3 Q. And what do you base this penalty on?

4 A. Well, I base it on the Strawn. There are some
5 wells that aren't commercial in the area, as Section 2 is.
6 UMC just drilled a well, just recently in Section 2 that
7 doesn't appear to be economic.

8 There's a dry hole on the structure map to the
9 east of our map, a Strawn dry hole. And the Morrow is a
10 rank wildcat.

11 Q. How close is the nearest Morrow production?

12 A. Over a mile south.

13 Q. Do you believe there is a chance that a well
14 drilled at this location could, in fact, be noncommercial?

15 A. I do.

16 Q. Will Yates be running a directional survey on the
17 well after it's completed?

18 A. Right, we'll know exactly where the well is,
19 borehole is.

20 Q. Will copies of this survey be provided to the Oil
21 Conservation Division?

22 A. They will.

23 Q. In your opinion, will granting this Application
24 and the drilling of the proposed well be in the best
25 interest of conservation, the prevention of waste and the

1 protection of correlative rights?

2 A. Yes, I do.

3 Q. And how soon does Yates plan to spud the well?

4 A. Probably within the next three months.

5 Q. Mr. Neff, were Exhibits 7 through 10 prepared by
6 you or compiled at your direction?

7 A. Yes, they were.

8 MR. CARR: At this time, Mr. Stogner, we would
9 move the admission into evidence of Yates Petroleum
10 Corporation Exhibits 7 through 10.

11 EXAMINER STOGNER: Exhibits 7 through 10 will be
12 admitted into evidence.

13 MR. CARR: That concludes my direct examination
14 of Mr. Neff.

15 EXAMINATION

16 BY EXAMINER STOGNER:

17 Q. Mr. Neff, what can you tell me about this
18 wellbore?

19 A. The wellbore is an original TD. It was drilled
20 by Lusk; it's Shell Oil Lusk Number 3. It's 1980 north and
21 west in Section 11. It was originally drilled to 10,781
22 and was plugged back to 10,725.

23 Q. Any production?

24 A. It was a Wolfcamp producer.

25 Q. Wolfcamp?

1 A. Yes, sir.

2 Q. Did it test the Strawn?

3 A. No, sir, we lack about 700 feet getting to the
4 Strawn. They TD'd at 10,781, and the Strawn is around
5 11,300, 11,400, so they -- NDE.

6 Q. When was it plugged and abandoned?

7 A. I don't know. I don't have a date. Quite a few
8 years back, I'm sure.

9 Q. Do you know what the present casing string -- Is
10 the production casing still intact?

11 A. This well -- Now, I'm taking this from memory,
12 because I had an engineer do some work for us years ago,
13 and Yates has taken ahold on this, but I think they've ran
14 4500, 4600 feet of intermediate. Of course, they ran the
15 production string down to TD. They shut the production
16 string off, I think, around 8000 feet.

17 And what we're going to do is go in that window
18 from 4600 feet, approximately, I think, to 8000 feet and
19 kick this well off.

20 Q. What size was the production string?

21 A. 5 1/2, I believe.

22 Q. So this is going to be a slimhole directional
23 drill?

24 A. Well, no. No, what we'll do is, we'll go into
25 the intermediate casing, okay, which is undisturbed, go

1 into it, go beneath the intermediate casing 7500 feet, go
2 out beside the open hole that shut the casing off and go
3 right down beside this well.

4 Q. Oh, okay.

5 A. So it should be relatively easy.

6 Q. You've heard that before too, I'm sure.

7 A. Yes, I have.

8 Q. Okay. What size of production string do you
9 propose to put back in it? 5 1/2?

10 A. We'll probably run 5 1/2.

11 Q. Just for reference, let's see, you said the top
12 of the Strawn could be found at about 11,300 to 11,400,
13 something like that?

14 A. Right, we're anticipating the Strawn at about
15 11,350 in this proposed well, something like that.

16 Q. How about the top of the Atoka?

17 A. Approximately 11,537, 11,550.

18 Q. And the top of the Morrow?

19 A. About 12,135, something like that, TD 12,237,
20 12,250, true vertical depth.

21 Q. Now, when you were referring back to Exhibit
22 Number 9, you were talking about the porosity pod --

23 A. Right.

24 Q. -- that you feel is in the Strawn?

25 A. Right.

1 Q. Now, when I look at that exhibit, do I look for
2 the discoloration or the fact that it has a little -- a
3 little bit thicker in that particular portion?

4 A. It's hard to tell because these are copies, but
5 you see the green coming through there, through the
6 location?

7 Q. Uh-huh.

8 A. That's the decrease in velocity. We've got
9 19,000 -- 1963 velocity is down to about 1728. And this
10 decrease in velocity, if you'll look to the right and to
11 the left, you'll see the blue, the blue to dark blue.

12 Q. Yeah.

13 A. Well, that's interpreted to be a dense low-energy
14 mudstone, as opposed to -- We're hoping that this low
15 velocity here is going to be a phylloid algal buildup,
16 indicating porosity.

17 Q. Well now, refer back to Exhibit Number 1.
18 There's some other wellbores within the northwest quarter
19 of this section. Did any of them penetrate the Strawn?

20 A. No, the only well in Section -- the only well
21 in -- Let me see here. No, those are all Wolfcamp wells.

22 The only well that penetrated the Strawn on that
23 structure map that you've got is the well to the east, that
24 dry hole to the east, which has a minus 7422 subsea. The
25 rest are the Townsend Wolfcamp producers.

1 Q. Was this well plugged and abandoned because it
2 became uneconomical in the Townsend Wolfcamp?

3 A. Right.

4 Q. Right. So you don't anticipate completing in the
5 Townsend Wolfcamp?

6 A. No.

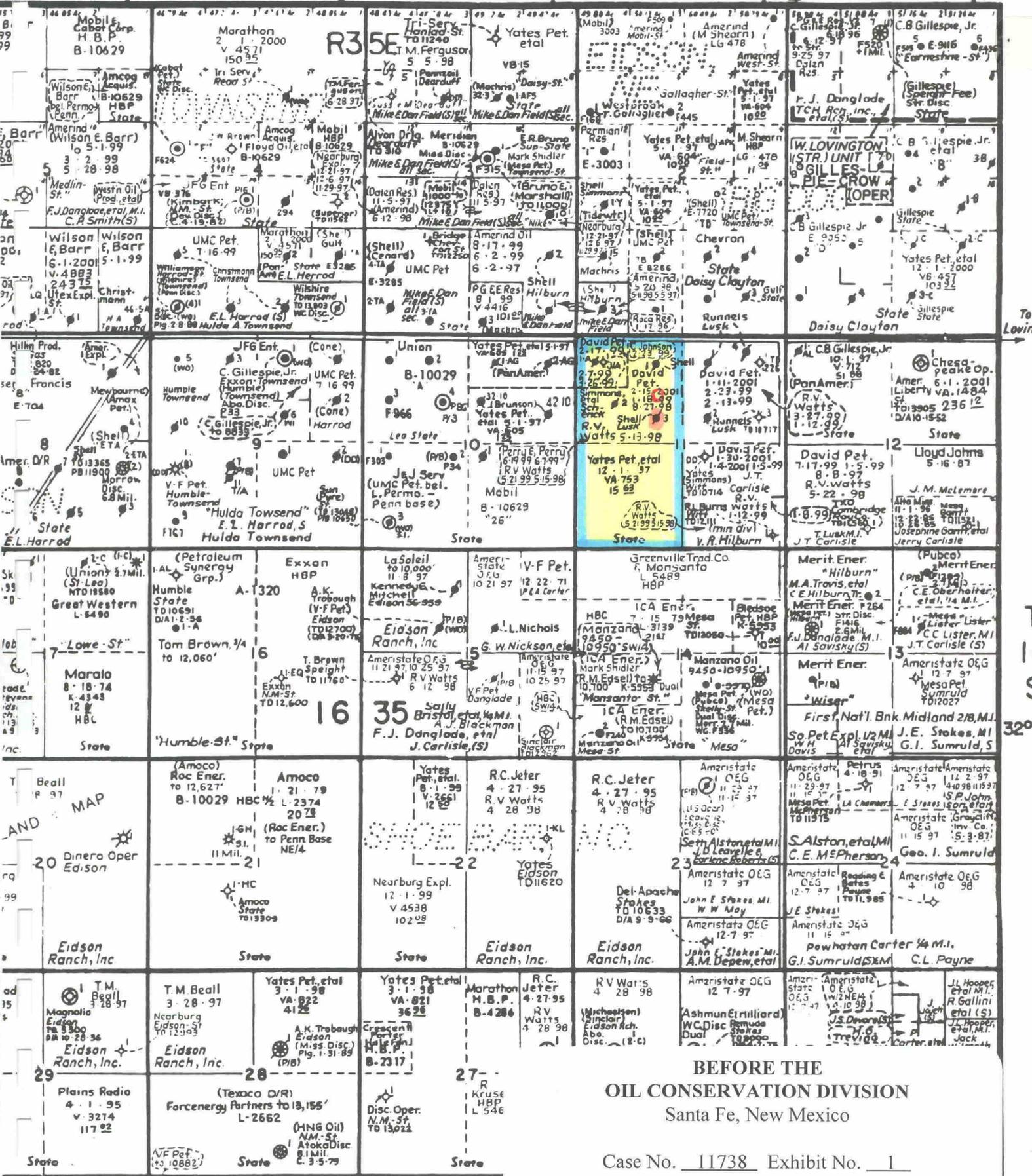
7 EXAMINER STOGNER: I have no other questions of
8 this witness, Mr. Carr.

9 MR. CARR: That concludes our presentation in
10 this case, Mr. Stogner.

11 EXAMINER STOGNER: Mr. Carr, in this last witness
12 here, he said they do not anticipate to start drilling this
13 well until about the next two to three months.

14 I'm going to continue this matter to the April
15 6th hearing [sic] for the precedence, i.e., there's no
16 written communications. I expect others to come in, and I
17 expect --

18 MR. CARR: What we'll do, what we'll do, with
19 your permission, is, at that time we'll present -- one, we
20 will either -- we can advise you, I hope, at that time that
21 everyone else is in. But in any event, we will provide
22 letters that will confirm to you, signed by Harle and
23 Hunnicutt, when the initial contacts were and confirming
24 that they've been aware of this and are going to either
25 participate or farm out.

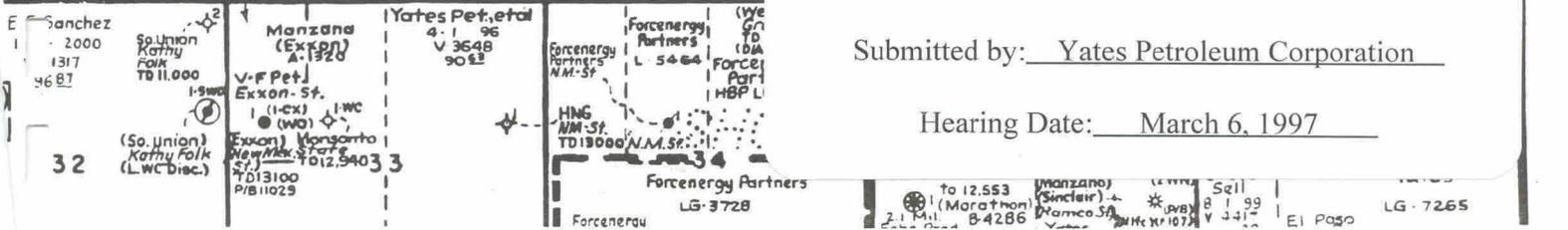


BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11738 Exhibit No. 1

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

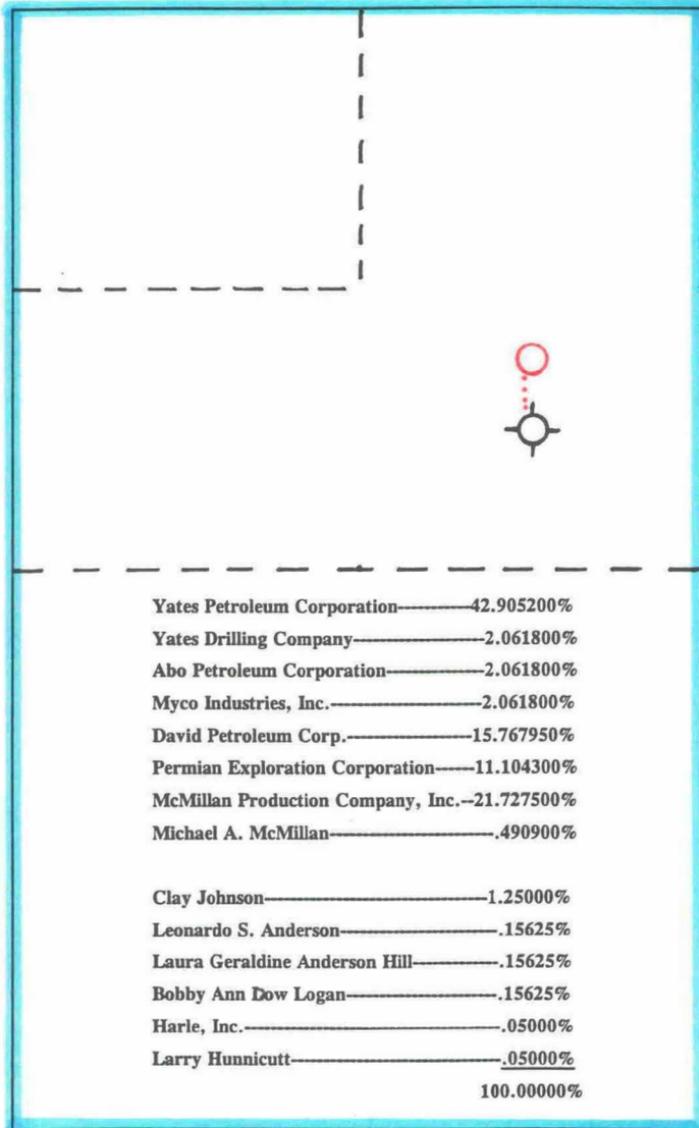


To Loving

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6
S

3205

**YATES PETROLEUM CORPORATION
SHELL LUSK ANB#1
Surface Location: 1980' FNL AND 1980' FWL
Bottom Hole Location: 1650' FNL AND 1980' FWL
W/2 Section 11, T-16-S, R-35-E
Lea County, New Mexico**



**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11738 Exhibit No. 2

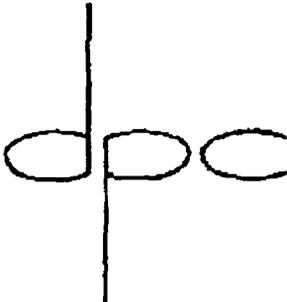
Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

FEB-27-1997 15:29 FROM PXC LDM

TO

18189574961 P.01



February 27, 1997

Hurst-Chinello-Mendell
P. O. Box 1449
La Canada, CA 91012-5449

Attention: Judith Chinello, Conservator for
Laura Geraldine Anderson Hill

Re: Mineral Interest
T-16-S, R-35-E, NMPM
Section 11: E/2NW/4, SW/4NW/4
Lea County, New Mexico
Gross Acres: 120
Net Acres: .5

Dear Ms. Chinello:

Last year I had several conversations with David Knight regarding the Laura Geraldine Anderson Hill interest. Mr. Knight indicated that Ms. Hill had a desire to be force-pooled in the above referenced tract.

We believe that Ms. Hill signed a letter similar to the one Mr. Anderson signed (copy enclosed). David Petroleum has not been able to locate that letter in our files.

David Petroleum is in a position to move forward with its exploration plans. Please check Ms. Hill's choice below and fax it back to our office at your earliest convenience. The options are as follows:

- 1. _____ Lease your interest.
- 2. _____ Participate as to your proportionate share in the cost of drilling the well.
- 3. XX Have your interest force-pooled.

Please feel free to give me a call if your would like to discuss this matter further.

Sincerely,

Edward N. David
Landman

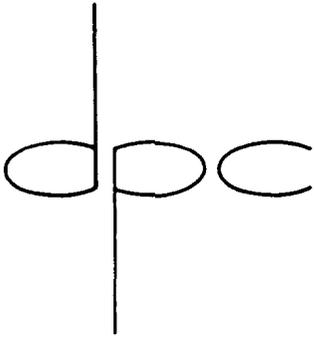
Judith Chinello, Conservator for
Laura Geraldine Anderson Hill

Date: February 28, 1997

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11738 Exhibit No. 3

Submitted by: Yates Petroleum Corporation



May 30, 1996

CERTIFIED MAIL-
RETURN RECEIPT REQUESTED

Mr. Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Re: Mineral Interest
T-16-S, R-35-E, NMFM
Section 11: E/2NW/4, SW/4NW/4
Lea County, New Mexico
Gross Acres: 120
Net Acres : .5

Dear Mr. Anderson:

I have had several conversations with David Knight regarding the Laura Geraldine Anderson Hill interest. Mr. Knight has indicated that Ms. Hill prefers David Petroleum Corp. to force pool her interest in the above-referenced tract.

We would like to know what you prefer so David Petroleum Corp. can move forward with its exploration plans. Please check your choice below, sign, date and return one copy of this letter in the enclosed self-addressed, stamped envelope. The options are as follows:

1. _____ Lease your interest.
2. _____ Participate as to your proportionate share in the cost of drilling the well.
3. Have your interest force pooled.

Please feel free to give me a call if you would like to discuss this matter further.

Leonardo S. Anderson, Jr.
Leonardo S. Anderson, Jr.

6/4/96
Date

Sincerely,

Edward N. David

Edward N. David
Landman

DAVID PETROLEUM CORP.
EDWARD N. DAVID, VICE PRESIDENT
Professional Landman
Off. 505/622-8850
Fax: 505/623-1801
Res. 505/624-0558
116 West First
Roswell, New Mexico 88201

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA
90275

4a. Article Number

Z 372 521 259

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery

7/2/96

5. Signature (Addressee)

[Handwritten Signature]

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. 97-042-0
AFE DATE 2/12/97

AFE Type:	Well Objective:	Well Type:
<input type="checkbox"/> New Drilling	<input type="checkbox"/> Oil	<input type="checkbox"/> Development
<input type="checkbox"/> Re-completion	<input checked="" type="checkbox"/> Gas	<input checked="" type="checkbox"/> Exploratory
<input checked="" type="checkbox"/> Re-entry	<input type="checkbox"/> Injector	

AFE STATUS:

<input checked="" type="checkbox"/>	Original
<input type="checkbox"/>	Revised
<input type="checkbox"/>	Final

LEASE NAME	Shell Lusk ANB #1	PROJ'D DEPTH	12,250' TVD, 12300' MD
COUNTY	Lea	STATE	NM
FIELD		HORIZON	Mississippian
LOCATION	Surface loc. 1980' FNL & FWL, Bottom Hole Loc. 1650' FNL & 1980' FWL Sec 11 T16S R35E		
DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: Propose to re-enter this well, clean-out to stub of 5 1/2" csg. @ 8000', and set kick-off plug at 7500' (with a pulling unit. Move in drilling rig, Kick off and directionally drill new hole to a loc. 330' to the North and a TVD of 12250'.

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	3,500	3,500
920-110	Location, Right-of-Way	15,000	15,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork 23 days @ \$6000/day + \$35000 mob & demob	183,400	183,400
920-140	Drilling Water, Fasline Rental	16,000	16,000
920-150	Drilling Mud & Additives	28,000	28,000
920-160	Mud Logging Unit, Sample Bags	12,000	12,000
920-170	Cementing - Surface Casing		
920-180	Drill Stem Testing, OHT No DST,S		
920-190	Electric Logs & Tape Copies	24,000	24,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	55,000	55,000
920-210	Supervision & Overhead	32,000	32,000
920-220	Contingency		
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	53,000	53,000
920-350	Cementing - Production Casing		35,000
920-410	Completion Unit - Swabbing	15,000	35,000
920-420	Water for Completion		5,000
920-430	Mud & Additives for Completion		5,000
920-440	Cementing - Completion		12,000
920-450	Elec. Logs, Testing, Etc. - Completion		10,000
920-460	Tools & Equip. Rental, Etc. - Completion		33,000
920-470	Stimulation for Completion		45,000
920-480	Supervision & O/H - Completion		6,000
920-490	Additional LOC Charges - Completion		1,000
920-510	Bits, Tools & Supplies - Completion		2,000
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		436,900	610,900

TANGIBLE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	7,500	18,000
930-020	Casing 5 1/2" @ 12,300'		95,000
930-030	Tubing 2 7/8" @ 12,100'		39,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		20,000
940-030	Separation Equip., Flowlines, Misc.		40,000
940-040	Trucking & Construction Costs		20,000
TOTAL TANGIBLE EQUIPMENT COSTS		7,500	232,000

TOTAL COSTS 444,400 842,900

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

Prepared By	<i>Al Springer</i>	Operations Approval	HBC 2-12-97
-------------	--------------------	---------------------	-------------

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11738 Exhibit No. 4

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

APPLICATION OF YATES PETROLEUM CORPORATION FOR COMPULSORY POOLING DIRECTIONAL DRILLING, AND AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE NO. 11738

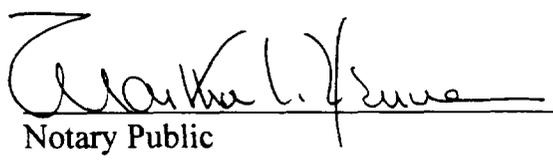
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Yates Petroleum Corporation, the Applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.


William F. Carr

SUBSCRIBED AND SWORN to before me this 5th day of March, 1997.


Notary Public

My Commission Expires:
August 19, 1999

EXHIBIT A

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

Larry Hunnicutt
Post Office Box 2608
Roswell, NM 88202

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

Bobbie Ann Dow Logan
c/o James Leslie Dow
Post Office Drawer 311
Alto, NM 88312

Amerind Oil Co., Ltd.
Attn: Bob Leibrock
415 W. Wall Street, Suite 500
Midland, TX 79701-4467

UMC Petroleum Corporation
Attn: Laura Smith
410 17th Street, Suite 1400
Denver, CO 80202

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11738 Exhibit No. 5

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

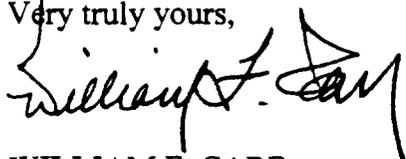
Dear Mr. Anderson:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on March 6, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p. m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

4a. Article Number

PS1044751

4b. Service Type

- Registered
- Express Mail
- Registered Receipt for Merchandise
- Insured
- COD
- Certified

7. Date of Delivery

2/13/97

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811

5. Received By: (Print Name)

6. Signature: Addressee or Agent

X *Leonardo S. Anderson, Jr.*

PS Form 3811 December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 751
US Postal Service
Receipt for Certified Mail

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

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

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

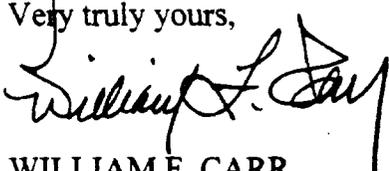
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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

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SENDER:

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- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
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- I also wish to receive the following services (for an extra fee):
- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

4a. Article Number
P551044752

- 4b. Service Type
- Registered
 - Express Mail
 - Return Receipt for Merchandise
 - COD
 - Certified
 - Insured

7. Date of Delivery
2-15-97

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
Laura Hill

6. Signature: (Addressee or Agent)
X *[Signature]*

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 752
US Postal Service
Receipt for Certified Mail

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

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

MICHAEL H FELDEWERT
TANYA M TRUJILLO
PAUL R OWEN

JACK M CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE (505) 988-4421
TELECOPIER (505) 983-6043

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

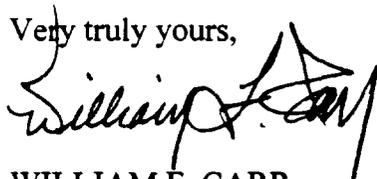
Dear Mr. Harle:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

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Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p. m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION
Enc.

cc: Mr. Robert Bullock

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- * Complete items 1 and/or 2 for additional services.
- * Complete items 3, 4a, and 4b.
- * Print your name and address on the reverse of this form so that we can return the card to you.
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3. Article Addressed to:

Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

4a. Article Number

P 551 044 753

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD

7. Date of Delivery

2-19-97

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
DAVID S HARLE

6. Signature: (Addressed for agent)
X David S Harle

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 753

US Postal Service
Receipt for Certified Mail
Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

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

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Larry Hunnicutt
Post Office Box 2608
Roswell, NM 88202

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

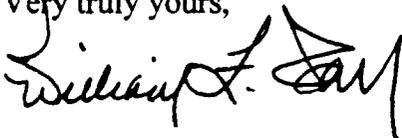
Dear Mr. Hunnicutt:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

P 551 044 754

US Postal Service
Receipt for Certified Mail

Larry Hunnicutt
Post Office Box 2608
Roswell, NM 88202

PS Form 3800, April 1995

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date FEB 13 1997	

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

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WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

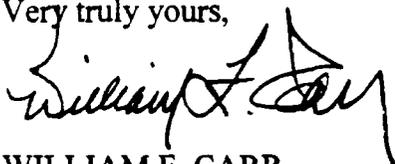
Dear Mr. Johnson:

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ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

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- 1. Addressee's Address
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- Consult postmaster for fee.

3. Article Addressed to:

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

4a. Article Number

P551044755

4b. Service Type

- Registered
- Express Mail
- Certified
- Insured
- COD

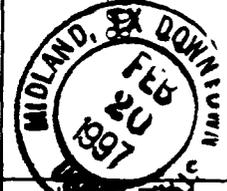
5. Received By: (Print Name)

Received By: (Print Name)

6. Signature (Addressee or Agent)

Clay Johnson

8. Addressee's Address (Only if requested and fee is paid)



PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 755

US Postal Service
Receipt for Certified Mail

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

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

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

MICHAEL H. FELDEWERT
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) 968-4421
TELECOPIER (505) 963-6043

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bobbie Ann Dow Logan
c/o James Leslie Dow
Post Office Drawer 311
Alto, NM 88312

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

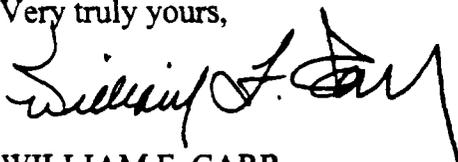
Dear Ms. Logan:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

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 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Bobbie Ann Dow Logan
 c/o James Leslie Dow
 Post Office Drawer 311
 Alto, NM 88312

4a. Article Number

P 551 044 756

4b. Service Type

- Registered
- Insured
- Certified
- Return Receipt for Merchandise
- COD

5. Received By: (Print Name)

X *[Signature]*

7. Date of Delivery

1997

8. Address of Addressee (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 756
 US Postal Service
Receipt for Certified Mail
 Bobbie Ann Dow Logan
 c/o James Leslie Dow
 Post Office Drawer 311
 Alto, NM 88312

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

EXHIBIT A

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

Larry Hunnicutt
Post Office Box 2608
Roswell, NM 88202

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

Bobbie Ann Dow Logan
c/o James Leslie Dow
Post Office Drawer 311
Alto, NM 88312

Amerind Oil Co., Ltd.
Attn: Bob Leibrock
415 W. Wall Street, Suite 500
Midland, TX 79701-4467

UMC Petroleum Corporation
Attn: Laura Smith
410 17th Street, Suite 1400
Denver, CO 80202

AFFIDAVIT,
Page 2

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11738 Exhibit No. 5

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

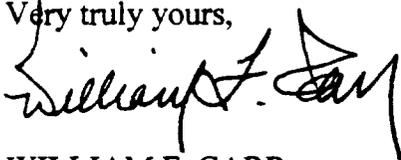
Dear Mr. Anderson:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

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 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

4a. Article Number

PS51044751

4b. Service Type

- Registered
- Express Mail
- Certified
- Insured

7. Date of Delivery

FEB 13 1997

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Leonardo S. Anderson*

PS Form 3811 December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 751

US Postal Service
Receipt for Certified Mail

Leonardo S. Anderson, Jr.
71332 San Geronio Road
Rancho Mirage, CA 92270

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Laura Geraldine Anderson Hill
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

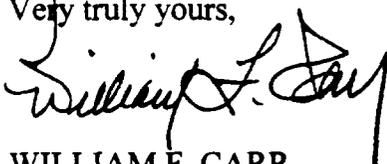
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ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

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3. Article Addressed to:

Laura Geraldine Anderson Hill
 30357 Palos Verdes Drive East
 Rancho Palos Verdes, CA 90274

4a. Article Number

PS104752

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

2-13-92

8. Addressee's Address (Only if requested and fee is paid)

Received By: (Print Name)

LAUREL H WADSWORTH

6. Signature: (Addressee or Agent)

X *[Signature]*

PS Form 3817, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 752
 US Postal Service
Receipt for Certified Mail

Laura Geraldine Anderson Hill
 30357 Palos Verdes Drive East
 Rancho Palos Verdes, CA 90274

Postage	\$
Certified Fee	
Special Delivery Fee	
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TOTAL Postage & Fees	\$
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PS Form 3800, April 1995

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

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WILLIAM F CARR
BRADFORD C BERGE
MARK F SHERIDAN

MICHAEL H FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
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Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

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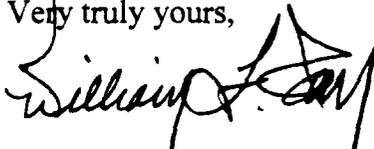
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ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

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- * Attach this form to the front of the multipiece, or on the back if space does not permit.
- * Write "Return Receipt Requested" on the multipiece below the article number.
- * The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

4a. Article Number

P 551 044 753

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

2-19-97

8. Addressee's Address (Only if requested and fee is paid)

5. Receiver By: (Print Name)

DAVID S HARLE

6. Signature: (Addressed or Registered)

X David S. Harle

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 753

US Postal Service
Receipt for Certified Mail
Dave Harle
Harle, Inc.
1504 Hess Creek Ct.
Newberg, Oregon 97132

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

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

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Larry Hunnicutt
Post Office Box 2608
Roswell, NM 88202

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

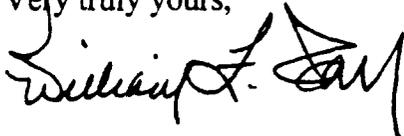
Dear Mr. Hunnicutt:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on March 6, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p. m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

P 551 044 754

US Postal Service
Receipt for Certified Mail

Larry Hunnicutt
Post Office Box 2608
Roswell, NM 88202

PS Form 3800, April 1995

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
FEB 13 1997	

CAMPBELL, CARR, BERGE

SHERIDAN, P.A.
LAWYERS

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

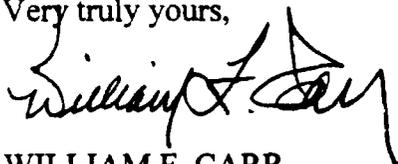
Dear Mr. Johnson:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on March 6, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p. m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

Is your RETURN ADDRESS completed on the reverse side?

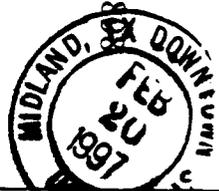
SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece before the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

- I also wish to receive the following services (for an extra fee):
- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701



4a. Article Number

P 551 044 755

4b. Service Type

- Registered
- Express Mail
- Certified
- Insured
- COD

Date of Delivery

2-17-97

5. Received By: (Print Name)

Clay Johnson

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 755

US Postal Service
Receipt for Certified Mail

Clay Johnson
310 West Texas, Suite 808
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

PS Form 3800, April 1995

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

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

MICHAEL H. FELDEWERT
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

February 13, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bobbie Ann Dow Logan
c/o James Leslie Dow
Post Office Drawer 311
Alto, NM 88312

Re: Application of Yates Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox location, Lea County, New Mexico

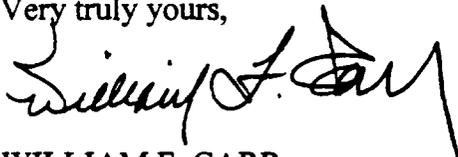
Dear Ms. Logan:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on March 6, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p. m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

cc: Mr. Robert Bullock

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- * Complete items 1 and/or 2 for additional services.
- * Complete items 3, 4a, and 4b.
- * Print your name and address on the reverse of this form so that we can return the card to you.
- * Attach this form to the front of the mailpiece, or on the back if space does not permit.
- * Write "Return Receipt Requested" on the mailpiece before the article number.
- * The Return Receipt will show to whom the article was delivered and the date delivered.

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Bobbie Ann Dow Logan
 c/o James Leslie Dow
 Post Office Drawer 311
 Alto, NM 88312

4a. Article Number

P 551 044 756

4b. Service Type

- Registered
- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

5. Received By: (Print Name)

X *James L. Dow*

6. Signature: (Addressee or Agent)

James L. Dow

7. Date of Receipt (Month, Day, and Year)

FEB 13 1997

8. Address (Address Only if requested)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 756
 US Postal Service
Receipt for Certified Mail
 Bobbie Ann Dow Logan
 c/o James Leslie Dow
 Post Office Drawer 311
 Alto, NM 88312

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	FEB 13 1997

CAMPBELL, CARR, BERGE

SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD G. BERGE
MARK P. SHERIDAN

MICHAEL H. FELDEWERT
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) 983-8043

March 3, 1997

VIA FACSIMILE (915) 686-0747
AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11738 Exhibit No. 6

Amerind Oil Co., Ltd.
Attn: Bob Leibrock
415 W. Wall Street, Suite 500
Midland, TX 79701-4467

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

Re: Application of Yates Petroleum Corporation for Compulsory Pooling,
Directional Drilling and an Unorthodox Location, Lea County, New Mexico

Dear Mr. Leibrock:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner March 6, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. If you do not object to this application, please so indicate by signing the waiver provided below and return a copy of this letter to me in the enclosed envelope.

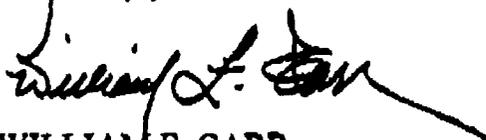
Amerind Oil Company, Ltd.

March 3, 1997

Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR

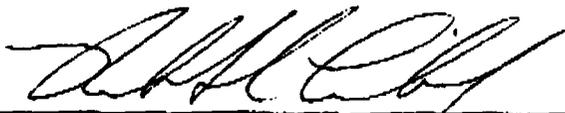
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

Enc.

cc: Bill Owen

WAIVER OF OBJECTION:



Name: Robert C. Leibrock

General Partner

Title:

AMERIND OIL COMPANY, LTD.

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

**MICHAEL B. CAMPBELL
WILLIAM P. CARR
BRADFORD C. BERGE
MARK P. SHERIDAN**

**MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN**

**JACK M. CAMPBELL
OF COUNSEL**

**JEFFERSON PLAZA
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 8808
SANTA FE, NEW MEXICO 87504-2808
TELEPHONE: (505) 966-4421
TELECOPIER: (505) 966-6043**

March 3, 1997

**VIA FACSIMILE (303) 573-0813
AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

**UMC Petroleum Corporation
Attn: Laura Smith
410 17th Street, Suite 1400
Denver, CO 80202**

**Re: Application of Yates Petroleum Corporation for Compulsory Pooling,
Directional Drilling and an Unorthodox Location, Lea County, New Mexico**

Dear Ms Smith:

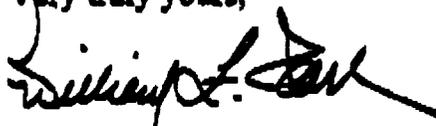
This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location and the directional drilling of a well which Yates proposes to drill from a standard surface location 1980 feet from the North and West lines to a target within 50 feet of a point 1650 feet from the North line and 1980 feet from the West line of said Section 11. Yates also seeks an order force pooling certain interests in all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner March 6, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. If you do not object to this application, please so indicate by signing the waiver provided below and return a copy of this letter to me in the enclosed envelope.

UMC Petroleum Corporation
March 3, 1997
Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

Enc.

cc: Bill Owen

WAIVER OF OBJECTION:

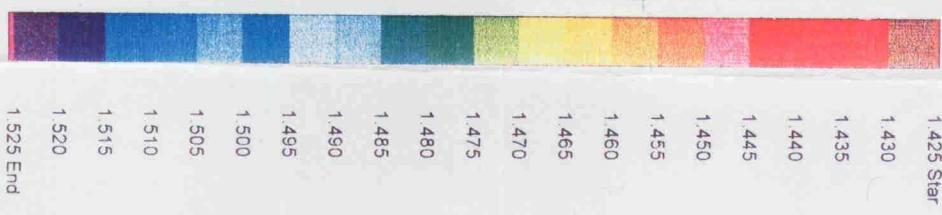
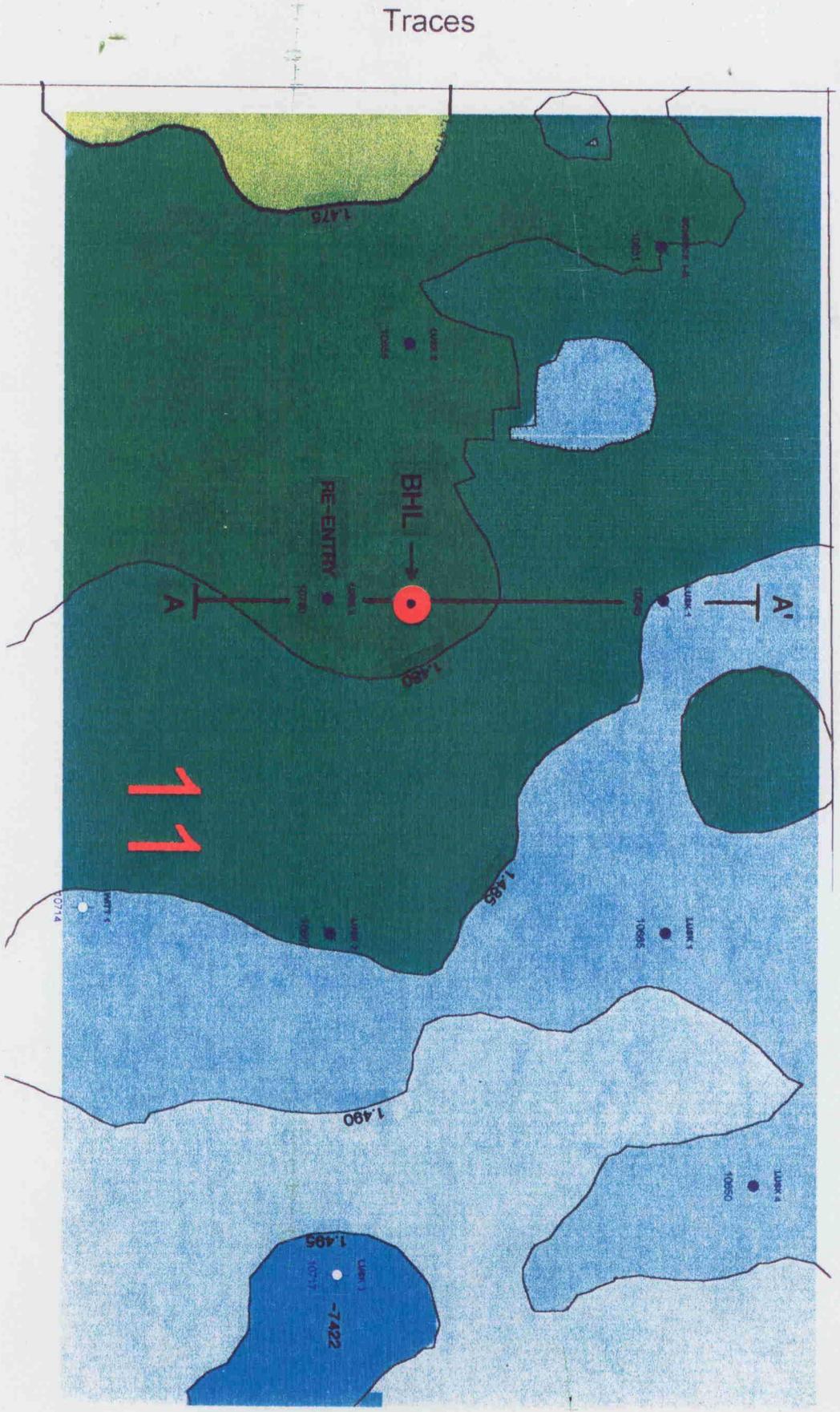
Gerald R. Gamm
Name:

OK JRM

V. P. Exploration
Title:

UMC PETROLEUM CORPORATION

SEC 11 16S 35E
 STRAWN TIME MAP
 1" = 600'
 Lines



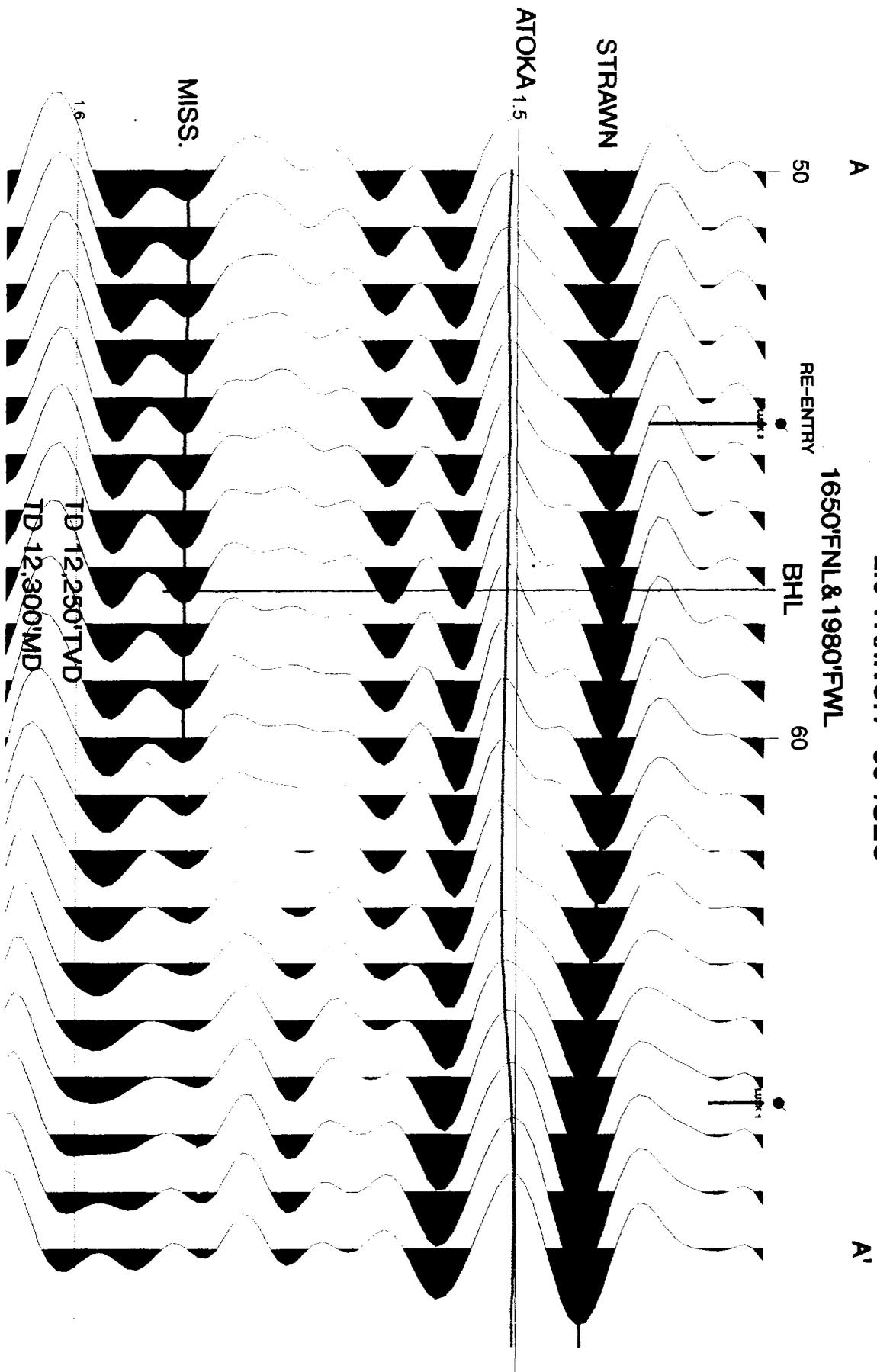
**BEFORE THE
 OIL CONSERVATION DIVISION**
 Santa Fe, New Mexico

Case No. 11738 Exhibit No. 7

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

SEC 11 16S 35E
SEISMIC X - SECTION
2.6 TR/INCH 30"/SEC



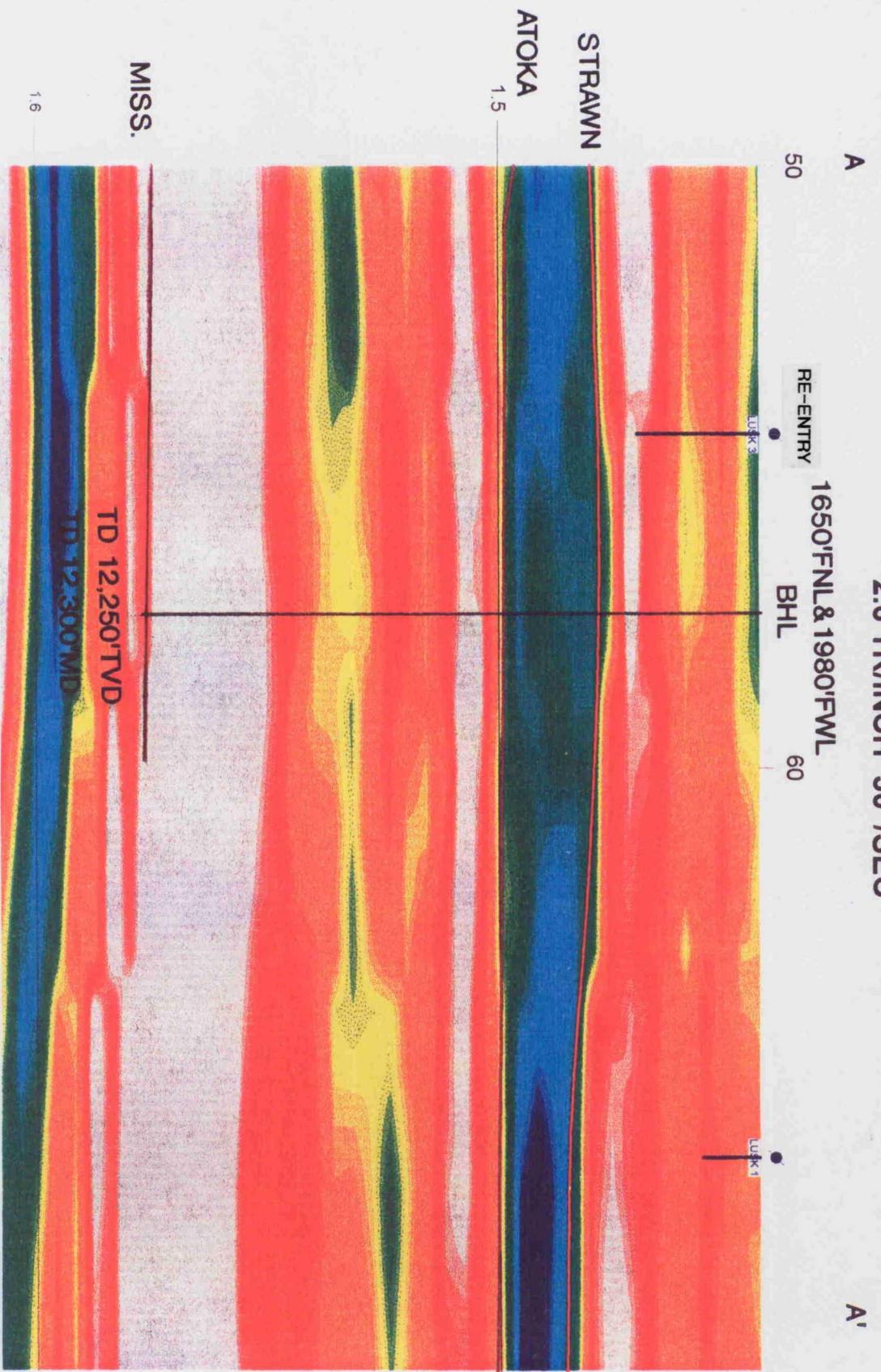
BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11738 Exhibit No. 8

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997

SEC 11 16S 35E
 AMPLITUDE MAP
 2.6 TR/INCH 30"/SEC



2.618e+004
2.513e+004
2.435e+004
2.356e+004
2.278e+004
2.199e+004
2.120e+004
2.042e+004
1.963e+004
1.885e+004
1.806e+004
1.728e+004
1.649e+004
1.571e+004
1.492e+004
1.414e+004
1.335e+004
1.257e+004
1.178e+004
1.100e+004
1.021e+004
9424.
8639.
7854.
7068.
6283.
5498.
4712.
3927.
3141.
2356.
1571.
785.4
0.0000

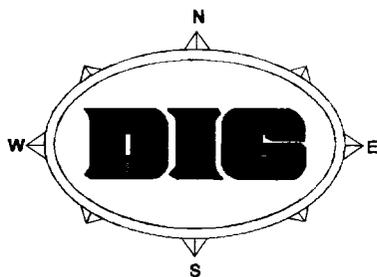
BEFORE THE
OIL CONSERVATION DIVISION
 Santa Fe, New Mexico

Case No. 11738 Exhibit No. 9
 Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997



YATES PETROLEUM
SHELL LUSK ANB #1
LEA COUNTY, NEW MEXICO
SEC 11 16S 35E



BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

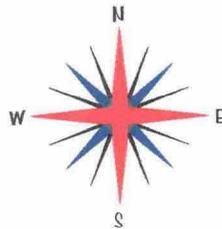
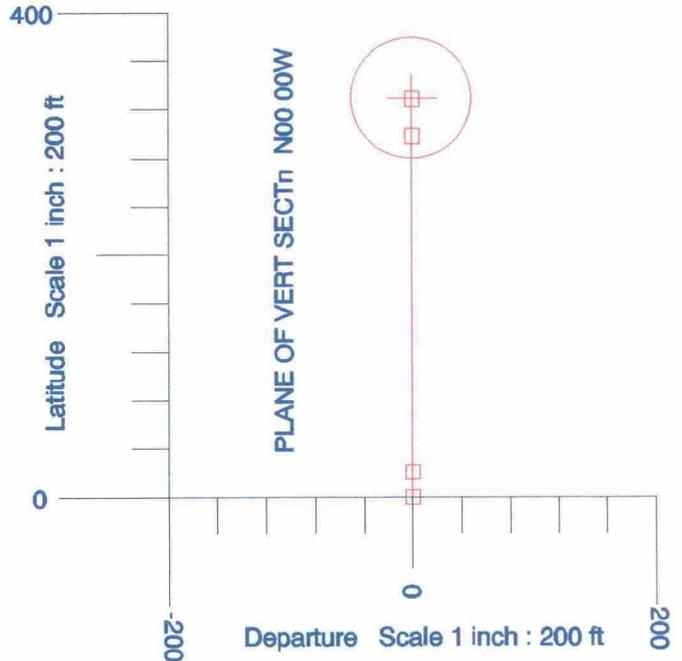
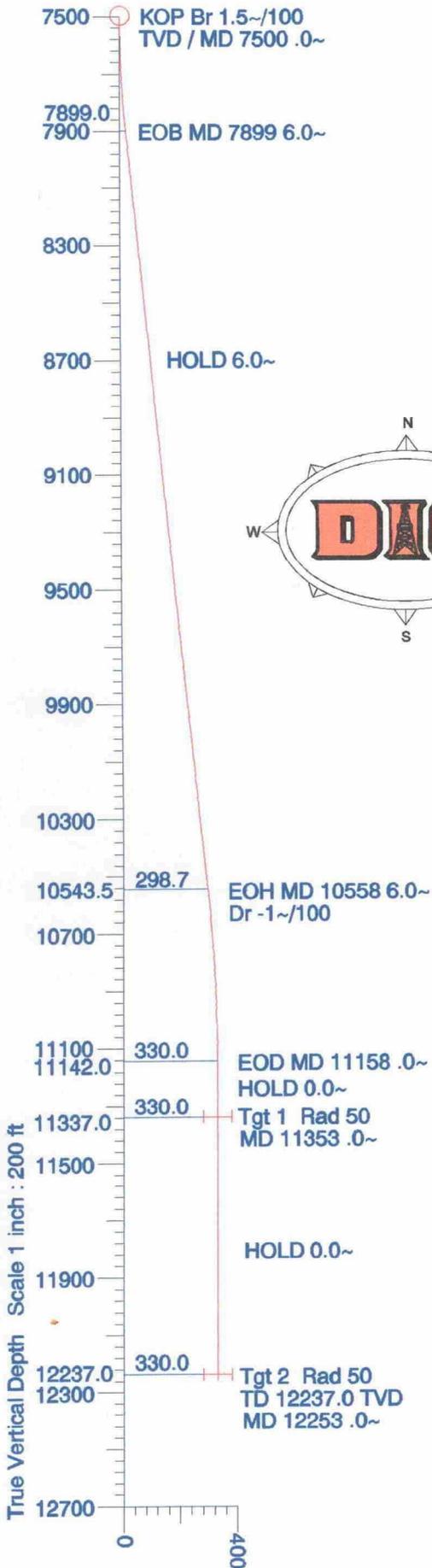
Case No. 11738 Exhibit No. 10

Submitted by: Yates Petroleum Corporation

Hearing Date: March 6, 1997



**YATES PETROLEUM
SHELL LUSK ANB #1
LEA COUNTY, NEW MEXICO
SEC 11 16S 35E**



TARGET DETAILS			
No	TVD	Lat	Dep
1	11337.0	330.0	0.0
2	12237.0	330.0	0.0

WELL PROPOSAL						
MD	TVD	VS	INC	DIR	LAT	DEP
7500.0	7500.0	0.0	0.0	N00 00E	0.0	0.0
7899.7	7899.0	20.9	6.0	N00 00E	20.9	0.0
10558.8	10543.5	298.7	6.0	N00 00E	298.7	0.0
11158.4	11142.0	330.0	0.0	N00 00E	330.0	0.0
11353.4	11337.0	330.0	0.0	N00 00E	330.0	0.0
12253.4	12237.0	330.0	0.0	N00 00E	330.0	0.0

Vertical Section Scale 1 inch : 200 ft

PLOT DATE 02-20-1997

SHELL-2 SHELL LUSK ANB #1 2-19-97
 Plane of Vertical Section 360.00

Section 1 (Const Build/Turn)

MD	Inc	Dir	Tvd	Vsec	Lat	Dep	Values to be applied			
							Build	Turn	Dleg	T Face
7500.0	0.00	0.00	7500.0	0.0	0.0	0.0	1.5	0.0	1.5	0.0
7600.0	1.50	0.00	7600.0	1.3	1.3	0.0	1.5	0.0	1.5	0.0
7800.0	4.50	0.00	7799.7	11.8	11.8	0.0	1.5	0.0	1.5	0.0

Section 2 (Hold Section)

MD	Inc	Dir	Tvd	Vsec	Lat	Dep	Values to be applied			
							Build	Turn	Dleg	T Face
7899.7	6.00	0.00	7899.0	20.9	20.9	0.0	0.0	0.0	0.0	0.0
8000.0	6.00	0.00	7998.7	31.4	31.4	0.0	0.0	0.0	0.0	0.0
8200.0	6.00	0.00	8197.6	52.3	52.3	0.0	0.0	0.0	0.0	0.0
8400.0	6.00	0.00	8396.5	73.2	73.2	0.0	0.0	0.0	0.0	0.0
8600.0	6.00	0.00	8595.4	94.0	94.0	0.0	0.0	0.0	0.0	0.0
8800.0	6.00	0.00	8794.3	114.9	114.9	0.0	0.0	0.0	0.0	0.0
9000.0	6.00	0.00	8993.3	135.8	135.8	0.0	0.0	0.0	0.0	0.0
9200.0	6.00	0.00	9192.2	156.7	156.7	0.0	0.0	0.0	0.0	0.0
9400.0	6.00	0.00	9391.1	177.6	177.6	0.0	0.0	0.0	0.0	0.0
9600.0	6.00	0.00	9590.0	198.5	198.5	0.0	0.0	0.0	0.0	0.0
9800.0	6.00	0.00	9788.9	219.4	219.4	0.0	0.0	0.0	0.0	0.0
10000.0	6.00	0.00	9987.8	240.3	240.3	0.0	0.0	0.0	0.0	0.0
10200.0	6.00	0.00	10186.7	261.2	261.2	0.0	0.0	0.0	0.0	0.0
10400.0	6.00	0.00	10385.6	282.1	282.1	0.0	0.0	0.0	0.0	0.0

Section 3 (Const Build/Turn)

MD	Inc	Dir	Tvd	Vsec	Lat	Dep	Values to be applied			
							Build	Turn	Dleg	T Face
10558.8	6.00	0.00	10543.5	298.7	298.7	0.0	-1.0	0.0	1.0	180.0
10600.0	5.58	0.00	10584.5	302.8	302.8	0.0	-1.0	0.0	1.0	180.0
10800.0	3.58	0.00	10783.9	318.8	318.8	0.0	-1.0	0.0	1.0	180.0
11000.0	1.58	0.00	10983.7	327.8	327.8	0.0	-1.0	0.0	1.0	180.0

Section 4 (Hold Section)

MD	Inc	Dir	Tvd	Vsec	Lat	Dep	Values to be applied			
							Build	Turn	Dleg	T Face
11158.4	0.00	0.00	11142.0	330.0	330.0	0.0	0.0	0.0	0.0	0.0
11200.0	0.00	0.00	11183.6	330.0	330.0	0.0	0.0	0.0	0.0	0.0

Section 5 (Hold Section)

MD	Inc	Dir	Tvd	Vsec	Lat	Dep	Values to be applied			
							Build	Turn	Dleg	T Face
11353.4	0.00	0.00	11337.0	330.0	330.0	0.0	0.0	0.0	0.0	0.0
11400.0	0.00	0.00	11383.6	330.0	330.0	0.0	0.0	0.0	0.0	0.0
11600.0	0.00	0.00	11583.6	330.0	330.0	0.0	0.0	0.0	0.0	0.0
11800.0	0.00	0.00	11783.6	330.0	330.0	0.0	0.0	0.0	0.0	0.0
12000.0	0.00	0.00	11983.6	330.0	330.0	0.0	0.0	0.0	0.0	0.0

SHELL-2

SHELL LUSK ANB #1

MD	Inc	Dir	Tvd	Vsec	Lat	Dep	Values to be applied			
							Build	Turn	Dleg	T Face
12200.0	0.00	0.00	12183.6	330.0	330.0	0.0	0.0	0.0	0.0	0.0
12253.4	0.00	0.00	12237.0	330.0	330.0	0.0	0.0	0.0	0.0	0.0