

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

August 17, 1995

HAND DELIVERED

RECEIVED

AUG 17 1995

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Oil Conservation Division

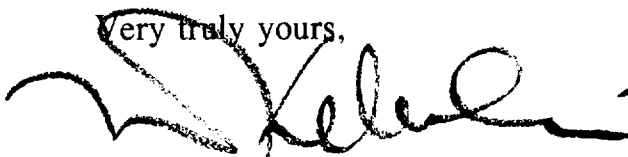
Re: *NMOCD Case Nos. 10793, 10981 & 11004 (Reopened)*

*Yates Petroleum Corporation's Infill Drilling
Pilot Project in Pecos Slope Abo Gas Pool,
Chaves County, New Mexico.*

Dear Mr. Catanach:

On behalf of Tide West Oil Company , an offsetting operator and affected interest owner, please find enclosed our Entry of Appearance in the referenced cases.

Very truly yours,



W. Thomas Kellahin

cc: *via facsimile to: William F. Carr, Esq.*
Attorney for Yates Petroleum Corporation
cc: *Tide West Oil Company*
Attn: Kim Goss

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

RECEIVED

AUG 17 1995

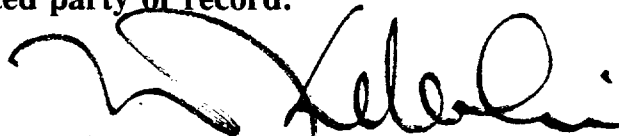
Oil Conservation Division

**IN THE MATTER OF THE REOPENING OF
CASES 10793, 10981 AND 11004 TO RECONSIDER
YATES PETROLEUM CORPORATIONS' INFILL DRILLING
PROGRAM IN THE PECOS SLOPE ABO GAS POOL,
CHAVES COUNTY, NEW MEXICO**

CASE NOS. 10793
10981
11004

ENTRY OF APPEARANCE

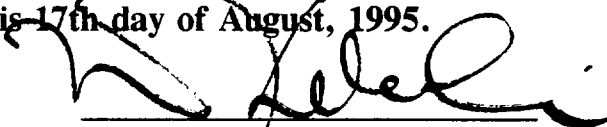
**Comes now TIDE WEST OIL COMPANY by its attorneys,
Kellahin and Kellahin, and enters its appearance in these cases as an
interested party and affected party of record.**



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

CERTIFICATE OF MAILING

**I certify that a copy of this pleading was transmitted by facsimile
to counsel for applicant this 17th day of August, 1995.**



W. Thomas Kellahin

MS
KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

October 23, 1995

HAND DELIVERED

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

Re: NMOCD Cases 10793, 10981, & 11004

Dear Mr. Stogner:

On behalf of Great Western Drilling Company, an affected interest owner, please find enclosed our Entry of Appearance in the referenced case which is now set for an Examiner's hearing on November 2, 1995, Roswell, New Mexico.

Very truly yours


W. Thomas Kellahin/hh

cc: **VIA FACSIMILE TO:**
Great Western Drilling Company
attn: Russell Richards

William F. Carr, Esq.
Attorney for Applicant

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

**IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR PROMULGATION OF SPECIAL RULES
AND REGULATIONS, CHAVES COUNTY,
NEW MEXICO.**

CASES NO. 10793, 10981 & 11004

ENTRY OF APPEARANCE

Comes now Great Western Drilling Company, by its attorneys, Kellahin and Kellahin, and enters its appearance in this case as an interested party.

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

CERTIFICATE OF MAILING: I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 23rd day of October, 1995.

W. Thomas Kellahin



GREAT WESTERN DRILLING COMPANY
Post Office Box 1659 • Midland, Texas 79702 • 915/682-5241

October 20, 1995

Mr. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Re: Yates Petroleum
Pecos Slope-Abo Area
NMOCD Hearing November 2, 1995

Mr. Kellahin:

Great Western Drilling Company desires to become a party of record regarding this matter.

Please file the appropriate documentation with the NMOCD in our behalf.

Sincerely,

Russell Richards
Division Geologist

RPR/lkf
Attachment

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
—
MICHAEL H. FELDEWERT
TANNIS L. FOX
TANYA M. TRUJILLO
PAUL R. OWEN
—
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 24, 1995

HAND-DELIVERED

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

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

RECEIVED

OCT 24 1995

Oil Conservation Division

Re: Motion of Tide West Oil Company in Opposition to Consolidation
NMOCD Case Nos. 10793, 10981 and 11004 (Reopened)
Pecos Slope-Abo Gas Pool, Chaves County, New Mexico

Gentlemen:

On October 9, 1995, W. Thomas Kellahin, attorney for Tide West Oil Company, wrote the Division and expressed Tide West's opposition to the consolidation of certain cases at the November 2, 1995 Examiner hearing. Mr. Kellahin's request is in fact a request for continuance of the Yates application for special pool rules for the Pecos Slope-Abo Gas Pool, West Pecos Slope-Abo Gas Pool and the South Pecos Slope-Abo Gas Pool for at least sixty (60) days after Yates reports the results of its infill pilot project in the Pecos Slope-Abo Gas Pool.

Mr. Michael E. Stogner
Rand Carroll, Esq.
October 24, 1995
Page 2

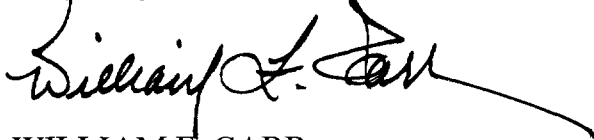
Yates Petroleum Corporation will be prepared to present the results of its Pecos Slope-Abo Gas Pool Pilot Project and make recommendations for special pool rules at the November 2nd hearing in Roswell. To bifurcate this presentation, as Mr. Kellahin suggests, simply makes no sense. The results of the Yates Pecos Slope Pilot Project and its recommendation for special pool rules are so interrelated that to separate the two would prevent a full discussion of all issues on November 2, 1995. Furthermore, one of the primary reasons for holding the November 2nd hearing in Roswell, is to afford to as many affected interest owners as possible the opportunity to hear the results of the Yates study and the recommended changes in pool rules resulting therefrom.

These cases are before the Division on the application of Yates Petroleum Corporation. Yates, with Oil Conservation Division approval, has undertaken the effort at its own expense to study the issue of infill drilling in the Abo formation in this area. If Tide West felt an industry study with other operators was needed, as it now appears to suggest, perhaps, like Yates, it should have undertaken this effort some time ago.

To seek a continuance of this case without at least having seen the Yates Petroleum Corporation presentation, appears to be only an unreasonable effort to delay these proceedings and the development of appropriate rules for future development of these pools.

Yates Petroleum Corporation opposes the request of Tide West Oil Company to continue the special pool rules hearings now scheduled to be heard before the Division in Roswell, on November 2, 1995.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

cc: W. Thomas Kellahin, Esq.
Attorney for Tide West Oil Company

Mr. Randy Patterson
Yates Petroleum Corporation

Plains Radio Petroleum Company

Post Office Box 1300 • Amarillo, Texas 79105

(806) 372-6042 • Fax (806) 374-6340

October 27, 1995

Jim W. Walker
President

OIL CONSERVATION DIVISION
RECEIVED

195 00 11 11 8 52

Attn: Ms. Sally Martinez
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Yates Petroleum
Application case
numbers 11421 and 11422

Dear Ms. Martinez:

Enclosed are duplicate original pre-hearing statements executed in behalf of Plains Radio Petroleum Co. to be filed in the referenced cases.

Pursuant to your instructions, the pre-hearing statement was also faxed to the OCD by the filing deadline today.

Thank you.

Respectfully,



Burk Whittenburg

BW/gm

Enclosures

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NUMBERS: 11422 and 11421

APPLICATION OF YATES PETROLEUM CORPORATION

PRE-HEARING STATEMENT

This prehearing statement is submitted by PLAINS RADIO PETROLEUM CO.
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

YATES PETROLEUM CORPORATION

name, address, phone and
contact person

~~OPPOSITION~~ OTHER PARTY

ATTORNEY

PLAINS RADIO PETROLEUM CO.

N/A

P. O. Box 1300

Amarillo, TX 79105

806/372-6042

Attn: Mr. Jim W. Walker

name, address, phone and
contact person

Pre-hearing Statement
NMOCD Case No. _____
Page 2

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

N/A

~~OPPOSITION OF~~ OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

This pre-hearing statement is filed to preserve our right to make an appearance, present evidence and make a position statement either in favor of or in opposition of the application after hearing the evidence, testimony and arguments of applicant.

Pre-hearing Statement

NMOCD Case No.

Page 3

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

N/A

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

Jim W. Walker
President
Plains Radio Petroleum Co.

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

N/A

PLAINS RADIO PETROLEUM CO., a
Texas corporation

By:

Jim W. Walker, President

OIL CONSERVATION DIVISION

October 30, 1995

Kellahin and Kellahin
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Telefax No. (505) 982-2047

Campbell, Carr & Berge, P.A.
Attn: William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Re: In the matter of Case Nos. 10,793, 10981, and 11004 being reopened pursuant to the provisions of Division Order Nos. R-9976 and R-9976-A, which orders established a "pilot infill drilling program" in the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico and for an order promulgating special rules and regulations for said pool.

Dear Messrs. Kellahin and Carr:

Reference is made to Tide West Oil Company's motion by letter dated October 9, 1995 to continue that portion of this case requesting special pool rules for a period of 60-days after Yates Petroleum Corporation has presented the results of its "infill pilot program" at the Examiner's hearing scheduled for Thursday, November, 2, 1995 at Roswell, New Mexico and to the response by letter dated October 24, 1995 from Yates. Since much preparation has been made by the Division to have this matter heard and such related technical data presented at a hearing in Chaves County, New Mexico in an effort to have as many affected interest owners the opportunity to the results of such project, Tide West's request is hereby denied at this time.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Artesia
William J. LeMay, Director - OCD, Santa Fe
Rand Carroll, Counsel - OCD, Santa Fe
File: Case 10,793
Case 10,981
Case 11,004

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

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

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

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 24, 1995

HAND-DELIVERED

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

RECEIVED
OCT 24 1995

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

Oil Conservation Division

Re: Motion of Tide West Oil Company in Opposition to Consolidation
NMOCD Case Nos. 10793, 10981 and 11004 (Reopened)
Pecos Slope-Abo Gas Pool, Chaves County, New Mexico

Gentlemen:

On October 9, 1995, W. Thomas Kellahin, attorney for Tide West Oil Company, wrote the Division and expressed Tide West's opposition to the consolidation of certain cases at the November 2, 1995 Examiner hearing. Mr. Kellahin's request is in fact a request for continuance of the Yates application for special pool rules for the Pecos Slope-Abo Gas Pool, West Pecos Slope-Abo Gas Pool and the South Pecos Slope-Abo Gas Pool for at least sixty (60) days after Yates reports the results of its infill pilot project in the Pecos Slope-Abo Gas Pool.

Mr. Michael E. Stogner
Rand Carroll, Esq.
October 24, 1995
Page 2

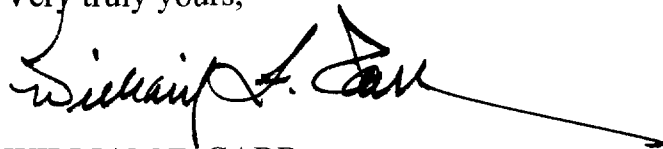
Yates Petroleum Corporation will be prepared to present the results of its Pecos Slope-Abo Gas Pool Pilot Project and make recommendations for special pool rules at the November 2nd hearing in Roswell. To bifurcate this presentation, as Mr. Kellahin suggests, simply makes no sense. The results of the Yates Pecos Slope Pilot Project and its recommendation for special pool rules are so interrelated that to separate the two would prevent a full discussion of all issues on November 2, 1995. Furthermore, one of the primary reasons for holding the November 2nd hearing in Roswell, is to afford to as many affected interest owners as possible the opportunity to hear the results of the Yates study and the recommended changes in pool rules resulting therefrom.

These cases are before the Division on the application of Yates Petroleum Corporation. Yates, with Oil Conservation Division approval, has undertaken the effort at its own expense to study the issue of infill drilling in the Abo formation in this area. If Tide West felt an industry study with other operators was needed, as it now appears to suggest, perhaps, like Yates, it should have undertaken this effort some time ago.

To seek a continuance of this case without at least having seen the Yates Petroleum Corporation presentation, appears to be only an unreasonable effort to delay these proceedings and the development of appropriate rules for future development of these pools.

Yates Petroleum Corporation opposes the request of Tide West Oil Company to continue the special pool rules hearings now scheduled to be heard before the Division in Roswell, on November 2, 1995.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long horizontal line extending to the right.

WILLIAM F. CARR
ATTORNEY FOR YATES PETROLEUM CORPORATION

WFC:mlh

cc: W. Thomas Kellahin, Esq.
Attorney for Tide West Oil Company

Mr. Randy Patterson
Yates Petroleum Corporation

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

October 9, 1995

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

HAND DELIVERED

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

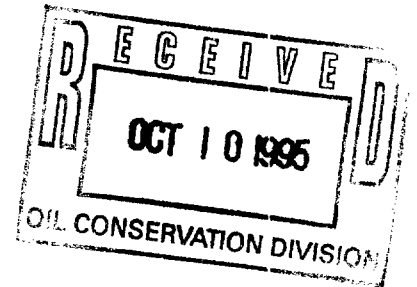
HAND DELIVERED

Re: MOTION IN OPPOSITION TO CONSOLIDATION
NMOCD Case Nos. 10793, 10981 and 11004 (Reopened)
PECOS SLOPE-ABO GAS POOL Chaves County, New Mexico

Case 10793 (Order R-9976)
Application of Yates Petroleum Corporation
for a Pilot Gas Project

Case 10981 (Order R-9976-A)
Application of Yates Petroleum Corporation
to Expand its Pilot Gas Project

Case 11004 Order R-9976-A
Application of Yates Petroleum Corporation
for 13 unorthodox Infill Gas Well Locations



Gentlemen:

Ordering Paragraph (4) of Division Order R-9976-A issued July 26, 1994, required that Case 10793 be Reopened in 1995 so that Yates Petroleum Corporation could appear at a public hearing and present geologic and engineering data it has acquired from the pilot project and make recommendations to the Division concerning amendments, if any to the rules for the Pecos Slope-Abo Gas Pool.

We understand that the Division is preparing its November 2, 1995 Examiner's docket to be heard in Roswell, New Mexico and contemplates consolidating for hearing (a) the referenced report from Yates and (b) consideration of amending the pool rules to provide for gas prorationing and infill drilling on a pool wide basis.

Oil Conservation Division

October 9, 1995

Page 2.

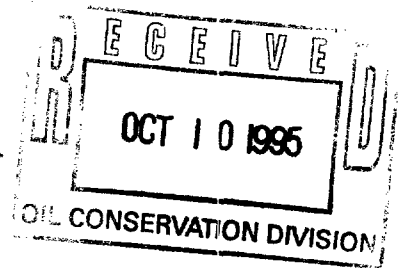
On behalf of Tide West Oil Company, we are opposed to hearing these two matters together on the same docket. In order to have an adequate opportunity to effectively prepare for and participate in a hearing on the pool rules, we consider it essential to have Yates make its report to the Division on the technical data Yates developed concerning its infill program. To consider at the same time both the Yates' infill program **and** a pool rule hearing provides no opportunity to study Yates' technical data and to discuss with the other operators in the pool whether prorationing and/or infill drilling is warranted. This is a substantial issue involving hundreds of wells and interest owners and to act prematurely on pool rule changes may require the drilling of offset drainage protection wells which in fact may not be necessary and may not result in increasing ultimate pool recovery.

Therefore, on behalf of Tide West Oil Company, I move that the Division continue any pool rule hearing for a period of not less than sixty 60 days after Yates has completed its presentation required by Order R-7796-A.

Very truly yours,



W. Thomas Kellahin



cc: William F. Carr, Esq.

Attorney for Yates Petroleum Corporation

cc: Tide West Oil Company

Attn: Bob VonRhee

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

November 16, 1995

HAND DELIVERED

William F. Carr, Esq.
Campbell Carr and Berg
P. O. Box 2208
New Mexico, New Mexico 87501

COPY

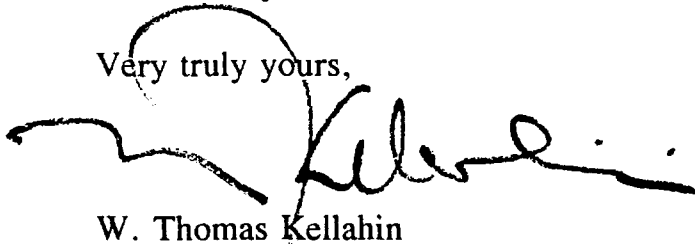
Re: **REQUEST FOR PRODUCTION OF DATA**
NMOCD Cases 10793, 10981 & 11004:
Applications of Yates Petroleum Corporation
including "Infill Drilling" for the Pecos Slope-Abo Gas Pool,
Chaves County, New Mexico

Dear Mr. Carr:

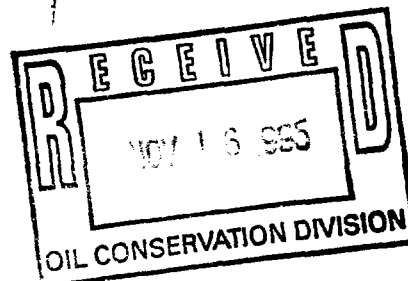
On November 2, 1995, Examiner Stogner granted my motion on behalf of Tide West Oil Company, requiring that Yates Petroleum Corporation provide to me a true and accurate copy of all of its decline curves for all its infill wells in phase one and phase two of its infill drilling program.

As of today, that data has not been provided. Please immediate provide me with the data as ordered by the Examiner.

Very truly yours,


W. Thomas Kellahin

cc: Michael E. Stogner, NMOCD
cc: Tide West Oil Company
Attn: Bob VonRhee



CAMPBELL, CARR & BERGE, P.A.
LAWYERS

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

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

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 20, 1995

HAND-DELIVERED

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
El Patio Building
117 North Guadalupe Street
Santa Fe, New Mexico 87501

RECEIVED
NOV 23 1995
Oil Conservation Division

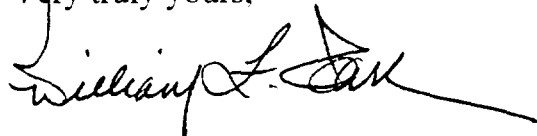
Re: New Mexico Oil Conservation Division Cases 10793, 10981 and 11004:
Yates Petroleum Corporation
Pilot Enhanced Recovery Project
Pecos Slope Abo Gas Pool, Chaves County, New Mexico

Dear Mr. Kellahin:

Enclosed are copies of Yates Petroleum Corporation's decline curves for its infill wells in Phase I and Phase II of its pilot infill drilling program in the Pecos Slope Abo Gas Pool.

As usual, I note that you decided to send demand letters to me early in a week in which you knew I would be out of town and unavailable for response. Copying these letters to the Examiner suggests to me that you are more interested in posturing before the Division than acquiring information.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enc.

cc: ✓ Mr. Michael E. Stogner (w/enclosures)
Mr. Randy Patterson (w/enclosures)

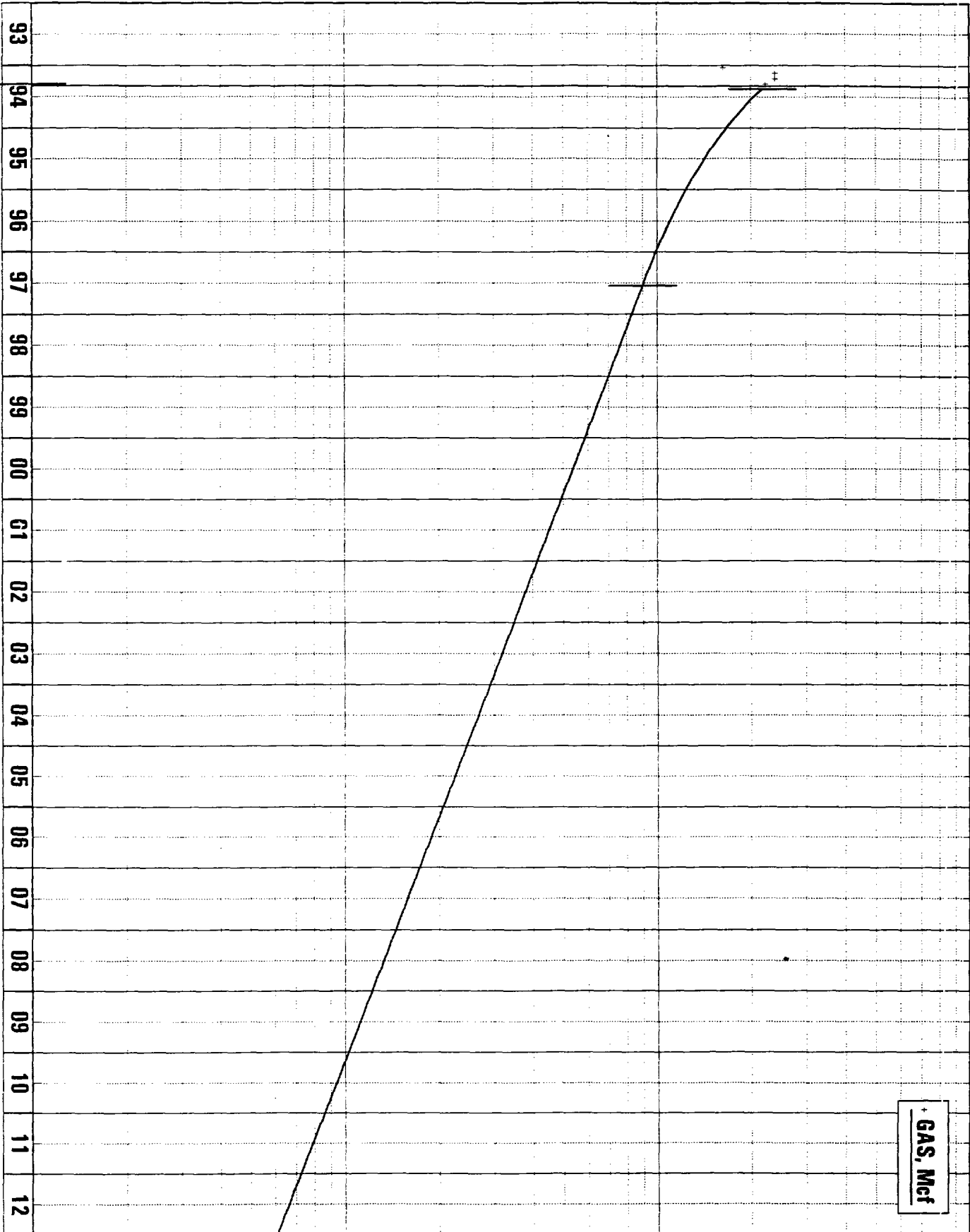
100000

S0. ALKALI LK #5
PECOS SLOPE ABO
1D 6S 25E

10000

1000

100



+ GAS, Mcf

Time, Years

100000

KILGORE SD #3
PECOS SLOPE ABO
24K 6S 25E

+ GAS, Mcf

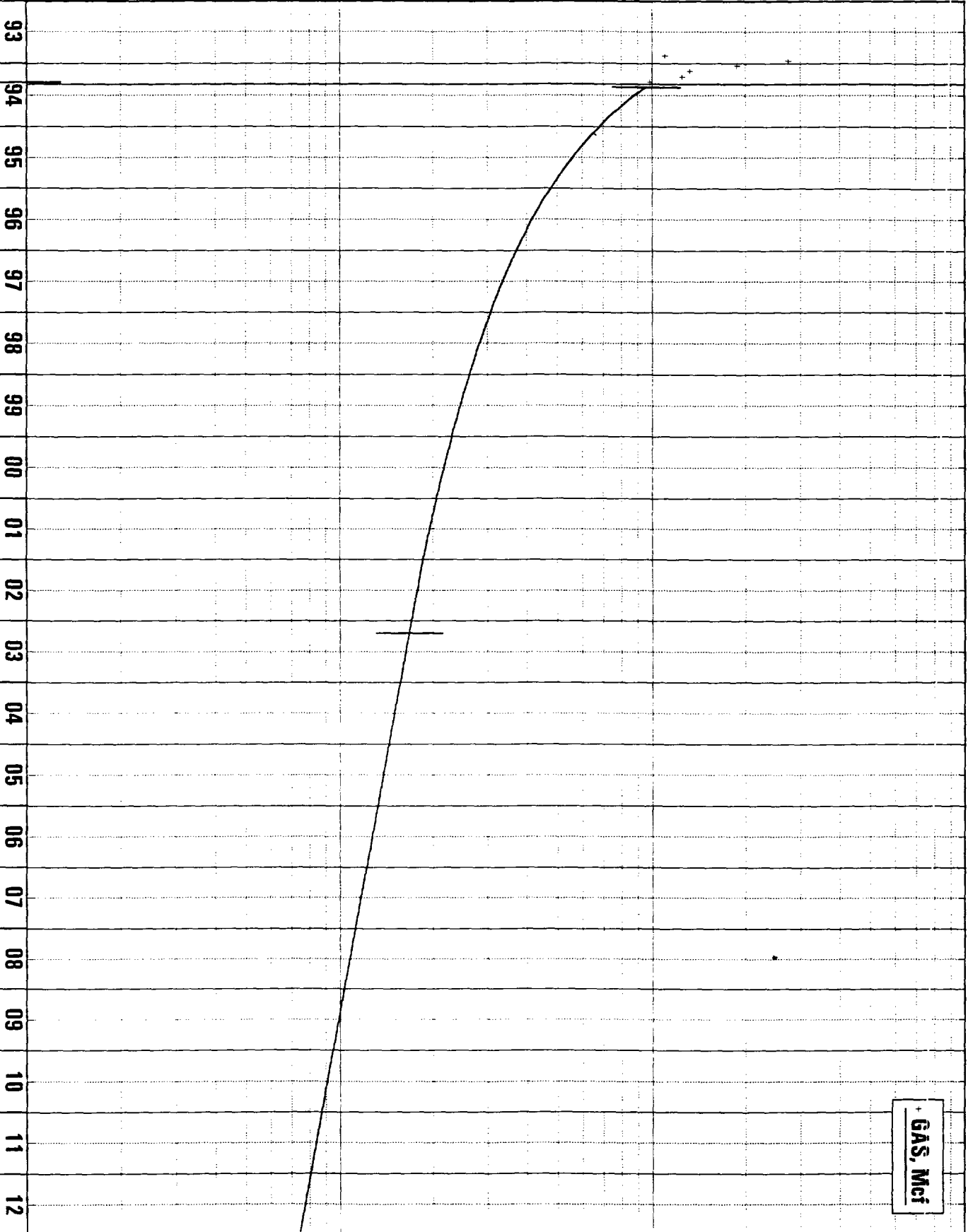
10000

1000

100

93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

Time, Years



100000

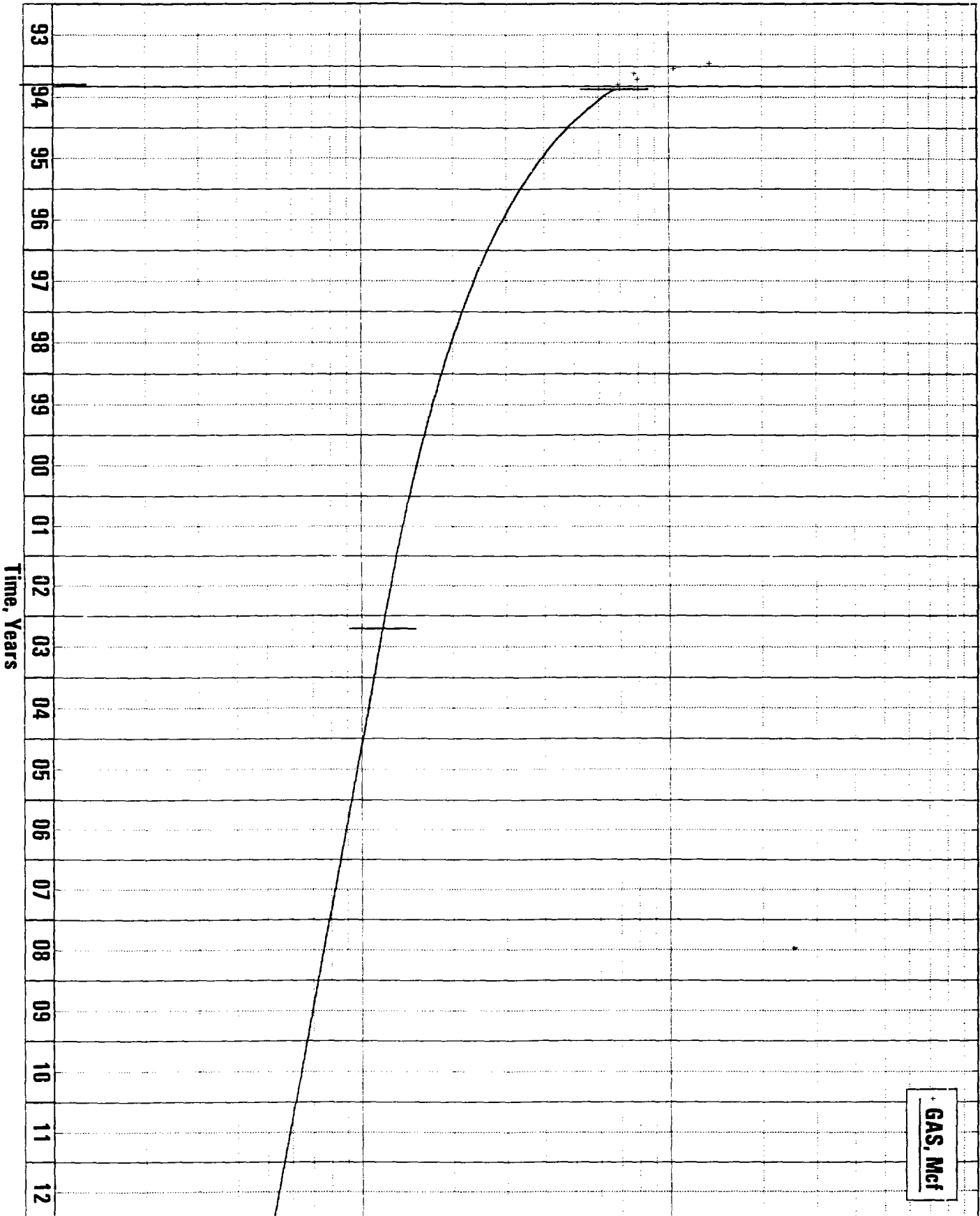
SACRA SA #11
PECOS SLOPE ABO
35G 6S 25E

10000

1000

100

GAS, Mcf



Time, Years

100000

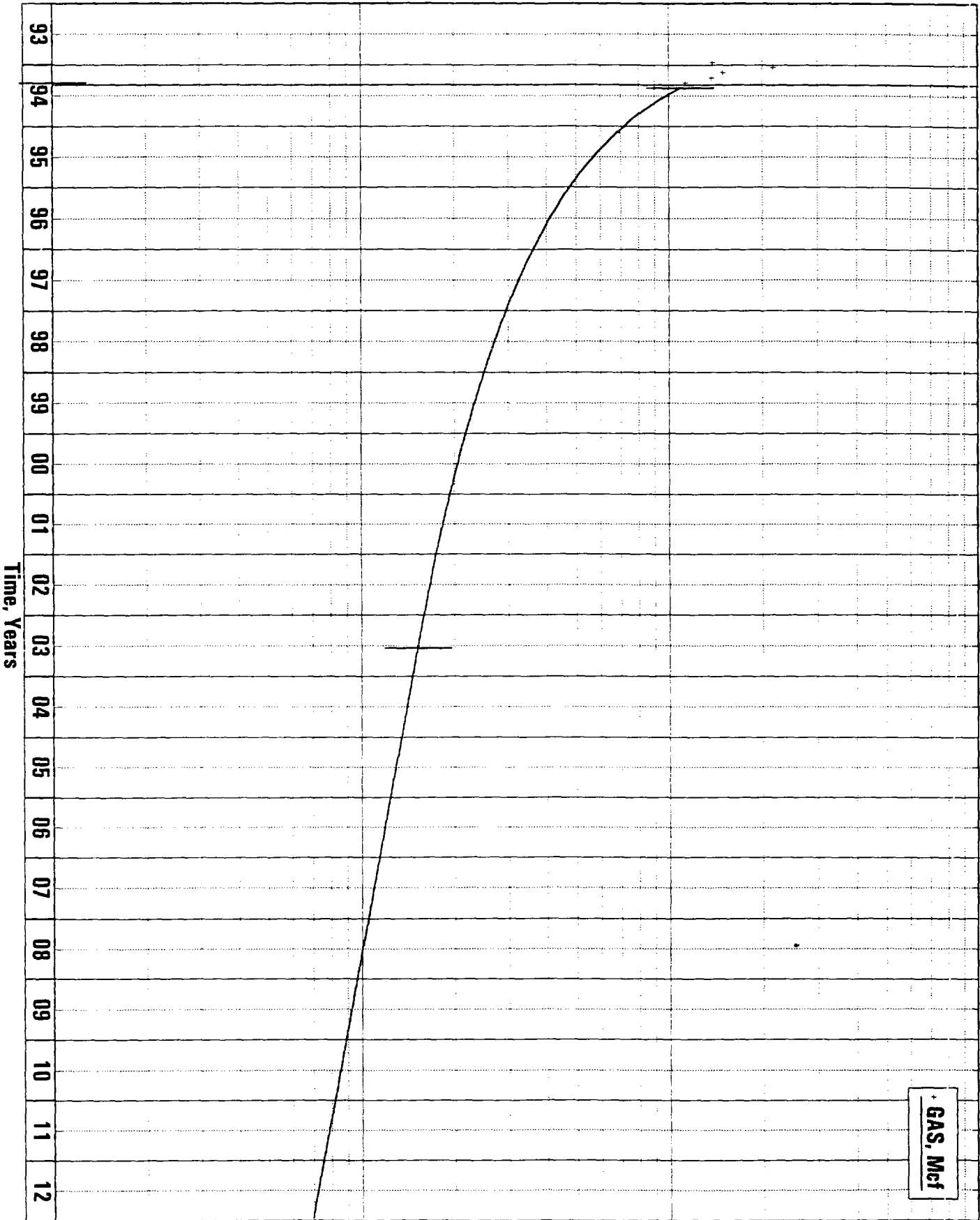
COTTONWOOD FED #3
PECOS SLOPE ABO
26B 6S 25E

10000

1000

100

GAS, Mcf



Time, Years

10000

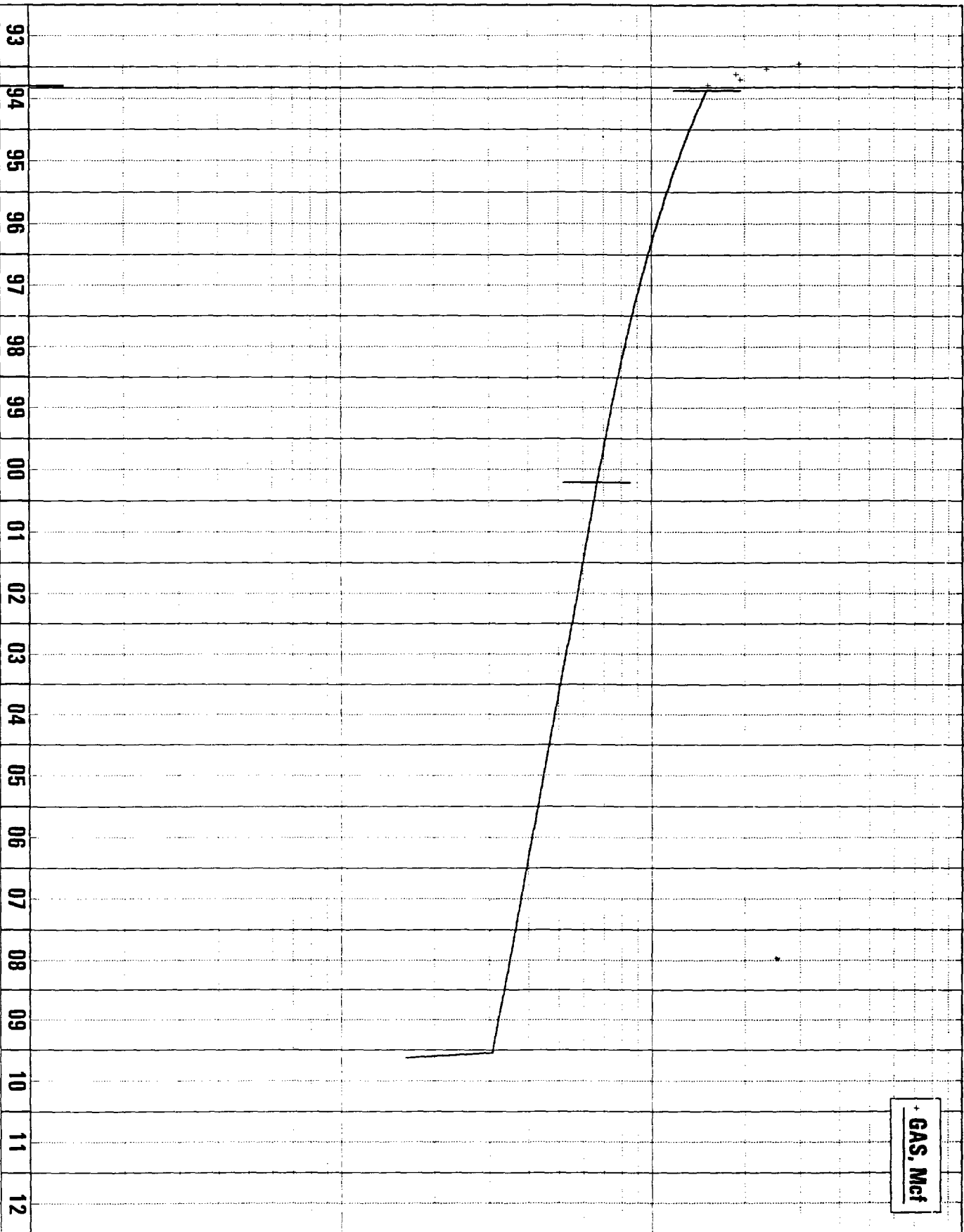
CLEO ANC #1
PECOS SLOPE ABO
111 GS 25E

+ GAS, Mcf

1000

100

10



Time, Years

10000

HOBBS FED #3
PECOS SLOPE ABO
8H 6S 25E

GAS, Mcf

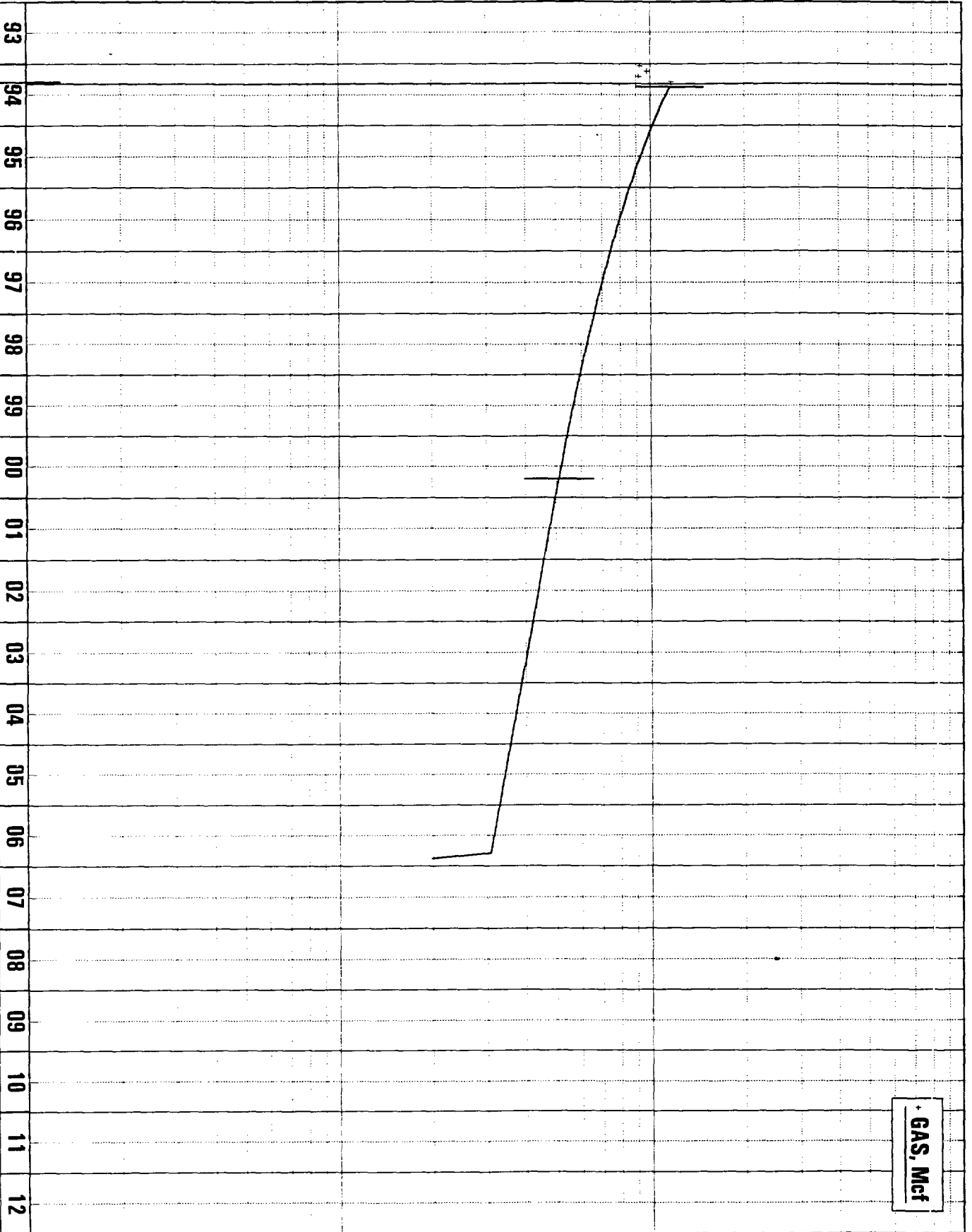
1000

100

10

93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

Time, Years



100000

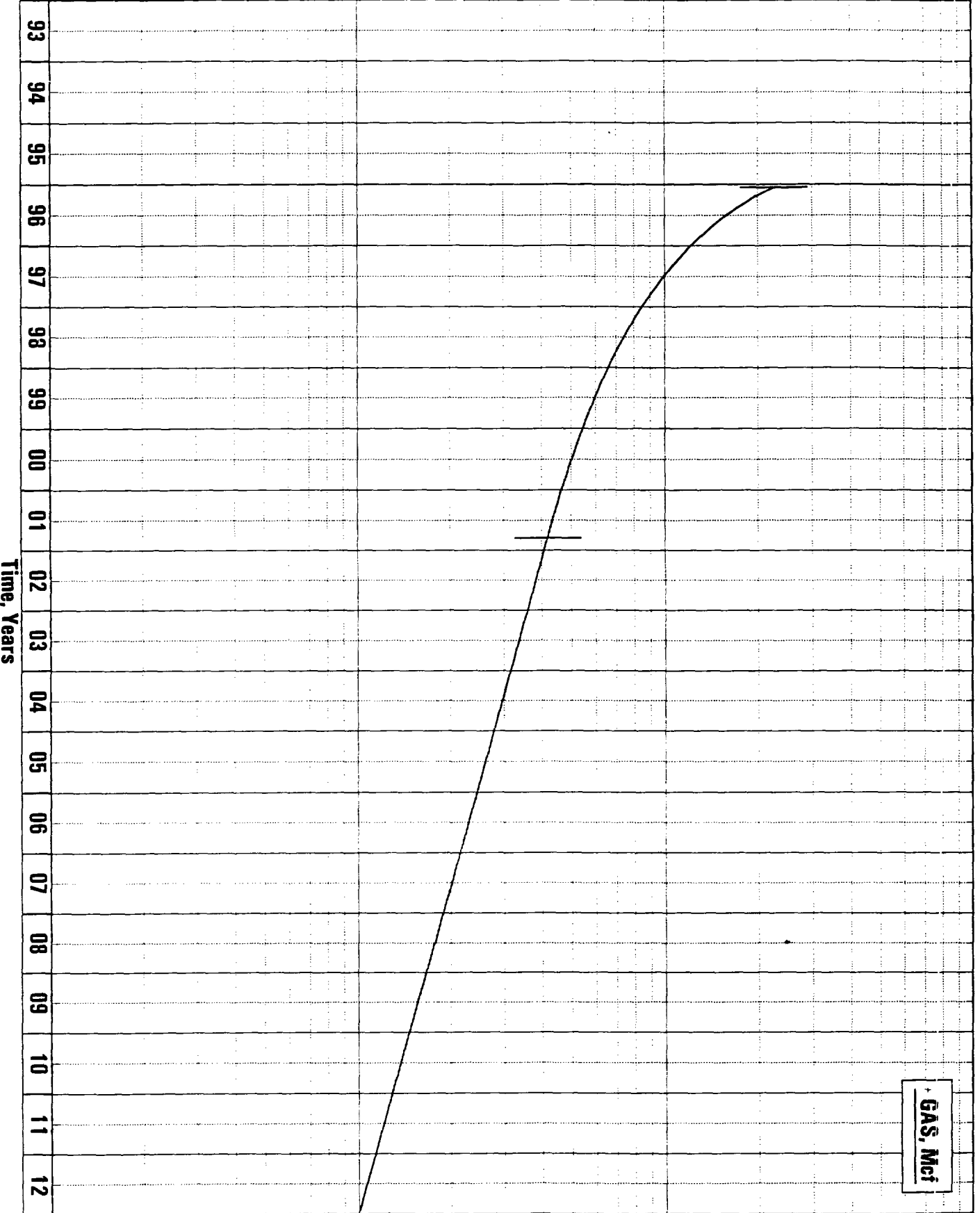
DEE 00 #5
PECOS SLOPE ABO
K 32 5S 25E

10000

1000

100

GAS, Mcf



100000

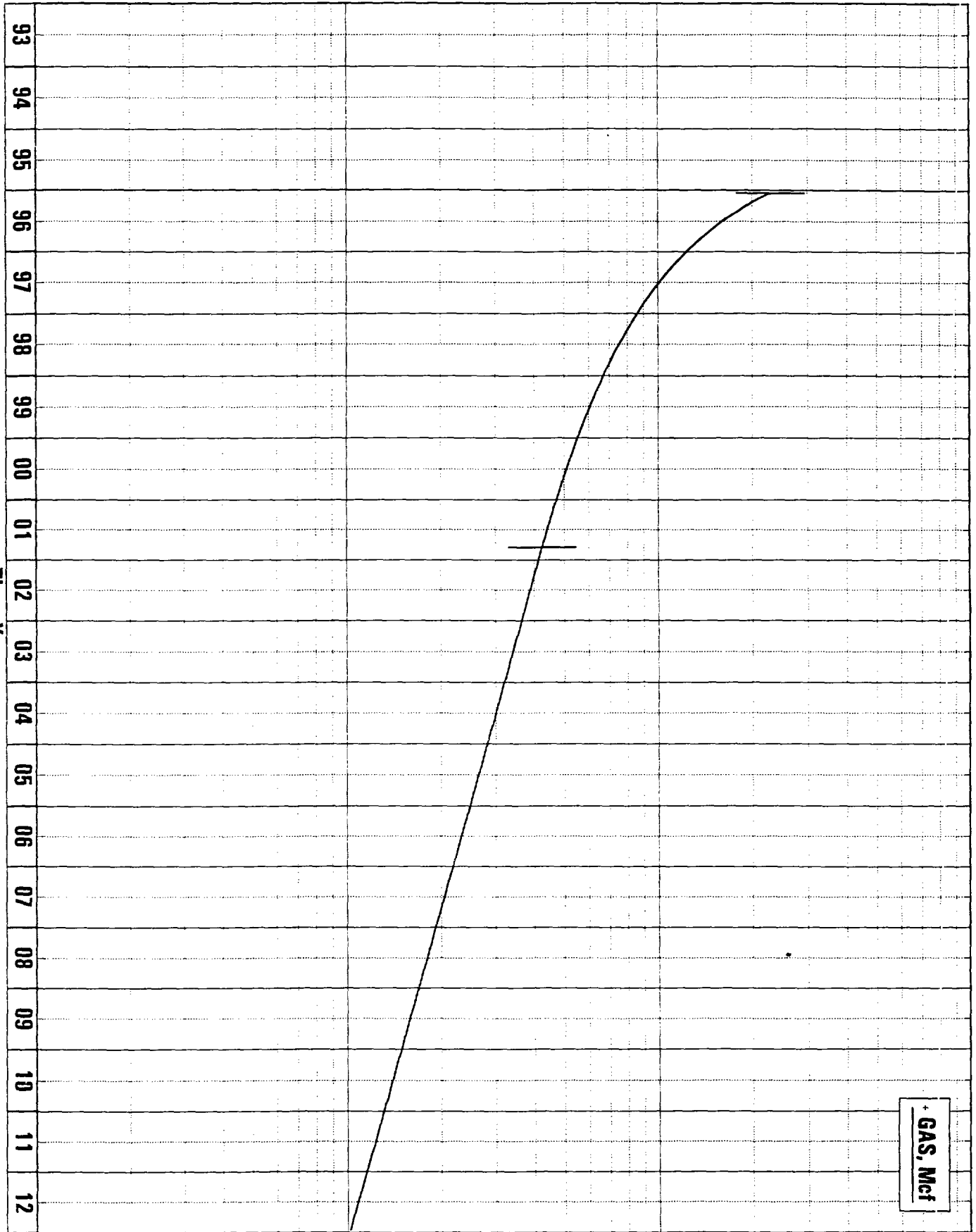
THORPE MI #15
PECOS SLOPE ABO
C 22 7S 25E

10000

1000

100

+ GAS, Mcf



Time, Years

100000

THORPE MI #11
PECOS SLOPE AB0
J 3 7S 25E

10000

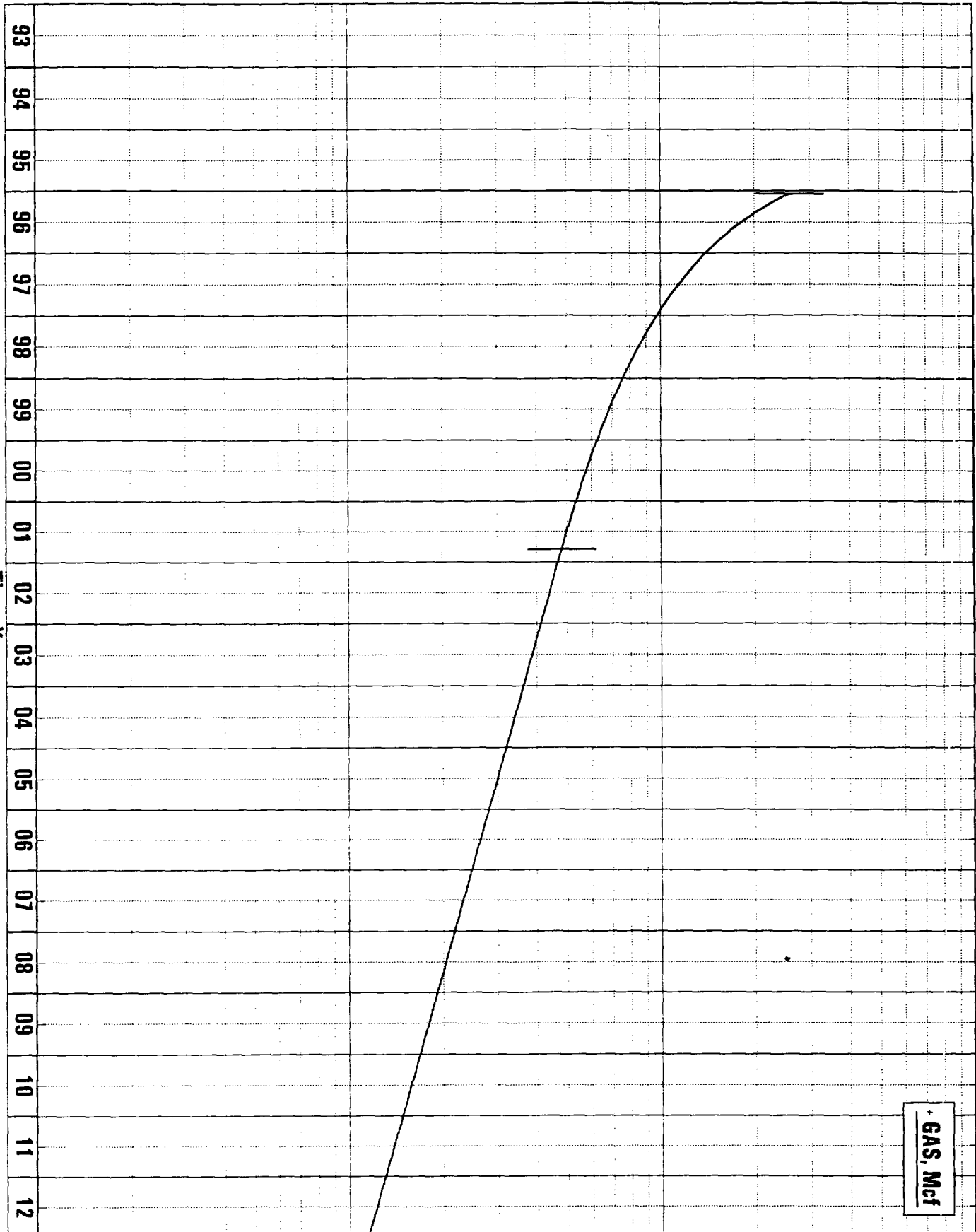
1000

100

+ GAS, Mcf

93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

Time, Years



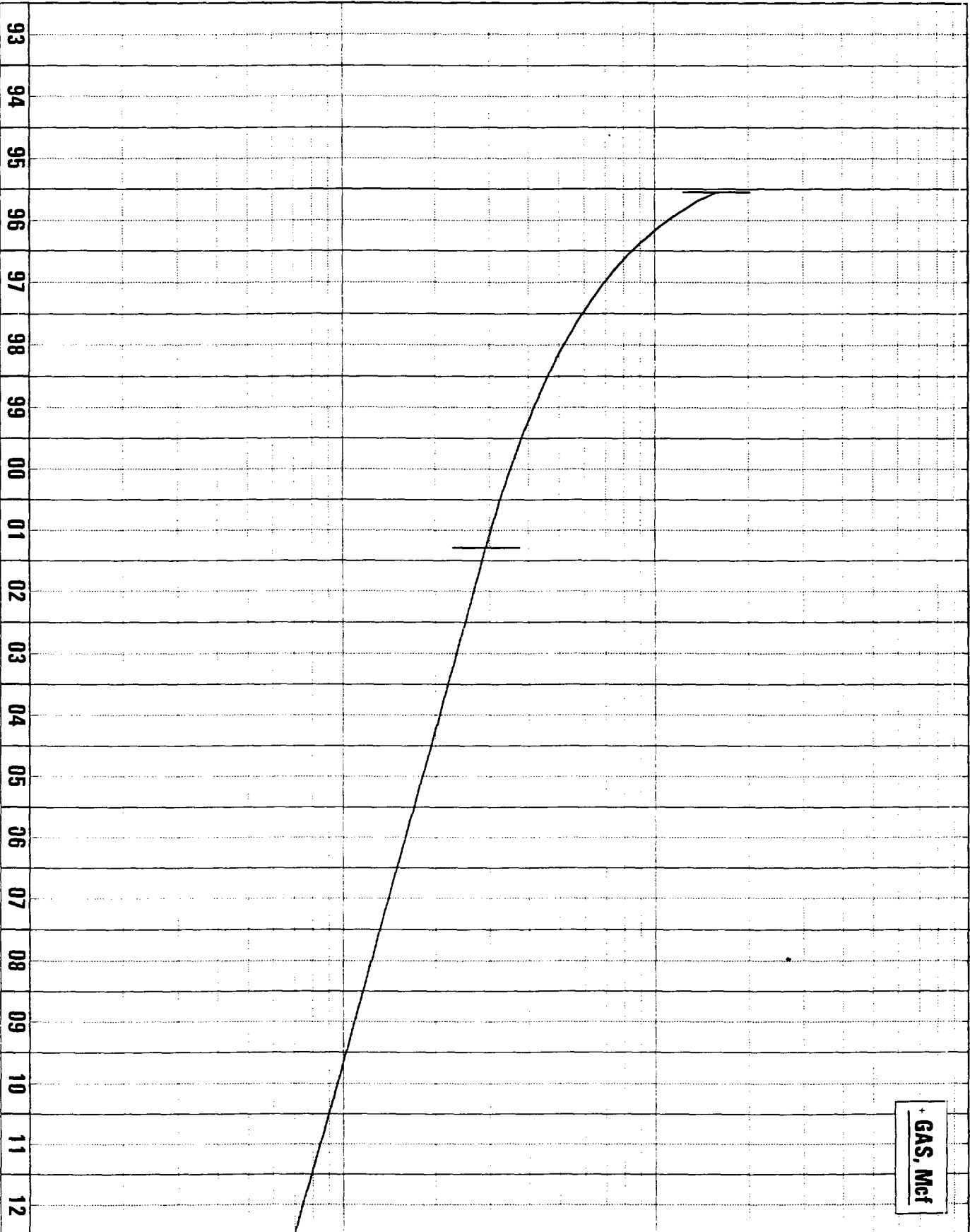
100000

CRANDALL UD #2
PECOS SLOPE ABO
B 6 7S 26E

10000

1000

100



GAS, Mcf

Time, Years

100000

YANKEE ANK #1
PECOS SLOPE AB0
Q 11 7S 25E

10000

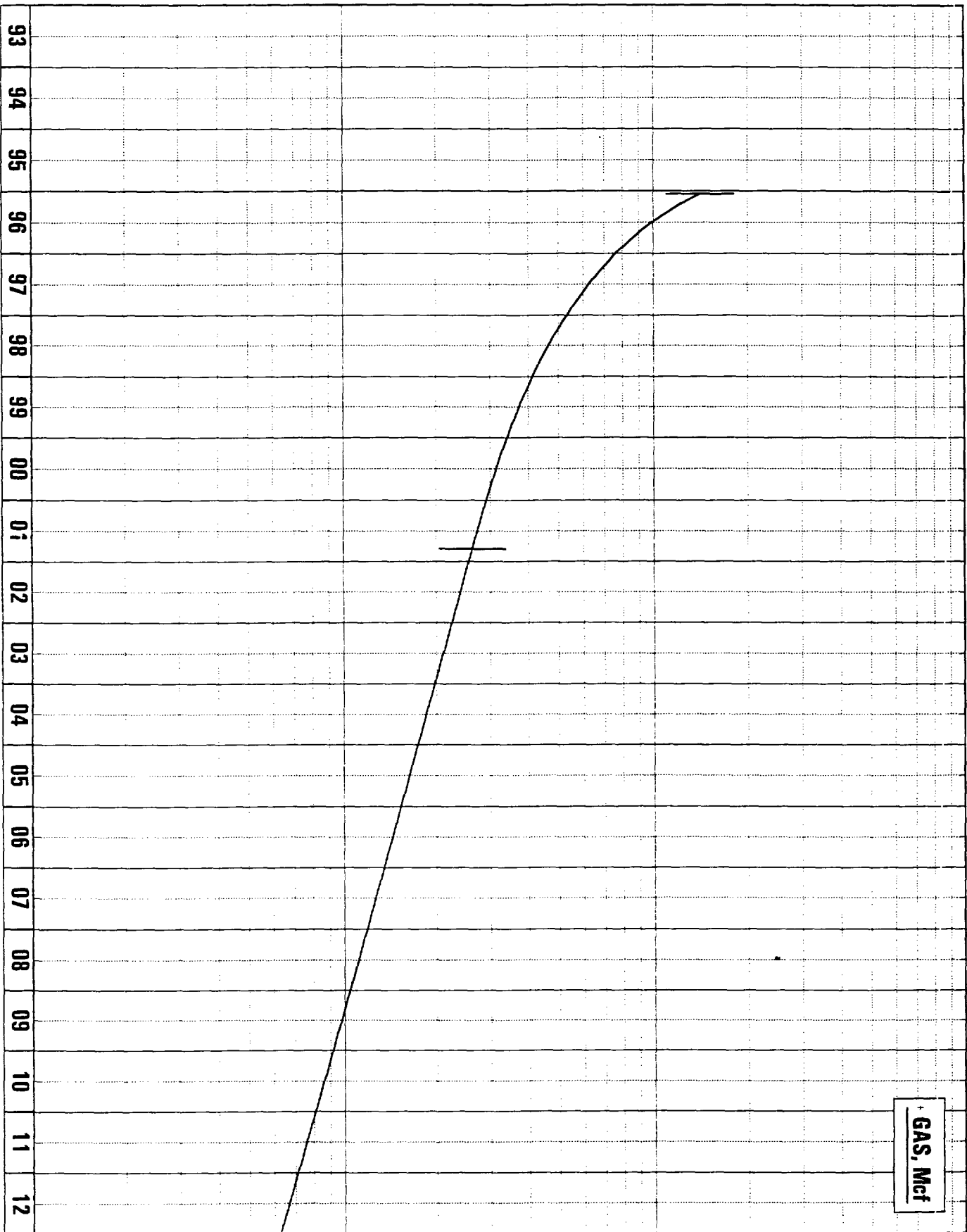
1000

100

GAS, Mcf

93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

Time, Years



100000

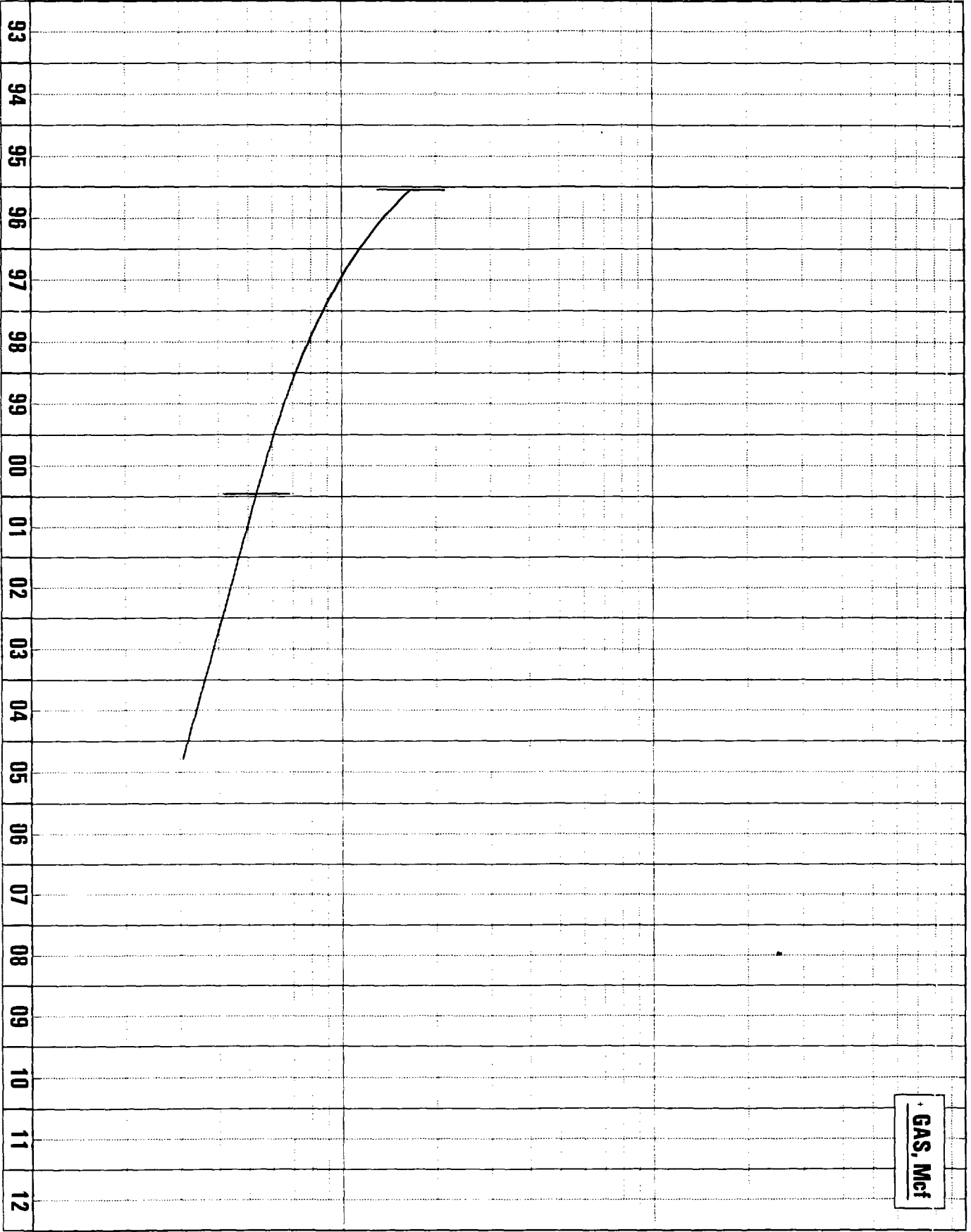
PAULETTE PV #5
PECOS SLOPE ABO
G 16 5S 25E

10000

1000

100

GAS, Mcf



Time, Years

100000

CATTERSON SS #7
PECOS SLOPE ABO
I 21 7S 26E

+ GAS, Mcf

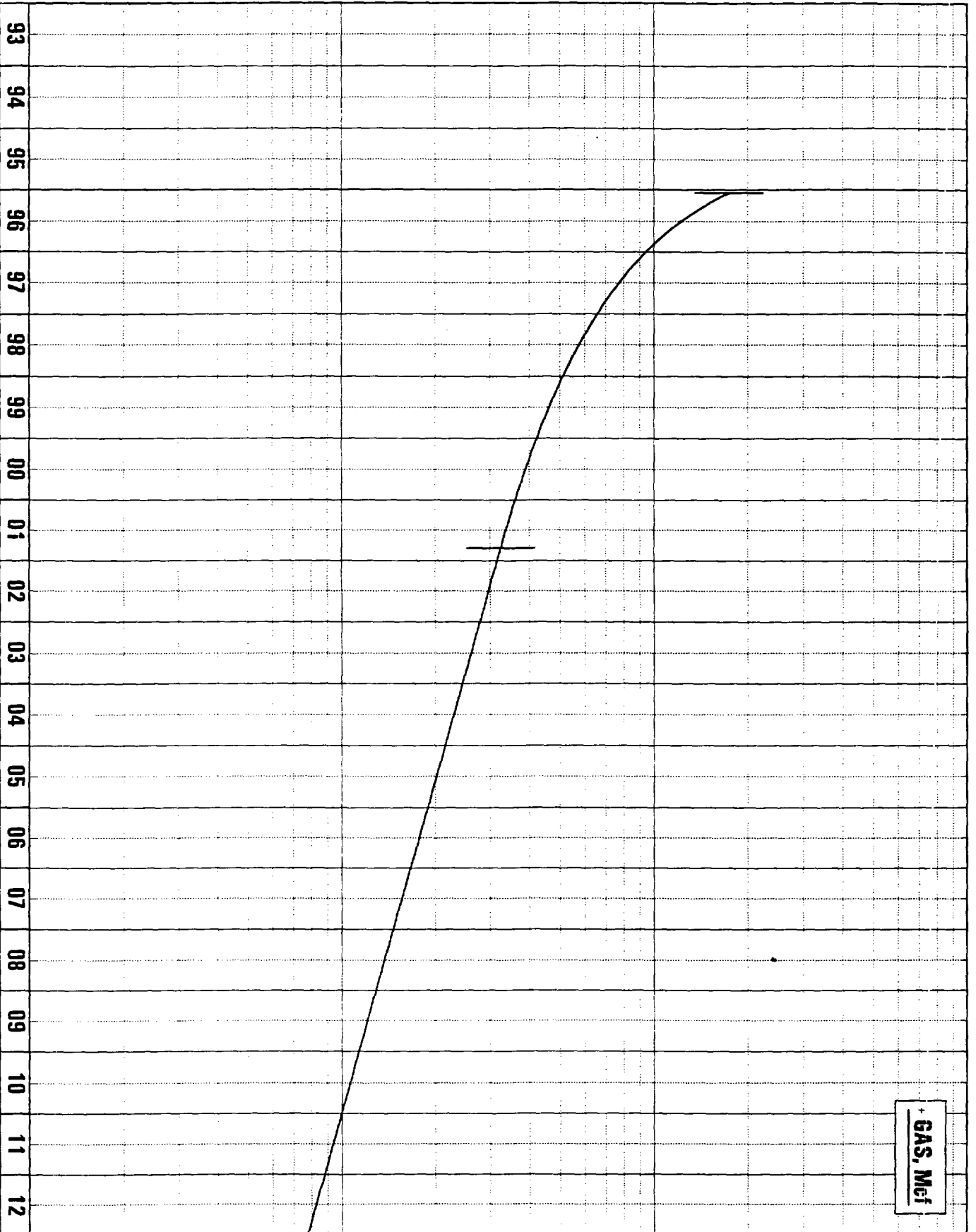
10000

1000

100

93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

Time, Years



KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

November 16, 1995

HAND DELIVERED

William F. Carr, Esq.
Campbell Carr and Berg
P. O. Box 2208
New Mexico, New Mexico 87501

COPY

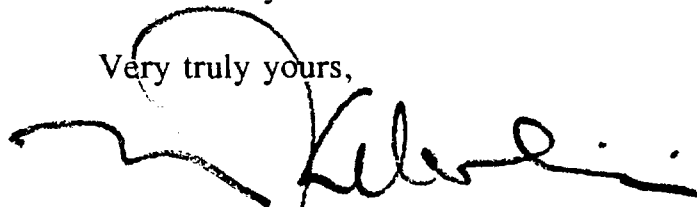
Re: **REQUEST FOR PRODUCTION OF DATA**
NMOCD Cases 10793, 10981 & 11004:
Applications of Yates Petroleum Corporation
including "Infill Drilling" for the Pecos Slope-Abo Gas Pool,
Chaves County, New Mexico

Dear Mr. Carr:

On November 2, 1995, Examiner Stogner granted my motion on behalf of Tide West Oil Company, requiring that Yates Petroleum Corporation provide to me a true and accurate copy of all of its decline curves for all its infill wells in phase one and phase two of its infill drilling program.

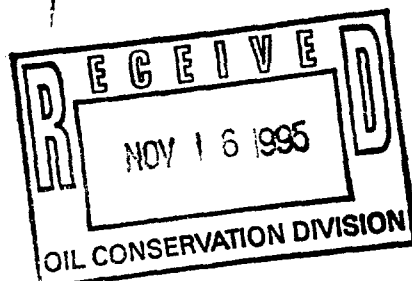
As of today, that data has not been provided. Please immediate provide me with the data as ordered by the Examiner.

Very truly yours,



W. Thomas Kellahin

cc: Michael E. Stogner, NMOCD
cc: Tide West Oil Company
Attn: Bob VonRhee



DIAMONDTAIL-BONE SPRING POOL
Lea County, New Mexico

Order No. R-7158, January 1, 1983, Establishing Pool, as Amended by Order No. R-7996, August 1, 1985.

T-23-S, R-32-E S/2 Sec. 11; E/2 Sec. 14.

NIMENIM RIDGE-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-7158, January 1, 1983, Establishing Pool, as Amended by Order No. R-7279, June 1, 1983; Order No. R-7875, May 1, 1985.

T-18-S, R-30-E Sec. 28; N/2 Sec. 33; W/2 Sec. 34.

RED BLUFF-BONE SPRING GAS POOL
Eddy County, New Mexico

Order No. R-7158, January 1, 1983, Establishing Pool.

T-26-S, R-28-E NE/4 Sec. 12.

EAST RED TANK-BONE SPRING POOL
Lea County, New Mexico

Order No. R-7158, January 1, 1983, Establishing Pool, as Amended by Order No. R-10091, April 1, 1994; Order No. R-10488, November 1, 1995.

T-22-S, R-33-E N/2, SW/4 Sec. 30.

ROBINA DRAW-ATOKA GAS POOL
Eddy County, New Mexico

Order No. R-7158, January 1, 1983, Establishing Pool.

T-23-S, R-24-E N/2 Sec. 17.

SAND TANK-STRAWN GAS POOL
Eddy County, New Mexico

Order No. R-7158, January 1, 1983, Establishing Pool, as Amended by Order No. R-7279, June 1, 1983.

T-18-S, R-30-E S/2 Sec. 4; S/2 Sec. 5.

HACKBERRY-BONE SPRING POOL
Eddy County, New Mexico

Order No. R-7193, February 1, 1983, Establishing Pool.

T-19-S, R-31-E SE/4 Sec. 20.

NORTH HOUSE-TUBB POOL
Lea County, New Mexico

Order No. R-7193, February 1, 1983, Establishing Pool.

T-19-S, R-38-E SE/4 Sec. 35.

MCIVER RANCH-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-7193, February 1, 1983, Establishing Pool.

T-22-S, R-25-E Sec. 30.

SOUTH PECOS SLOPE-ABO GAS POOL
Chaves County, New Mexico

Order No. R-7193, February 1, 1983, Establishing Pool, as Amended by Order No. R-7322, August 1, 1983; Order No. R-7708, November 1, 1984; Order No. R-7785, February 1, 1985; Order No. R-8592, February 1, 1988; Order No. R-8627, April 1, 1988; Order No. R-8747, October 1, 1988; Order No. R-8827, January 1, 1989; Order No. R-8945, June 1, 1989; Order No. R-9938, August 1, 1993.

T-8-S, R-25-E E/2 Sec. 32.

T-9-S, R-24-E Secs. 13 through 15, 24, 25, 36.

T-9-S, R-25-E Secs. 1 through 36.

T-9-S, R-26-E Secs. 1 through 24; W/2 Sec. 25; Secs. 27 through 34; W/2 Sec. 35.

T-9-S, R-27-E Secs. 6, 18, 19; SW/4 Sec. 20.

T-10-S, R-24-E Secs. 1, 12, 13, 24, 25, 36.

T-10-S, R-25-E Secs. 1 through 26, 34 through 36.

T-10-S, R-26-E ~~NW/4~~ Sec. 2; W/2, NE/4 Sec. 6; S/2 Sec. 7; Secs. 19, 20, 31.

T-11-S, R-25-E ~~Sec. 3; S/2 Sec. 4; Sec. 8; N/2 Sec. 9.~~

VADA-ABO POOL
Lea County, New Mexico

Order No. R-7193, February 1, 1983, Establishing Pool.

T-9-S, R-34-E NE/4 Sec. 17.

OIL CONSERVATION DIVISION
ARTESIA, NEW MEX. 88210

TO: Mike Stegner
FROM: Bryan Arrant
DATE: 11-7-95

NUMBER OF SHEETS (INCLUDING TRANSMITTAL SHEET) 3

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 505-748-1283.

FAX NUMBER (505) 748-9720

INTEROFFICE MEMO1

To: Mike Stogner
From: Bryan Arrant
Re: Yate's Pecos Slope; Abo Hearing on November 2, 1995
Date: November 6, 1995

Mike,

Below is a list of pools that are found above the Pecos Slope; Abo and the Pecos Slope; Abo, West fields. I found no pools to exist in the Pecos Slope; Abo, South. All fields that are still active, above the Abo produce out of the San Andres. The list of wells and operators were taken from the Oil Proration Schedule. Give me a call if I can help you with anything else.

Bryan

ACME; SAN ANDRES, SOUTH

Elk Oil Co. #2 Runyan St. Unit (C) 30-8-27 Marginal

BITTER LAKE; SAN ANDRES (ABANDONED)

Sec. 13 :All
Sec. 14: E/2
Sec. 23: NE/4
Sec. 24: N/2

BITTER LAKES; SAN ANDRES, SOUTH

K&R Oil & Gas #1 Elliott Federal (E) 26-10-25 Marginal
#1 Mohawk Federal (O) 22-10-25 "

BITTER LAKES; SAN ANDRES, WEST

K & R Oil & Gas #1 Cannon (P) 17-10-25 Marginal
#2 Cannon (I) 17-10-25 "
#1,3 Cannon Fee (H) 17-10-25 "
#2Y Cannon Fee (A) 17-10-25 "

Page 2

LESLIE SPRINGS; SAN ANDRES

Achen O&G Co.	#1,10 Dale Federal	(I) 26-7-26	Marginal
	#2,11Y	" (J) 26-7-26	"
	#4	" (H) 26-17-26	"
	#9	" (G) 26-7-26	"
	#1 Worley	(E) 25-7-26	"
	#2 Worley	(L) 25-7-26	"

LINDA; SAN ANDRES

Brady Prod.	#1 Ring	(C) 32-6-26 (SI)	
Southeastern Pet.	#1 Cooper	(E) 29-6-26	Marginal
	#2 Cooper	(L) 29-6-26	"
	#1 Phillips	(L) 34-6-26	"
	#2 Elliott Federal	(L) 29-6-26	"
	#1 England	(N) 29-6-26	"
	#1,2 Sturgeon	(F) 33-6-26	"

Yates Pet.	#2 Federal "HJ"	(B) 31-6-26	"
	#10 Federal "HJ"	(A) 31-6-26	"
	#1 John "IL"	(D) 32-6-26	"
	#1 Tamarack "QF"	(D) 32-6-26	"
	#2 Tamarack "QF"	(E) 32-6-26	"

PECOS; SAN ANDRES

Stevens Oper.	#3 Nicols Dale Fed.	(D) 33-7-26	Marginal
	#1 Sun Federal	(P) 29-7-26	"

11-4-6-95 Pumping.

Ross "EG" Federal #14 (Unit B) 21-19S-25E

WI:	AFE COST:	\$
	CDC COST:	\$430,872

Landman: Mecca M.	Geol.: Brent M.	Eng.: Brian C.
-------------------	-----------------	----------------

11-3-95 Pumped 1540 bbls oil, 880 bbls water and 1469 MCF.

Vandiver "CN" Com #2 (Unit A) 18-18S-26E

WI:	AFE COST:	\$640,100
	CDC COST:	\$345,684

Landman: Rob B.	Geol.: Brent M.	Eng.: Brian C.
-----------------	-----------------	----------------

11-4-6-95 RIH with 1-1/4" coil tubing and clean out sand to 8747' with

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

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

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

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 5, 1996

HAND-DELIVERED

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

RECEIVED
FEB 5 1996
OIL CONSERVATION DIVISION

Re: Cases 10793, 10981, 11004 (Consolidated):
In the Matter of Case Nos. 10793, 10981 And 11004 Being Reopened Pursuant to the Provisions of Division Order Nos. R-9976 and R-9976-A, Which Orders Established a "Pilot Infill Drilling Program" in the Pecos Slope-Abo Gas Pool In Portions of Townships 5, 6 and 7 South, Ranges 25 and 26 East, Chaves County, New Mexico.

Case No. 11421:
Application of Yates Petroleum Corporation for the Promulgation of Special Pool Rules and Regulations For the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.

Case No. 11422:
Application of Yates Petroleum Corporation for the Promulgation of Special Pool Rules and Regulations For the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.

Dear Mr. Stogner:

Pursuant to your request, enclosed please find the proposed Orders of Yates Petroleum Corporation in each of the above-referenced cases.

STATE OF NEW MEXICO

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NOS. 10793, 10981, 11004 (Consolidated)

IN THE MATTER OF CASE NOS. 10793, 10981
AND 11004 BEING REOPENED PURSUANT
TO THE PROVISIONS OF DIVISION ORDER
NOS. R-9976 AND R-9976-A, WHICH ORDERS
ESTABLISHED A "PILOT INFILL DRILLING
PROGRAM" IN THE PECOS SLOPE-ABO GAS POOL
IN PORTIONS OF TOWNSHIPS 5, 6 AND 7 SOUTH,
RANGES 25 AND 26 EAST,
CHAVES COUNTY, NEW MEXICO.

RECEIVED
FEB 1 1996
OIL CONSERVATION DIVISION

**YATES PETROLEUM CORPORATION'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION

This cause came on for hearing at 8:15 a.m. on November 2, 1995, at Roswell, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of February, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

Case Nos. 10793, 10981, 11004 (Consolidated)

Order No. R-_____

Page 2

(2) By Order No. R-9976 issued in Case No. 10793 on September 24, 1993, the Division, upon application of Yates Petroleum Corporation ("Yates"), approved a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, for the purpose of allowing the applicant the opportunity to gather data to determine if infill drilling is necessary to effectively and efficiently drain the Abo formation.

(3) This Order was amended by Order No. R-9976-A issued in Case Nos. 10981 and 11004 on July 26, 1994, upon application of Yates, to expand its pilot infill drilling program to within the Pecos Slope-Abo Gas Pool and to approve unorthodox locations for certain specific pilot project infill wells.

(4) Order No. R-9976 as amended by Order No. R-9976-A authorized Yates implement a pilot infill drilling program in the Pecos Slope-Abo Gas Pool:

- (a) consisting of 26 wells at orthodox and unorthodox locations in Townships 5, 6 and 7 South, Ranges 25 and 26 East;
- (b) authorizing production from both wells within each of the proration units at unrestricted rates for a temporary period of two years; and
- (c) requiring Yates to appear in August 1995 at an Examiner hearing to present the results of the pilot infill drilling program and make recommendations to the Division, if applicable, for amendments to the rules which govern the Pecos Slope-Abo Gas Pool.

5. Case Nos. 10793 and 10981 were reopened at the August 24, 1995 Examiner hearing, and the hearing was continued on several occasions until November 2, 1995.

6. Tide West Oil Company ("Tide West") and Great Western Drilling Company (Great Western") appeared through their attorney at the November 2, 1995 hearing but did not present evidence. At the conclusion of Yates' presentation, Tide West and Great Western requested certain information from Yates and a 60-day continuance to determine what position to take on this application. The continuance was granted and the data requested by Tide West and Great Western was provided for their analysis. When the case was reopened on January 11, 1996, Tide West and Great Western elected not to present evidence but

instead have only submitted an unsworn statement which is not supported by the evidence in the record.

7. In Case 11421, the applicant, Yates Petroleum Corporation, seeks the adoption of special rules and regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, authorizing the drilling of an optional additional gas well ("infill well") within each standard 160-acre spacing unit.

8. In Case 11422, the applicant, Yates Petroleum Corporation, seeks the adoption of special rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, authorizing the drilling of an optional additional gas well ("infill well") within each standard 160-acre spacing unit.

9. Each pool is currently developed pursuant to statewide rules which provide for single well 160-acre spacing units comprised of a governmental quarter section with wells located no closer than 660 feet to the outer boundary of the quarter section.

10. Inasmuch as the subject matter of Case Nos. 10793, 10981, 11004, 11421 and 11422 are related, the cases were consolidated for the purposes of hearing with a separate Order entered for each pool.

11. The Abo formation in the Pecos Slope-Abo Gas Pool is a fluivial clastic wedge deposit comprised of channel sands which are stacked vertically of varying lateral continuity.

12. The pilot infill drilling program in the Pecos Slope-Abo Pool was implemented by Yates in two phases. Phase I consisted of the drilling of the six infill wells approved by Division Order No. R-9976 and Phase II consisted of nine additional infill wells drilled pursuant to Division Order R-9976-A.

13. The location of each of the fifteen pilot infill well locations drilled by Yates was selected based on:

- (a) sand thickness from isopach maps and log cross sections;
- (b) cumulative production from iso-cum maps which identified areas of good cumulative production; and

- (c) distance from existing well drainage areas as shown by bubble maps.

14. The fifteen wells drilled in this pilot infill drilling program were located throughout a five Township area that is representative of the Abo formation throughout this portion of Southeastern, New Mexico.

15. The geologic information obtained from the Pecos Slope-Abo pilot project establishes:

- (a) the Abo formation is comprised of channel sands which are vertically stacked with varying lateral continuity;
- (b) the individual producing stingers are not continuous from well to well;
- (c) there is partial communication between wells as shown by the aggregate bottomhole pressure data obtained from offsetting wells;
- (d) infill wells encounter new reserves that will not be recovered by existing wells.

16. The engineering results of the Pecos Slope-Abo pilot infill drilling program are:

- (a) of the fifteen infill wells which were drilled in the pilot project area, ten were successful wells, three were marginal wells and two were dry holes;
- (b) Bottomhole Pressures:
 - (1) The pilot project wells produce from multiple zones in the Abo formation;
 - (2) Because the bottomhole pressures obtained from each well is an aggregate pressure from all zones producing into the wellbore, no pilot infill well encountered the original reservoir pressure for the Abo formation of 1,125 psia;

- (3) Twelve of the fifteen pilot infill wells encountered higher bottomhole pressures than offsetting wells;
- (4) The average pilot infill well bottomhole pressure is almost 800 psia; and
- (5) The average pressure of offsetting wells is less than 300 psia.

(c) Production Rates:

- (1) The production rate for the average pilot infill wells is approximately 750 MCFD; and
- (2) The production rate for the average offsetting well is less than 100 MCFD.

(d) Reserves:

- (1) The average pilot project infill well (including the three marginal wells and the two dry holes) will recover 544 MMCF;
- (2) The average successful pilot project infill well will recover almost 800 MMCF; and
- (3) The average remaining reserves in each offset well is less than 200 MMCF.

17. The fifteen pilot infill wells will produce 8 BCF of reserves that would otherwise be left in the ground.

18. Existing geological and engineering technology enables infill locations to be selected that will enable the remaining reserves in the Abo formation to be produced.

19. Infill wells in the Pecos Slope-Abo Gas Pool will encounter substantial new reserves that will not be recovered by existing wells thereby preventing waste.

20. Approval of infill drilling in the Pecos Slope-Abo Gas Pool will afford each owner in the pool the opportunity to produce without waste its just and fair share of the reserves in the pool thereby protecting correlative rights.

21. Each operator in the Pecos Slope-Abo Gas Pool will have the opportunity to drill an infill well on each 160-acre spacing unit in the pool.

22. Variations in the geological characteristics of the Abo formation will dictate if infill wells should be drilled on a spacing unit and where on the spacing unit the well should be located.

23. Infill development of the Pecos Slope-Abo Gas Pool will result in the drilling of wells which are necessary to produce the remaining reserves in the Abo formation.

24. There is sufficient market for all gas produced from this pool and, therefore, prorationing of this pool is not required to assure each operator in the pool access to market.

25. Artificial allowable restrictions on production from this pool, at this time, could damage the economics of proposed infill development so that necessary wells would not be drilled.

26. If infill development results in the impairment of correlative rights at a later date, the Division on its own motion or on the application of any operator in the pool, can call a hearing to determine whether prorationing would serve to protect correlative rights in this pool.

27. Infill drilling of an optional infill well on each 160-acre spacing unit in the Pecos Slope-Abo Gas Pool will prevent the waste of natural gas, will not impair the correlative rights of operators in this pool and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Permanent Special Rules and Regulations for the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, as previously defined and described, are hereby promulgated to permit the optional drilling of a second well on each proration unit as follows:

SPECIAL RULES AND REGULATIONS
FOR THE PECOS SLOPE-ABO GAS POOL

Rule 1. Each well completed in the Pecos Slope-Abo Gas Pool or in the Abo formation within one mile thereof, and not nearer to or within the limits of another designated Abo gas pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Rule 2. The initial well and the infill well, in the event a second well is drilled on any spacing unit, shall be located on a standard unit containing 160-acres, more or less, consisting of the NE/4, SE/4, SW/4 or NW/4 of a governmental quarter section.

Rule 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter section and the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30-days after the Director has received the application.

Rule 4. The initial well and the infill well, in the event a second well is drilled on any spacing unit, may be located at any location on the spacing unit provided neither well shall be located closer than 660 feet to any outer boundary of a governmental quarter section or lot nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

The plats (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or Federal Form 9-331-C) for the second well on a spacing unit shall have outlined thereon the boundaries of the unit and shall show the location of the first well on the unit as well as the proposed new well.

Rule 5. The Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application

Case Nos. 10793, 10981, 11004 (Consolidated)

Order No. R-_____

Page 8

by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L

STATE OF NEW MEXICO

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11421

APPLICATION OF YATES PETROLEUM
CORPORATION FOR THE PROMULGATION
OF SPECIAL POOL RULES AND REGULATIONS
FOR THE SOUTH PECOS SLOPE-ABO GAS POOL,
CHAVES COUNTY, NEW MEXICO.

RECEIVED
FEB 1 1996
OIL CONSERVATION DIVISION

**YATES PETROLEUM CORPORATION'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION

This cause came on for hearing at 8:15 a.m. on November 2, 1995, at Roswell, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of February, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9976 issued in Case No. 10793 on September 24, 1993, the Division, upon application of Yates Petroleum Corporation ("Yates"), approved a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, Chaves County, New

Mexico, for the purpose of allowing the applicant the opportunity to gather data to determine if infill drilling is necessary to effectively and efficiently drain the Abo formation.

(3) This Order was amended by Order No. R-9976-A issued in Case Nos. 10981 and 11004 on July 26, 1994, upon application of Yates, to expand its pilot infill drilling program to within the Pecos Slope-Abo Gas Pool and to approve unorthodox locations for certain specific pilot project infill wells.

(4) Order No. R-9976 as amended by Order No. R-9976-A authorized Yates implement a pilot infill drilling program in the Pecos Slope-Abo Gas Pool:

- (a) consisting of 26 wells at orthodox and unorthodox locations in Townships 5, 6 and 7 South, Ranges 25 and 26 East;
- (b) authorizing production from both wells within each of the proration units at unrestricted rates for a temporary period of two years; and
- (c) requiring Yates to appear in August 1995 at an Examiner hearing to present the results of the pilot infill drilling program and make recommendations to the Division, if applicable, for amendments to the rules which govern the Pecos Slope-Abo Gas Pool.

5. Case Nos. 10793 and 10981 were reopened at the August 24, 1995 Examiner hearing, and the hearing was continued on several occasions until November 2, 1995.

6. Tide West Oil Company ("Tide West") and Great Western Drilling Company (Great Western") appeared through their attorney at the November 2, 1995 hearing but did not present evidence. At the conclusion of Yates' presentation, Tide West and Great Western requested certain information from Yates and a 60-day continuance to determine what position to take on this application. The continuance was granted and the data requested by Tide West and Great Western was provided for their analysis. When the case was reopened on January 11, 1996, Tide West and Great Western elected not to present evidence but instead have only submitted an unsworn statement which is not supported by the evidence in the record.

7. In Case 11421, the applicant, Yates Petroleum Corporation, seeks the adoption of special rules and regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, authorizing the drilling of an optional additional gas well ("infill well") within each standard 160-acre spacing unit.

8. In Case 11422, the applicant, Yates Petroleum Corporation, seeks the adoption of special rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, authorizing the drilling of an optional additional gas well ("infill well") within each standard 160-acre spacing unit.

9. Each pool is currently developed pursuant to statewide rules which provide for single well 160-acre spacing units comprised of a governmental quarter section with wells located no closer than 660 feet to the outer boundary of the quarter section.

10. Inasmuch as the subject matter of Case Nos. 10793, 10981, 11004, 11421 and 11422 are related, the cases were consolidated for the purposes of hearing with a separate Order entered for each pool.

11. The South Pecos Slope-Abo Gas Pool is contiguous with and a geologic extension of the Pecos Slope-Abo Gas Pool. There is no geologic reason to separate the two pools.

12. The Abo formation in the Pecos Slope-Abo Gas Pool and South Pecos Slope-Abo Gas Pool is a fluivial clastic wedge deposit comprised of channel sands which are stacked vertically of varying lateral continuity.

13. The pilot infill drilling program in the Pecos Slope-Abo Pool was implemented by Yates in two phases. Phase I consisted of the drilling of the six infill wells approved by Division Order No. R-9976 and Phase II consisted of nine additional infill wells drilled pursuant to Division Order R-9976-A.

14. The location of each of the fifteen pilot infill well locations drilled by Yates was selected based on:

- (a) sand thickness from isopach maps and log cross sections;

- (b) cumulative production from iso-cum maps which identified areas of good cumulative production; and
- (c) distance from existing well drainage areas as shown by bubble maps.

15. The fifteen wells drilled in this pilot infill drilling program were located throughout a five Township area that is representative of the Abo formation throughout this portion of Southeastern, New Mexico.

16. The geologic information obtained from the Pecos Slope-Abo pilot project establishes:

- (a) the Abo formation is comprised of channel sands which are vertically stacked with varying lateral continuity;
- (b) the individual producing stingers are not continuous from well to well;
- (c) there is partial communication between wells as shown by the aggregate bottomhole pressure data obtained from offsetting wells;
- (d) infill wells encounter new reserves that will not be recovered by existing wells.

17. The engineering results of the Pecos Slope-Abo pilot infill drilling program are:

- (a) of the fifteen infill wells which were drilled in the pilot project area, ten were successful wells, three were marginal wells and two were dry holes;
- (b) Bottomhole Pressures:
 - (1) The pilot project wells produce from multiple zones in the Abo formation;

- (2) Because the bottomhole pressures obtained from each well is an aggregate pressure from all zones producing into the wellbore, no pilot infill well encountered the original reservoir pressure for the Abo formation of 1,125 psia;
 - (3) Twelve of the fifteen pilot infill wells encountered higher bottomhole pressures than offsetting wells;
 - (4) The average pilot infill well bottomhole pressure is almost 800 psia; and
 - (5) The average pressure of offsetting wells is less than 300 psia.
- (c) Production Rates:
- (1) The production rate for the average pilot infill wells is approximately 750 MCFD; and
 - (2) The production rate for the average offsetting well is less than 100 MCFD.
- (d) Reserves:
- (1) The average pilot project infill well (including the three marginal wells and the two dry holes) will recover 544 MMCF;
 - (2) The average successful pilot project infill well will recover almost 800 MMCF; and
 - (3) The average remaining reserves in each offset well is less than 200 MMCF.

18. The fifteen pilot infill wells will produce 8 BCF of reserves that would otherwise be left in the ground.

19. Existing geological and engineering technology enables infill locations to be selected that will enable the remaining reserves in the Abo formation to be produced.

20. Since there is no geologic reason to separate the South Pecos Slope-Abo Gas Pool and the Pecos Slope-Abo Gas Pool, the results of the Pecos Slope-Abo Gas Pool Pilot Infill Drilling Program can be extrapolated to and apply equally well to the South Pecos Slope-Abo Gas Pool.

21. Infill wells in the South Pecos Slope-Abo Gas Pool will encounter substantial new reserves that will not be recovered by existing wells thereby preventing waste.

22. Approval of infill drilling in the South Pecos Slope-Abo Gas Pool will afford each owner in the pool the opportunity to produce without waste its just and fair share of the reserves in the pool thereby protecting correlative rights.

23. Each operator in the South Pecos Slope-Abo Gas Pool will have the opportunity to drill an infill well on each 160-acre spacing unit in the pool.

24. Variations in the geological characteristics of the Abo formation will dictate if infill wells should be drilled on a spacing unit and where on the spacing unit the well should be located.

25. Infill development of the South Pecos Slope-Abo Gas Pool will result in the drilling of wells which are necessary to produce the remaining reserves in the Abo formation.

26. There is sufficient market for all gas produced from this pool and, therefore, prorationing of this pool is not required to assure each operator in the pool access to market.

27. Artificial allowable restrictions on production from this pool, at this time, could damage the economics of proposed infill development so that necessary wells would not be drilled.

28. If infill development results in the impairment of correlative rights at a later date, the Division on its own motion or on the application of any operator in the pool, can call a hearing to determine whether prorationing would serve to protect correlative rights in this pool.

29. Infill drilling of an optional infill well on each 160-acre spacing unit in the South Pecos Slope-Abo Gas Pool will prevent the waste of natural gas, will not impair the correlative rights of operators in this pool and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Permanent Special Rules and Regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, as previously defined and described, are hereby promulgated to permit the optional drilling of a second well on each proration unit as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE SOUTH PECOS SLOPE-ABO GAS POOL**

Rule 1. Each well completed in the South Pecos Slope-Abo Gas Pool or in the Abo formation within one mile thereof, and not nearer to or within the limits of another designated Abo gas pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Rule 2. The initial well and the infill well, in the event a second well is drilled on any spacing unit, shall be located on a standard unit containing 160-acres, more or less, consisting of the NE/4, SE/4, SW/4 or NW/4 of a governmental quarter section.

Rule 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter section and the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30-days after the Director has received the application.

Rule 4. The initial well and the infill well, in the event a second well is drilled on any spacing unit, may be located at any location on the spacing unit provided neither well

Case No. 11421

Order No. R-_____

Page 8

shall be located closer than 660 feet to any outer boundary of a governmental quarter section or lot nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

The plats (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or Federal Form 9-331-C) for the second well on a spacing unit shall have outlined thereon the boundaries of the unit and shall show the location of the first well on the unit as well as the proposed new well.

Rule 5. The Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11422

APPLICATION OF YATES PETROLEUM
CORPORATION FOR THE PROMULGATION
OF SPECIAL POOL RULES AND REGULATIONS
FOR THE WEST PECOS SLOPE-ABO GAS POOL,
CHAVES COUNTY, NEW MEXICO.

RECEIVED
FEB 1 1996
Oil Conservation Division

**YATES PETROLEUM CORPORATION'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION

This cause came on for hearing at 8:15 a.m. on November 2, 1995, at Roswell, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of February, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9976 issued in Case No. 10793 on September 24, 1993, the Division, upon application of Yates Petroleum Corporation ("Yates"), approved a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, Chaves County, New

Mexico, for the purpose of allowing the applicant the opportunity to gather data to determine if infill drilling is necessary to effectively and efficiently drain the Abo formation.

(3) This Order was amended by Order No. R-9976-A issued in Case Nos. 10981 and 11004 on July 26, 1994, upon application of Yates, to expand its pilot infill drilling program to within the Pecos Slope-Abo Gas Pool and to approve unorthodox locations for certain specific pilot project infill wells.

(4) Order No. R-9976 as amended by Order No. R-9976-A authorized Yates implement a pilot infill drilling program in the Pecos Slope-Abo Gas Pool:

- (a) consisting of 26 wells at orthodox and unorthodox locations in Townships 5, 6 and 7 South, Ranges 25 and 26 East;
- (b) authorizing production from both wells within each of the proration units at unrestricted rates for a temporary period of two years; and
- (c) requiring Yates to appear in August 1995 at an Examiner hearing to present the results of the pilot infill drilling program and make recommendations to the Division, if applicable, for amendments to the rules which govern the Pecos Slope-Abo Gas Pool.

5. Case Nos. 10793 and 10981 were reopened at the August 24, 1995 Examiner hearing, and the hearing was continued on several occasions until November 2, 1995.

6. Tide West Oil Company ("Tide West") and Great Western Drilling Company (Great Western") appeared through their attorney at the November 2, 1995 hearing but did not present evidence. At the conclusion of Yates' presentation, Tide West and Great Western requested certain information from Yates and a 60-day continuance to determine what position to take on this application. The continuance was granted and the data requested by Tide West and Great Western was provided for their analysis. When the case was reopened on January 11, 1996, Tide West and Great Western elected not to present evidence but instead have only submitted an unsworn statement which is not supported by the evidence in the record.

7. In Case 11421, the applicant, Yates Petroleum Corporation, seeks the adoption of special rules and regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, authorizing the drilling of an optional additional gas well ("infill well") within each standard 160-acre spacing unit.

8. In Case 11422, the applicant, Yates Petroleum Corporation, seeks the adoption of special rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, authorizing the drilling of an optional additional gas well ("infill well") within each standard 160-acre spacing unit.

9. Each pool is currently developed pursuant to statewide rules which provide for single well 160-acre spacing units comprised of a governmental quarter section with wells located no closer than 660 feet to the outer boundary of the quarter section.

10. Inasmuch as the subject matter of Case Nos. 10793, 10981, 11004, 11421 and 11422 are related, the cases were consolidated for the purposes of hearing with a separate Order entered for each pool.

11. The West Pecos Slope-Abo Gas Pool is located approximately 5 miles West of the Pecos Slope-Abo Gas Pool. The pay zones in the West Pecos Slope-Abo Gas Pool are equivalent to the pay zones in the Pecos Slope-Abo Gas Pool except that in the West Pecos Slope-Abo Gas Pool the wells are poorer and have smaller drainage areas than wells in the Pecos Slope-Abo Gas Pool.

12. The Abo formation in the Pecos Slope-Abo Gas Pool and the West Pecos Slope-Abo Gas Pool is a fluival clastic wedge deposit comprised of channel sands which are stacked vertically of varying lateral continuity.

13. The pilot infill drilling program in the Pecos Slope-Abo Pool and the West Pecos Slope-Abo Gas Pool was implemented by Yates in two phases. Phase I consisted of the drilling of the six infill wells approved by Division Order No. R-9976 and Phase II consisted of nine additional infill wells drilled pursuant to Division Order R-9976-A.

14. The location of each of the fifteen pilot infill well locations drilled by Yates was selected based on:

- (a) sand thickness from isopach maps and log cross sections;
- (b) cumulative production from iso-cum maps which identified areas of good cumulative production; and
- (c) distance from existing well drainage areas as shown by bubble maps.

15. The fifteen wells drilled in this pilot infill drilling program were located throughout a five Township area that is representative of the Abo formation throughout this portion of Southeastern, New Mexico.

16. The geologic information obtained from the Pecos Slope-Abo pilot project establishes:

- (a) the Abo formation is comprised of channel sands which are vertically stacked with varying lateral continuity;
- (b) the individual producing stingers are not continuous from well to well;
- (c) there is partial communication between wells as shown by the aggregate bottomhole pressure data obtained from offsetting wells;
- (d) infill wells encounter new reserves that will not be recovered by existing wells.

17. The engineering results of the Pecos Slope-Abo pilot infill drilling program are:

- (a) of the fifteen infill wells which were drilled in the pilot project area, ten were successful wells, three were marginal wells and two were dry holes;
- (b) Bottomhole Pressures:
 - (1) The pilot project wells produce from multiple zones in the Abo formation;

- (2) Because the bottomhole pressures obtained from each well is an aggregate pressure from all zones producing into the wellbore, no pilot infill well encountered the original reservoir pressure for the Abo formation of 1,125 psia;
 - (3) Twelve of the fifteen pilot infill wells encountered higher bottomhole pressures than offsetting wells;
 - (4) The average pilot infill well bottomhole pressure is almost 800 psia; and
 - (5) The average pressure of offsetting wells is less than 300 psia.
- (c) Production Rates:
- (1) The production rate for the average pilot infill wells is approximately 750 MCFD; and
 - (2) The production rate for the average offsetting well is less than 100 MCFD.
- (d) Reserves:
- (1) The average pilot project infill well (including the three marginal wells and the two dry holes) will recover 544 MMCF;
 - (2) The average successful pilot project infill well will recover almost 800 MMCF; and
 - (3) The average remaining reserves in each offset well is less than 200 MMCF.

18. The fifteen pilot infill wells will produce 8 BCF of reserves that would otherwise be left in the ground.

19. Because of the equivalent pay zones in the West Pecos Slope-Abo Gas Pool and the Pecos Slope-Abo Gas Pool and the fact that wells in the West Pecos Slope-Abo Gas Pool are of poorer quality, the results of the Pecos Slope-Abo Gas Pool Pilot Infill drilling program can be extrapolated to and apply equally well to the West Pecos Slope-Abo Gas Pool.

20. Existing geological and engineering technology enables infill locations to be selected that will enable the remaining reserves in the Abo formation to be produced.

21. Infill wells in the West Pecos Slope-Abo Gas Pool will encounter substantial new reserves that will not be recovered by existing wells thereby preventing waste.

22. Approval of infill drilling in the West Pecos Slope-Abo Gas Pool will afford each owner in the pool the opportunity to produce without waste its just and fair share of the reserves in the pool thereby protecting correlative rights.

23. Each operator in the West Pecos Slope-Abo Gas Pool will have the opportunity to drill an infill well on each 160-acre spacing unit in the pool.

24. Variations in the geological characteristics of the Abo formation will dictate if infill wells should be drilled on a spacing unit and where on the spacing unit the well should be located.

25. Infill development of the West Pecos Slope-Abo Gas Pool will result in the drilling of wells which are necessary to produce the remaining reserves in the Abo formation.

26. There is sufficient market for all gas produced from this pool and, therefore, prorationing of this pool is not required to assure each operator in the pool access to market.

27. Artificial allowable restrictions on production from this pool, at this time, could damage the economics of proposed infill development so that necessary wells would not be drilled.

28. If infill development results in the impairment of correlative rights at a later date, the Division on its own motion or on the application of any operator in the pool, can

call a hearing to determine whether prorationing would serve to protect correlative rights in this pool.

29. Infill drilling of an optional infill well on each 160-acre spacing unit in the West Pecos Slope-Abo Gas Pool will prevent the waste of natural gas, will not impair the correlative rights of operators in this pool and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Permanent Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, as previously defined and described, are hereby promulgated to permit the optional drilling of a second well on each proration unit as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE WEST PECOS SLOPE-ABO GAS POOL**

Rule 1. Each well completed in the West Pecos Slope-Abo Gas Pool or in the Abo formation within one mile thereof, and not nearer to or within the limits of another designated Abo gas pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Rule 2. The initial well and the infill well, in the event a second well is drilled on any spacing unit, shall be located on a standard unit containing 160-acres, more or less, consisting of the NE/4, SE/4, SW/4 or NW/4 of a governmental quarter section.

Rule 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter section and the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30-days after the Director has received the application.

Rule 4. The initial well and the infill well, in the event a second well is drilled on any spacing unit, may be located at any location on the spacing unit provided neither well shall be located closer than 660 feet to any outer boundary of a governmental quarter section or lot nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

The plats (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or Federal Form 9-331-C) for the second well on a spacing unit shall have outlined thereon the boundaries of the unit and shall show the location of the first well on the unit as well as the proposed new well.

Rule 5. The Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

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

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

January 31, 1996

HAND DELIVERED

RECEIVED

JAN 31 1996

Oil Conservation Division

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87502

*Re: NMOCD Cases 10793, 10981 & 11004
Infill Drilling Pecos Slope Abo Gas Pool*
*Re: NMOCD Case 11421
Infill Drilling South Pecos Slope Abo Gas Pool*
*Re: NMOCD Case 11422
Infill Drilling West Pecos Slope Abo Gas Pool*

Dear Mr. Stogner:

On behalf of Tide West Oil Company, I wish to express our appreciation to you for providing us with both the time and opportunity to review the data submitted by Yates Petroleum Corporation in support of its request for the adoption of infill drilling for the three different Pecos Slope Abo Gas Pools at the November 2, 1995 hearing held in Roswell, New Mexico.

Tide West Oil Company supports the conclusion that 80-acre infill wells are needed in **selected** portions of the greater Pecos Slope Abo Gas Pool. This is based upon:

(1) Because the reservoir is composed of multiple, narrow (<1 mile) sinuous channel sands, some sands may not have been penetrated by the existing 160-acre well. In this instances, a second well would be needed to produce "new" reserves form those sands underlying said unit.

(2) In some instances, it appears that the existing wells will be unable to effectively drain all the mappable reservoir underlying a 160-acre unit, and an 80-acre infill well could recover "new" reserves deemed unrecoverable by the existing well. However, the actual calculation of the "new" reserves is extremely difficult due to commingled production from multiple Abo sands within the pool.

Although Tide West Oil Company concurs that 80-acre infill wells may be needed in selected areas, Tide West thinks that the adoption of **pool-wide** 80-acre infill drilling rules is not supported by the evidence and may result in the drilling of unnecessary wells, thereby promoting waste and not protecting correlative rights. Yates is to be commended for their thorough study of the northern portion of the Pecos Slope Abo Gas Pool, however, Tide West Oil Company does not feel that infill drilling is needed for all three pools on a pool wide basis. Tide West Oil Company maintains that option 80-acre infill drilling will create the situation wherein an offset operator will be forced into drilling another wells in the short term to protect correlative rights. Our reasons for this conclusion follow:

GEOLOGY

The testing of 80-acre infill wells was done in the "heart of the pool" where there is good sand thickness and good cumulative production. Yates has not demonstrated that these same reservoir attributes characterize the entire Abo system in all three regulatory pools in question. So it does not logically follow that the results of the pilot programs may be deemed representative of the entire Abo trend. In fact, Yates' pilot program has demonstrated the uniqueness of each local area according to the number and quality of individual Abo sands, the calculated drainage circles, and the particular location of existing wells within their respective 160-acre units.

DENSITY

A close examination of the pilot locations shows that while these wells are ostensibly "80-acre infill wells", most were really not testing 80 acre density, but were situated to test an open 160-acre location that existed due to the placement of the original wells near the edges of the units. In general, the most successful "infill wells" were not true density tests. See Yates Exhibit 17(November 2, 1995). This fact is very important because of its impact on offsetting operators.

DRAINAGE

Despite the reservoir complexity, the overall pool pressure has been drawn down and infill wells did not encounter virgin reservoir pressure (1125 psi). In fact, the degree of pressure depletion was directly related to the distance each infill well was from existing offsetting wells. Or put another way, those infill wells with higher initial pressures were in fact drilled on 160-acre equivalent units and were not true 80-acre density infill wells.

Yates stipulates that the average drainage area in the original pilot program was 122 acres or 76 % of 160 acres. This implies that an average "80-acre" location would only have 38 acres from which to drain.

The average infill well total reserves for the 12 completed pilot wells is 697 MMCFG (Exhibit 17, November 2, 1995). Yates' economic threshold was 400 MMCFG cum. Since most of the "infill" wells were actually 160-acre density wells, it is likely that two wells would have to share in the reserves of 687 MMCFG thus falling below the economic threshold.

Yates' testimony shows that the evidence of developing "new" or "unique" reserves by virtue of an 80-acre location is generated after the fact. Because of this, timing will be very important. The operator presented with an 80-acre offset well proposal well have to decide if an 80-

Michael E. Stogner
January 31, 1996
Page 4.

acre location is needed in his section. This means perception of need will drive drilling. Since Tide West's perception is that not all areas of the pool are in need of two wells per 160-acres, Tide West may be forced to drill wells to compete for its share of remaining reserves.

Tide West Oil Company contends that is exactly what has occurred in the case of Yates' Catterson SS Federal Well drilled 339 feet south of Tide West's lease line in Section 23, T7S, R26E. This well tested an undrilled 160-acre area best described as the S/2NE/4 and N/2SE/4 of this section. The drainage radius of Yates' well mostly surely will exceed the 330 foot setback by any calculation.

PRORATIONING

The Division was correct to include the topic of "prorationing" when it docketed the infill issue for hearing because the adoption of an "infill" provision for this pool will compel the adoption of prorationing. The fact that Yates has already drilled fifteen of the twenty-six approved infill wells creates a gas allowable problem:

(1) Should the Division deny pool wide infill drilling then it still must set an allowable for those spacing units which now have two producing wells or, in the alternative, require Yates to shut in one of them. Great Western recommends that the Division deny infill drilling and set a hearing for Yates to appear and show cause why it should be allowed to produce the infill wells concurrently with the parent well.

(2) Should the Division grant pool wide infill drilling, then it is essential to also adopt prorationing in order to protect correlative rights. Great Western recommends that should the Division grant infill drilling that it also adopt prorationing and have the Commission establish the gas allowables for the pool at its next allowable hearing currently set for February 15, 1996.

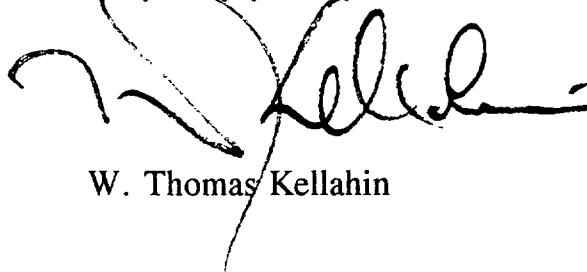
Michael E. Stogner
January 31, 1996
Page 5.

SUMMARY

Tide West Oil Company contends that in certain areas of the Pecos Slope Abo Gas Pool, second wells within producing 160-acre spacing units will be needed to effectively produce the volumetric gas reserves mapped under these units. However, Tide West does not conclude that the Yates' pilot program has established the need for the drilling of infill wells on a **pool wide basis** for the three regulatory pools in question.

In Tide West's opinion, the option pool wide drilling of 80-acre infill wells will generate a situation that may cause offset operators to drill unnecessary protection wells. This will simply accelerate the rate of recovery rather than increase ultimate pool recovery. Without a Division hearing on the merits of each proposed infill well, offset operators are deprived of the opportunity to consider the 80-acre well's drainage ramifications in advance and allow for the adjudication of differences of opinion.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke at the end.

W. Thomas Kellahin

*cc: William F. Carr, Esq.
Attorney for Yates Petroleum Corporation*

*cc: Great Western Drilling Company
Attn: Robert W. Von Rhee
Manager-Geology & Reservoir*

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

January 31, 1996

HAND DELIVERED

RECEIVED

JAN 31 1996

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87502

Oil Conservation Division

Re: NMOCD Cases 10793, 10981 & 11004
Infill Drilling Pecos Slope Abo Gas Pool

Re: NMOCD Case 11421
Infill Drilling South Pecos Slope Abo Gas Pool

Re: NMOCD Case 11422
Infill Drilling West Pecos Slope Abo Gas Pool

Dear Mr. Stogner:

On behalf of Great Western Drilling Company, I wish to express our appreciation to you for providing us with both the time and opportunity to review the data submitted by Yates Petroleum Corporation in support of its request for the adoption of infill drilling for the three different Pecos Slope Abo Gas Pools at the November 2, 1995 hearing held in Roswell, New Mexico.

Great Western has concluded that infill drilling rules will be practical for only selected portions of these pools (collective "the pool") and will not be necessary on a pool wide basis. Our conclusion is support by the following:

GEOLOGY

Because the pool consists of multiple, highly sinuous channel sands, the drilling of a successful infill well in the "heart of the pool" located in Township 6 South, Range 25 East, will not result in similar infill successes for wells drilled in areas of the pool, even in Township 6 South, Range 25 East, where the channel sands are more poorly developed.

Geologically, the somewhat narrow and elongated nature of the channels would preclude the use of a circular radius of drainage pattern as a model for volumetric calculations of estimated ultimate recovery ("EUR"). Further, the lack of the use of a productive limit porosity cutoff skews the data so as to cause Yates to predict a smaller radius of drainage than what is actually present. That is because a thicker gross sand section with a given volume of gas will have a smaller radius of drainage than a thinner net sand interval (using an effective porosity cutoff to determine net sand thickness) with the same given volume of gas which will have a larger radius of drainage than Yates is calculating.

DRAINAGE

There is insufficient evidence concerning drainage areas to support adopting infill drilling:

- (1) Yates selected infill locations based upon good sand thickness, good cumulative production and the belief that those locations would be outside the calculated drainage area of existing wells **but** conceded that neither their volumetric circle method or the reservoir simulation method was able to accurately predict the drainage areas of existing wells;
- (2) all but two of the infill wells had been drilled in areas which were being depleted by offsetting wells;
- (3) the degree of pressure depletion from virgin pressure of 1125 psi was directly related to the distance each infill well was from existing offset wells; and

(4) those infill wells with higher initial pressures were in fact drilled on 160-acre equivalent units and were not "true" 80-acre infill wells.

RESULTS OF INFILL DRILLING

While Yates contends that Infill Drilling was justified for the entire pool because the initial pressure of the infill wells, with few exceptions, was 300" to 400# higher than the average current pressure of offsetting existing wells, the evidence shows that:

(1) in only two infill well cases did the infill well encounter "new sands" which justified the "new reserves" **while** in all other infill wells examples, the "new reserves" were attributable to inadequate drainage by existing wells; and

(2) that many existing infill wells would drain outside of their respective spacing units but Yates had not calculated what the drainage acreage would be and could not determine its shape.

ECONOMICS

While Yates contends that infill wells could be drilled on a pool wide basis without causing the drilling of unnecessary offset protection wells, the evidence shows that:

(1) Yates' economic threshold was 400,000 mcf cumulative gas produced; and

(2) many infill wells had calculated estimated ultimate recoveries which were less than 800,000 mcf thereby making it uneconomic for the second offset ("protection") well. See Yates Exhibit 17.

PRODUCTION CURVES

While Yates contends that the initial production rates of the infill well were generally higher than the average of the existing offset and that existing wells were reaching low rates with low remaining recoveries, therefore concluding that the infill wells were producing only new reserves, the evidence shows that:

- (1) the original method Yates used for apportioning an infill wells' forecasted EUR between new reserves and existing reserves based upon a pressure ratio was flawed and that Yates had abandoned using it;
- (2) that the initial rates on Exhibit 16 for the infill wells were in fact CAOF rates; and
- (3) while the existing wells had partially depleted the area currently being drained by the infill well, any remaining recovery for either the infill well and the offset existing wells would be unique to that particular well.

RESERVES

While Yates contends that it could estimate an EUR for the infill wells and all of the EUR for that infill well would be new reserves not capable of being produced by the existing offset wells, the evidence shows that it had not calculated a drainage acres for each well and did not know if a well would drain 80, 160, 320 acres or not.

PROTECTION OF CORRELATIVE RIGHTS

While Yates contends that infill drilling would allow all operators the chance for infill wells, the evidence shows that:

- (1) many of the infill wells would not have enough EUR to support an offset second well; and

(2) because of the hyperbolic nature of the production curves, the first well drilled would likely get a majority of the EUR in the area within the first 2 years thus precluding the offset operator from having a chance to share economically.

PRORATIONING

The Division was correct to include the topic of "prorationing" when it docketed the infill issue for hearing because the adoption of an "infill" provision for this pool will compel the adoption of prorationing. The fact that Yates has already drilled fifteen of the twenty-six approved infill wells creates a gas allowable problem:

(1) Should the Division deny pool wide infill drilling then it still must set an allowable for those spacing units which now have two producing wells or, in the alternative, require Yates to shut in one of them. Great Western recommends that the Division deny infill drilling and set a hearing for Yates to appear and show cause why it should be allowed to produce the infill wells concurrently with the parent well.

(2) Should the Division grant pool wide infill drilling, then it is essential to also adopt prorationing in order to protect correlative rights. Great Western recommends that should the Division grant infill drilling that it also adopt prorationing and have the Commission establish the gas allowables for the pool at its next allowable hearing currently set for February 15, 1996.

SUMMARY

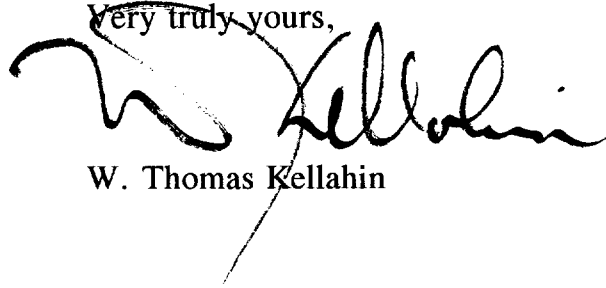
Great Western Drilling Company has concluded that the science and engineering evidence necessary to support the drilling of infill wells on a pool wide basis has not been presented.

Despite reservoir complexity and low permeability, Yates has presented convincing evidence that the overall reservoir pressure has been drawn down in the pool and new wells are not likely to encounter virgin pressure. Thus, new wells generally will simply accelerate the rate of recovery of existing reserves rather than increase ultimate pool recovery.

Michael E. Stogner
January 31, 1996
Page 6

Based upon Yates' economic evidence, the adoption of optional infill drilling will force the offset operator into drilling another well where, in most instances, only the first infill well will have any opportunity to achieve payout.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

W. Thomas Kellahin

cc: William F. Carr, Esq.
Attorney for Yates Petroleum Corporation

cc: Great Western Drilling Company
Attn: Russell Richards

ASES 10793, 10981, and 11004: (Reopened - Continued from November 2, 1995, Examiner Hearing.)

In the matter of Case Nos. 10793, 10981, and 11004 being reopened pursuant to the provisions of Division Order Nos. R-9976 and R-9976-A, which orders established a "pilot infill drilling program" in the Pecos Slope-Abo Gas Pool in portions of Townships 5, 6, and 7 South, Ranges 25 and 26 East, Chaves County. **The applicant in this matter, Yates Petroleum Corporation, seeks the promulgation of special rules and regulations for the currently unprorated Pecos Slope-Abo Gas Pool, based on the geologic and engineering data acquired from the pilot program, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the Pecos Slope-Abo Gas Pool comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.**

ASE 11448: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Rhonda Operating Co., owner/operator, American Employers' Insurance Company, surety, and all other interested parties to appear and show cause why the State 29 Well No. 2, located 1977 feet from the North line and 670 feet from the East line (Unit H) of Section 29, Township 8 South, Range 33 East, Chaves County, New Mexico (which is approximately 17 miles southeast of Kenna, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

ASE 11449: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Abbott Ventures, operator, Ralph Abbott, owner, Allied Fidelity Insurance Company, surety, and all other interested parties to appear and show cause why the N.E. Hogback State NM Well No. 1 (API No. 30-045-09592), located 365 feet from the North line and 330 feet from the East line (Unit A) of Section 16, Township 30 North, Range 16 West, San Juan County, New Mexico (which is approximately 9.25 miles east by north of Shiprock, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11450: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Ralph Abbott, owner/operator, Aetna Casualty and Surety Company, surety, and all other interested parties to appear and show cause why the Palmer Well No. 1 (API No. 30-045-24691), located 1735 feet from the North line and 1695 feet from the East line (Unit G) of Section 17, Township 29 North, Range 13 West, San Juan County, New Mexico (which is approximately one mile south of the Four Corners Regional Airport in Farmington, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11399: (Continued from November 2, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Diamond Back Petroleum Inc. and all other interested parties to appear and show cause why the following two wells located in Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug any or all of said wells, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the plugging bond, if any, covering said wells:

Margie Kay Well No. 1, located 1980 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 17 South, Range 28 East.

Margie Kay Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 7, Township 17 South, Range 28 East.

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

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

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

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 6, 1996

HAND-DELIVERED

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

RECEIVED
FEB 6 1996
Oil Conservation Division

Re: Cases 10793, 10981, 11004, 11421 and 11422:
Applications of Yates Petroleum Corporation concerning infill drilling in the
Pecos Slope-Abo Gas Pool, South Pecos Slope-Abo Gas Pool and the West
Pecos Slope-Abo Gas Pool, Chaves County, New Mexico

Dear Mr. Stogner:

By letter dated January 31, 1996, Tide West Oil Company ("Tide West") and Great Western Drilling Company ("Great Western") provided comments on the above referenced applications of Yates Petroleum Corporation.

As you are aware, these cases came before you for hearing on November 2, 1995 in Roswell, New Mexico. At that hearing, neither Tide West nor Great Western called a witness. Instead of presenting evidence, each sought a 60-day continuance and requested data from Yates so they could determine what position to take in these cases. The continuance was granted and the requested data provided by Yates. When the hearing resumed on January 11, 1996, Tide West and Great Western again failed to present any evidence on any application and requested and afforded an opportunity to present written statements.

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
February 6, 1996
Page 2

The Tide West and Great Western letters attack Yates' evidence on the geology of the Abo formation in this area, the drainage testimony, the results of this infill program, and Yates' economic, production and reserve data.


Yates Petroleum Corporation objects to the back door approach used by Tide West and Great Western in this matter. The statements in the Tide West and Great Western letters of January 31, 1996 are not only incorrect, they are not supported by the evidence in the record.

The Division errs if it considers the objections raised by Tide West and Great Western in these post-hearing letters. To do so would substantially prejudice Yates, for it will be denied the opportunity to respond -- on the record -- to these allegations. If the Division considers these post-hearing comments, the hearing process will be subverted, and a dangerous precedent will be set. At a minimum, due process requires that applicants and protestants alike be given not only an opportunity to be heard but also an opportunity to respond to the misstatements of an opponent.

Having failed to present evidence at the hearings on these applications, Tide West and Great Western should not be allowed to attack the Yates presentation with an unsworn, after the fact letter. If they won't come to the hearing, take the witness stand, present evidence and submit themselves to cross-examination, they cannot be heard.

The arguments of Tide West Oil Company and Great Western Drilling Company may not be considered in deciding these cases.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a stylized flourish at the end.

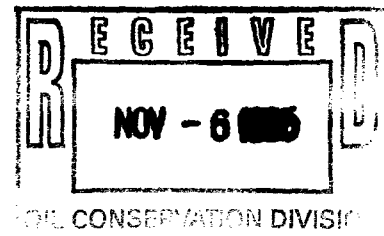
WILLIAM F. CARR

WFC:mlh

cc: Rand Carroll, Esq.

November 2, 1995

Mr. Rand Carroll, Att'y At-Law
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: Yates Petroleum Corp.
Application for Spacing Hearing-- 11/2-11/3/95
Roswell. N.M.

Dear Sir,

I appreciate your return call of Nov. 1, 1995 and respectfully request your due consideration to decline the above noted hearing.

I am enclosing a letter from Mr. Stinson Daniels (J. W. Daniels) protesting this procedure.

Also enclosed are the individual letter (copies) as addressed to Mr. Daniels and to Betty J. Moats re the above hearing.

Re the Yates letters signed by Mecea Mauritsen, you will note both letters are similar but not the same.

Our letter describes the area as TWPs 5,6,7,8,9. Daniels letter says TWPS 4,5,6,7,8. Ranges are stated on our letter as 21,22, & 23 East. Ranges on Mr. Daniels letter state 24,25,26, & 27 east. I trust these are duly noted by you.

Furthermore, the totals noted in Yates letter are different. As noted on our letter the proposed area contains approximately 92,480 acres. Mr. Daniels letter noted the area contains approximately 199,000 acres.

The differences I have pointed lead me to believe someone is directly lying for a purpose.

I feel this entire procedure should be permanently TABLED due to misinformation.

We feel there is no need to add additional well allocations in this area due to the amounts of surface damages incurred that are impossible to repair in a reasonable time.

Regarding surface damages, I shall be happy to show current surface conditions from ~~XXXX~~ other wells that have not regained their use as of today.

We hereby advise you that we will not approve of the Yates request and will not accept the approval of same.

Sincerely,

Betty J. Moats
Betty J. Moats
C. Stuart Moats
C. Stuart Moats

P. O. Box 847
Roswell, N.M. 88202-0847
Moats Livestock and Property LLC

to: Mr. Rand Carroll, Atty-at-Law (Continued)

Please be advised that there are at least 2 other neighbors
that have not received notices from Yates Petroleum Inc.

Jerry Don Martin
Charlie Martin.

I am certain there are others which I have not contacted.

A handwritten signature in cursive script, appearing to read "E. Stuart Moore". The signature is written in dark ink on a plain white background.



YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

ADDRESS CORRECTION REQUESTED

Betty Jean Moats
PO Box 847
Roswell, NM 88201

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



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

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 10, 1995

TO: Interest Owners in the West Pecos Slope-Abo Gas Pool Area

Gentlemen:

Yates Petroleum Corporation hereby notifies you that it has filed an application at the New Mexico Oil Conservation Division seeking the adoption of Special Pool Rules and Regulations for the West Pecos Slope-Abo Pool including provisions authorizing the drilling of an optional additional well on each spacing and proration unit, and other provisions necessary to implement infill drilling in this pool. The West Pecos Slope-Abo Gas Pool currently comprises approximately 92,480 acres in all or portions of Townships 5, 6, 7, 8, and 9 South, Ranges 21, 22, and 23 East.

This case has been set for hearing before a Division Examiner on November 2, 1995 in the City Council Chambers on the Second Floor of the Roswell City Hall, 425 North Richardson Street, Roswell, New Mexico 88201.

At the November 2, 1995 Examiner Hearing, Yates will also review the geologic and engineering data acquired from its Pilot Infill Drilling Program in the portions of the Pecos Slope-Abo Gas Pool which it has operated pursuant to Division Order Nos. R-9976 and R-9976-A entered in Case Nos. 10793, 10981 and 11004.

You are not required to attend this hearing, but as the owner of an interest which may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record could preclude you from challenging the matter at a later date.

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

Time of Hearing?
Place to file Prehearing Statement?

Very truly yours,

YATES PETROLEUM CORPORATION

Mecca Mauritsen
Mecca Mauritsen
Landman



YATES BUILDING - 105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

ADDRESS CORRECTION REQUESTED

J.W. Daniels
C/O Stenson Daniels
PO Box 1111
Dunlap Route
Roswell, NM 88201

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



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

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 10, 1995

TO: Interest Owners in the Pecos Slope-Abo Gas Pool Area

Gentlemen:

Yates Petroleum Corporation hereby notifies you that it has filed an application at the New Mexico Oil Conservation Division seeking the adoption of Special Pool Rules and Regulations for the Pecos Slope-Abo Pool including provisions authorizing the drilling of an optional additional well on each spacing and proration unit, and other provisions necessary to implement infill drilling in this pool. The Pecos Slope-Abo Gas Pool currently comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.

This case has been set for hearing before a Division Examiner on November 2, 1995 in the City Council Chambers on the Second Floor of the Roswell City Hall, 425 North Richardson Street, Roswell, New Mexico 88201.

At the November 2, 1995 Examiner Hearing, Yates will also review the geologic and engineering data acquired from its Pilot Infill Drilling Program in the portions of the Pecos Slope-Abo Gas Pool which it has operated pursuant to Division Order Nos. R-9976 and R-9976-A entered in Case Nos. 10793, 10981 and 11004.

You are not required to attend this hearing, but as the owner of an interest which may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record could preclude you from challenging the matter at a later date.

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

Very truly yours,

YATES PETROLEUM CORPORATION

Mecca Mauritsen

Mecca Mauritsen
Landman



OIL CONSERVATION DIVISION
RECEIVED

THE EASTLAND OIL COMPANY

35 OCT 27 1995 8 52

P. O. DRAWER 3488 • MIDLAND, TEXAS 79702
TELEPHONE: (915) 683-6283 • FAX: (915) 683-6295

27 October 1995

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Attention: Sally Martinez

Re: Pecos Slope-Abo Gas Pool Hearing
November 2, 1995

Ms.: Sally Martinez:

The Eastland Oil Company will have a representative at the hearing. We do not wish to present any testimony at the hearing, but to become a party of record representing our interest for challenging the matter at a latter date if so needed.

Yours truly,

THE EASTLAND OIL COMPANY

Travis Reed
Production Superintendent

TR/bt

SANDERS PETROLEUM CORPORATION

P.O. BOX 2918

ROSWELL, NEW MEXICO 88202

(505) 623-4735

RECEIVED
95 AUG 14 10 08 52

August 11, 1995

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87505-6429

ATTENTION: Ms. Florene Davidson

REFERENCE: Hearing Notice dated August 4, 1995
Division Orders Nos. R-9976 and R-9976-A
Case Nos. 10793, 10981, and 11004

Gentlemen:

In conjunction with our various conversations regarding the captioned, Sanders Petroleum Corporation is in agreement with Yates Petroleum Corporation's infill drilling program in the Pecos Slope Abo Field area and will support the application to either integrate the South and West Pecos Slope Field areas into the Pecos Slope Field Rules or leave the field the field names and incorporate the 80 acre spacing.

Sanders Petroleum requests the OCD grant Sanders Petroleum an opportunity to speak in support of the proposal during the proposed hearing.

Very truly yours,

SANDERS PETROLEUM CORPORATION

Bill J. Milstead
Land Manager

cc. Yates Petroleum Corporation

McKay Oil Corporation

RECEIVED
OIL CONSERVATION DIVISION
AUG 11 1995

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202

OIL
&
GAS

August 11, 1995

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87505-6429

ATTENTION: Ms. Florene Davidson

REFERENCE: Hearing Notice dated August 4, 1995
Division Orders Nos. R-9976 and R-9976-A
Case Nos. 10793, 10981, and 11004

Gentlemen:

In conjunction with our various conversations regarding the captioned, McKay Oil Corporation is in agreement with Yates Petroleum Corporation's infill drilling program in the Pecos Slope Abo Field area and will support the application to either integrate the South and West Pecos Slope Field areas into the Pecos Slope Field Rules or leave the field the field names and incorporate the 80 acre spacing.

McKay Oil requests the OCD grant McKay Oil an opportunity to speak in support of the proposal during the proposed hearing.

Very truly yours,

MCKAY OIL CORPORATION


Roy L. McKay
President

cc. Yates Petroleum Corporation

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986
OCT 17 1995
IN DIVISION
RECEIVED
H 8 52



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

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 10, 1995

11004

TO: Interest Owners in the Pecos Slope-Abo Gas Pool Area

Gentlemen:

Yates Petroleum Corporation hereby notifies you that it has filed an application at the New Mexico Oil Conservation Division seeking the adoption of Special Pool Rules and Regulations for the Pecos Slope-Abo Pool including provisions authorizing the drilling of an optional additional well on each spacing and proration unit, and other provisions necessary to implement infill drilling in this pool. The Pecos Slope-Abo Gas Pool currently comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.

This case has been set for hearing before a Division Examiner on November 2, 1995 in the City Council Chambers on the Second Floor of the Roswell City Hall, 425 North Richardson Street, Roswell, New Mexico 88201.

At the November 2, 1995 Examiner Hearing, Yates will also review the geologic and engineering data acquired from its Pilot Infill Drilling Program in the portions of the Pecos Slope-Abo Gas Pool which it has operated pursuant to Division Order Nos. R-9976 and R-9976-A entered in Case Nos. 10793, 10981 and 11004.

You are not required to attend this hearing, but as the owner of an interest which may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record could preclude you from challenging the matter at a later date.

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

Very truly yours,

YATES PETROLEUM CORPORATION

Mecca Mauritsen

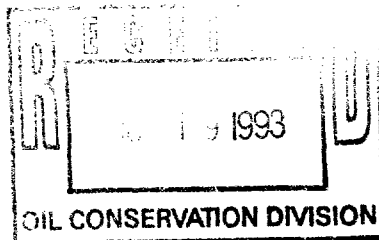
Mecca Mauritsen
Landman

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

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

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT
DAVID B. LAWRENZ

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

10993

July 19, 1993

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Application of Yates Petroleum Corporation for a Pilot Gas Enhanced
Recovery Project, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the application of Yates Petroleum Corporation in the above-referenced matter. Also enclosed is a draft of a legal advertisement for this case. Yates Petroleum Corporation requests that this case be set for hearing before a Division Examiner on August 12, 1993.

Your attention to this request is appreciated.

Very truly yours,

WILLIAM F. CARR
WFC:mlh

cc: Mr. Randy Patterson
Mr. Darrick Stallings

**PECOS RIVER OPERATING, INC.
5949 Sherry Lane, Suite 755
Dallas, TX 75225**

August 10, 1993

**William J. LeMay, Director
New Mexico Department of Energy, Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87504**

**RE: Case 10793
Application of Yates Petroleum
Corporation for a Pilot Gas
Enhanced Recovery Project
Chaves County, New Mexico**

Gentlemen:

Pecos River Operating, Inc. operates approximately 35 Abo Gas wells in the Pecos Slope-Abo Gas Pool . A brief review of our acreage position indicates that in some cases, a single well on a 160 acre proration unit may not be efficiently and effectively draining the formation potentially causing the waste of hydrocarbons. Similar types of information gathering projects may be beneficial in other areas of the field.

We support the application of Yates Petroleum Corporation for a pilot project allowing a second well to be drilled on certain 160 acre proration units providing other operators are allowed to initiate similar projects in other areas of the field as may be required, subject to approval of the OCD. Also we request that results of bottom hole pressure surveys and other pertinent data be released to the OCD on a semi annual or more frequent basis as the data becomes available.

Very truly yours,



**Greg Yujovich, P.E.
Operations Manager**

a:ypcocd.ltr

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

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

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT
DAVID B. LAWRENZ

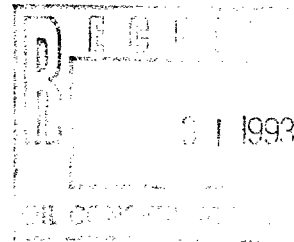
JACK M. CAMPBELL
OF COUNSEL

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

August 31, 1993

HAND-DELIVERED

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503



Re: Case No 10793:
Application of Yates Petroleum Corporation for a Pilot Gas Enhanced
Recovery Project, Chaves County, New Mexico

Dear Mr. Catanach:

Pursuant to your request of August 12, 1993, I am enclosing the proposed Order of Yates Petroleum Corporation in the above-referenced case.

Your attention to this application is appreciated.

Very truly yours,

WILLIAM F. CARR

WFC:mlh

Enclosure

cc: Mr. Randy Patterson (w/enclosure)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case No. 10793
Order No. R-_____

APPLICATION OF YATES PETROLEUM
CORPORATION FOR A PILOT GAS
ENHANCED RECOVERY PROJECT,
CHAVES COUNTY, NEW MEXICO.

**YATES PETROLEUM CORPORATION'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION

This cause came on for hearing at 8:15 a.m. on August 12, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of August, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation ("Yates"), seeks authority to institute a pilot gas enhanced recovery project in the Pecos Slope - Abo Gas Pool to gather data on this pool to determine if additional drilling is necessary to effectively and efficiently drain certain portions of the Abo Formation.

(3) In 1992, Yates drilled a number of infill wells in this pool. Several of these wells encountered bottomhole pressures which showed that the reservoir was not being drained by the existing wells.

(4) Yates proposes to drill a second well on six 160-acre spacing units as shown on Exhibit A attached hereto and simultaneously dedicate both wells on the spacing unit and produce the wells at unrestricted rates for an initial two (2) year test period.

(5) The proposed pilot project area consists of the following non-contiguous 160-acre tracts:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, N.M.P.M.

Section 1: NW/4
Section 8: NE/4
Section 11: SE/4
Section 24: SW/4
Section 26: NE/4
Section 35: NE/4

(6) In selecting these tracts for the initial pilot project area, Yates selected acreage which would be offset by tracts which were all, or almost all, operated by Yates thereby protecting correlative rights.

(7) Notice of this application was provided to all operators in this pool and no one appeared in opposition to the application.

(8) Yates also used the following criteria in selecting each well location:

- (A) the location must have good sand thickness on Yates' geological maps,
- (B) the location must be on trend with good cumulative production, and
- (C) the location must be outside the calculated drainage areas of the existing wells. (Testimony of Patterson, Fly and Stallings)

(9) Yates geological evidence establishes that there are three multichannel producing zones in the Abo Formation and, by mapping the porosity in each zone, Yates showed that each proposed new well is located where it should encounter good sand thickness in one or all of these zones. (Testimony of Fly, Yates Exhibit 7)

(10) Yates mapped the cumulative recoveries of existing wells in the unit and demonstrated that each proposed new well is on trend with wells with good cumulative production from Abo Formation. (Testimony of Fly, Yates Exhibit 6)

(11) By calculating the drainage area for each well in this township, Yates has located each new well outside the drainage areas of existing wells. Drilling and producing wells at these locations should recover hydrocarbons that otherwise will not be produced thereby preventing waste. (Testimony of Stallings, Yates Exhibit 13)

(12) Approval of this application should enable Yates to determine if the criteria it is using to select infill well locations is effective by obtaining data to confirm its geological interpretation of the reservoir, acquiring pressure data to determine the extent, if any, to which the reservoir has been drained and to accumulating production data which will also confirm whether or not the reservoir is being effectively drained under existing rules. (Testimony of Stallings)

(13) Approval of Yates' application and the implementation of this proposed pilot project will result in the acquisition of information about the Abo Formation which can lead to the promulgation of rules which will provide for more efficient and effective production of reserves from this reservoir and, therefore, is in the best interest of conservation, and should be approved.

IT IS THEREFORE ORDERED:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to institute a pilot gas enhanced recovery project in the Abo Formation, Pecos Slope - Abo Gas Pool, by drilling a second well on the six 160-acre spacing units as shown on Exhibit A attached hereto and to simultaneously dedicate both wells on a spacing unit and produce the wells at unrestricted rates.

(2) The pilot project area shall consist of the following 160-acre tracts:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, N.M.P.M.

Section 1:	NW/4
Section 8:	NE/4
Section 11:	SE/4
Section 24:	SW/4
Section 26:	NE/4
Section 35:	NE/4

Case No. 10793

Order No. R-_____

Page 4

(3) This case shall be reopened at an Examiner hearing in August, 1995, unless reopened at an earlier date at the request of the applicant or the Division, at which time Yates Petroleum Corporation shall appear and present data it has obtained from this pilot gas enhanced recovery project and make recommendations to the Division concerning amendments, if any, to the rules which govern development of the Abo Formation in this area.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L

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

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

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT
DAVID B. LAWRENZ

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

August 31, 1993

HAND-DELIVERED

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

SEP 1 1993

RECEIVED
OIL CONSERVATION
DIVISION
SEP 1 1993

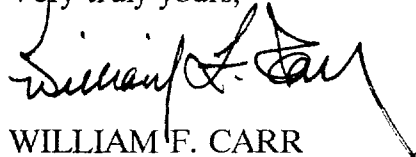
Re: Case No 10793:
Application of Yates Petroleum Corporation for a Pilot Gas Enhanced
Recovery Project, Chaves County, New Mexico

Dear Mr. Catanach:

Pursuant to your request of August 12, 1993, I am enclosing the proposed Order of Yates Petroleum Corporation in the above-referenced case.

Your attention to this application is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

Enclosure

cc: Mr. Randy Patterson (w/enclosure)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case No. 10793
Order No. R-_____

APPLICATION OF YATES PETROLEUM
CORPORATION FOR A PILOT GAS
ENHANCED RECOVERY PROJECT,
CHAVES COUNTY, NEW MEXICO.

**YATES PETROLEUM CORPORATION'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION

This cause came on for hearing at 8:15 a.m. on August 12, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of August, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation ("Yates"), seeks authority to institute a pilot gas enhanced recovery project in the Pecos Slope - Abo Gas Pool to gather data on this pool to determine if additional drilling is necessary to effectively and efficiently drain certain portions of the Abo Formation.

(3) In 1992, Yates drilled a number of infill wells in this pool. Several of these wells encountered bottomhole pressures which showed that the reservoir was not being drained by the existing wells.

(4) Yates proposes to drill a second well on six 160-acre spacing units as shown on Exhibit A attached hereto and simultaneously dedicate both wells on the spacing unit and produce the wells at unrestricted rates for an initial two (2) year test period.

(5) The proposed pilot project area consists of the following non-contiguous 160-acre tracts:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, N.M.P.M.

Section 1: NW/4
Section 8: NE/4
Section 11: SE/4
Section 24: SW/4
Section 26: NE/4
Section 35: NE/4

(6) In selecting these tracts for the initial pilot project area, Yates selected acreage which would be offset by tracts which were all, or almost all, operated by Yates thereby protecting correlative rights.

(7) Notice of this application was provided to all operators in this pool and no one appeared in opposition to the application.

(8) Yates also used the following criteria in selecting each well location:

- (A) the location must have good sand thickness on Yates' geological maps,
- (B) the location must be on trend with good cumulative production, and
- (C) the location must be outside the calculated drainage areas of the existing wells. (Testimony of Patterson, Fly and Stallings)

(9) Yates geological evidence establishes that there are three multichannel producing zones in the Abo Formation and, by mapping the porosity in each zone, Yates showed that each proposed new well is located where it should encounter good sand thickness in one or all of these zones. (Testimony of Fly, Yates Exhibit 7)

(10) Yates mapped the cumulative recoveries of existing wells in the unit and demonstrated that each proposed new well is on trend with wells with good cumulative production from Abo Formation. (Testimony of Fly, Yates Exhibit 6)

(11) By calculating the drainage area for each well in this township, Yates has located each new well outside the drainage areas of existing wells. Drilling and producing wells at these locations should recover hydrocarbons that otherwise will not be produced thereby preventing waste. (Testimony of Stallings, Yates Exhibit 13)

(12) Approval of this application should enable Yates to determine if the criteria it is using to select infill well locations is effective by obtaining data to confirm its geological interpretation of the reservoir, acquiring pressure data to determine the extent, if any, to which the reservoir has been drained and to accumulating production data which will also confirm whether or not the reservoir is being effectively drained under existing rules. (Testimony of Stallings)

(13) Approval of Yates' application and the implementation of this proposed pilot project will result in the acquisition of information about the Abo Formation which can lead to the promulgation of rules which will provide for more efficient and effective production of reserves from this reservoir and, therefore, is in the best interest of conservation, and should be approved.

IT IS THEREFORE ORDERED:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to institute a pilot gas enhanced recovery project in the Abo Formation, Pecos Slope - Abo Gas Pool, by drilling a second well on the six 160-acre spacing units as shown on Exhibit A attached hereto and to simultaneously dedicate both wells on a spacing unit and produce the wells at unrestricted rates.

(2) The pilot project area shall consist of the following 160-acre tracts:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, N.M.P.M.

Section 1: NW/4
Section 8: NE/4
Section 11: SE/4
Section 24: SW/4
Section 26: NE/4
Section 35: NE/4

Case No. 10793

Order No. R-_____

Page 4

(3) This case shall be reopened at an Examiner hearing in August, 1995, unless reopened at an earlier date at the request of the applicant or the Division, at which time Yates Petroleum Corporation shall appear and present data it has obtained from this pilot gas enhanced recovery project and make recommendations to the Division concerning amendments, if any, to the rules which govern development of the Abo Formation in this area.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 24, 1993

CAMBELL, CARR, BERGE
& SHERIDAN
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10793
ORDER NO. R-9976

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sally Leichtle".

Sally Leichtle
Administrative Secretary

cc: BLM Roswell Office
Rick Brown - OCD
Donna McDonald - OCD

MEWBOURNE OIL COMPANY

500 W, TEXAS, SUITE 1020

MIDLAND, TEXAS 79701

(915) 682-3715

FAX (915) 685-4170

January 21, 1994

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn: Florene Davidson

Re: Transcript of Proceedings
Case 10,793

Dear Ms. Davidson:

Enclosed please find a copy of the Transcript of Proceedings for Case 10,793 along with the fifteen (15) exhibits.

Sincerely,

Mewbourne Oil Company

Ralph Moore (RC)

Ralph Moore
Geologist

/klc