

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

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

APPLICATION OF YATES PETROLEUM
CORPORATION TO AMEND SPECIAL
POOL RULES, EDDY COUNTY
NEW MEXICO

CASE NO. 11484

IN THE MATTER OF CASE NO. 10748
BEING REOPENED PURSUANT TO
DIVISION ORDER NO. R-9922-B

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Santa Fe Energy Resources, Inc. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corp.

ATTORNEY

William F. Carr, Esq.
CAMPBELL, CARR & BERGE, P.A.
Post Office Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421

OTHER PARTIES:

Marathon Oil Company

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
Post Office Box 2265
Santa Fe, NM 87504-2265
(505) 982-4285

Santa Fe Energy Resources, Inc.

James Bruce, Esq.
HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.
Post Office Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554

STATEMENT OF CASE

APPLICANT

OTHER PARTY

Santa Fe Energy Resources, Inc. supports Yates' application.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OTHER PARTY

WITNESSES

EST. TIME

EXHIBITS

OPPOSITION

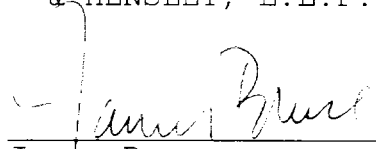
WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

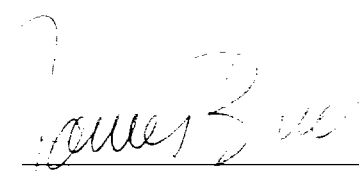
Attorneys for Santa Fe Energy
Resources, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **Pre-Hearing Statement** was delivered by facsimile transmission this 20th day of March, 1996, to:

William F. Carr, Esq.
CAMPBELL, CARR & BERGE, P.A.
Post Office Box 2208
Santa Fe, NM 87504-2208

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
Post Office Box 2265
Santa Fe, NM 87504-2265



James Bruce

CASE 11493: Application of Bonneville Fuels Corporation for pool contraction, pool creation, the promulgation of special pool rules, and the assignment of a special limiting gas-oil ratio, Lea County, New Mexico. Applicant seeks to contract the boundaries of the South Humble City-Strawn Pool by deleting therefrom the W/2 SW/4 of Section 13 and the S/2 of Section 14, both in Township 17 South, Range 37 East, and the concomitant creation of a new pool for the production of oil from the Strawn formation comprising said acreage. The applicant further seeks the promulgation of special rules and regulations therefor, including provisions for 80-acre spacing and proration units, designated well location requirements, and a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The above-described area is located approximately 2.5 miles north of Humble City, New Mexico.

CASE 11494: Application of Enron Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 7, Township 24 South, Range 34 East for all formations developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Bell Lake Unit 7 Well No. 1 to be drilled at a standard location 2200 feet from the North line and 1980 feet from the East line (Unit G) of said Section 7 to test any and all formations to the base of the Morrow formation, South Bell Lake-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 20 miles southwest of Eunice, New Mexico.

CASE 11495: Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 28 for all formations developed on 320-acre spacing, the NW/4 of Section 28 for all formations developed on 160-acre spacing, the N/2 NW/4 of Section 28 for all formations developed on 80-acre spacing and the NE/4 NW/4 of Section 28 for all formations developed on 40-acre spacing, all in Township 23 South, Range 26 East. Applicant proposes to dedicate this pooled unit to its F. H. State "28" Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 28 to test any and all formations to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 10 miles south of Carlsbad, New Mexico.

CASE 11483: (Continued from March 7, 1996, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to the J. D. Federal 33 Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 2080 feet from the East line in the N/2 of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 24 miles west of Eunice, New Mexico.

CASE 11464: (Continued from March 7, 1996, Examiner Hearing)

Application of Penwell Energy, Inc. for pool creation, special pool rules and a discovery allowable, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising the W/2 NE/4 of Section 7, Township 22 South, Range 26 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre oil spacing units and designated well location requirements. Said area is located approximately 15 miles south of Loving, New Mexico.

CASE 11484: (Readvertised)

Application of Yates Petroleum Corporation to amend the special pool rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico. Applicant seeks the promulgation of special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including the authorization of no more than one well per 80 acres, allowing the simultaneous dedication of acreage to both oil and gas wells, a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced, and a special oil allowable for the pool of 1400 barrels of oil per day. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

CASE 11496: Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant seeks an exception to Division general Rule 303.A to permit surface commingling of Fulcher Kutz-Pictured Cliffs Pool gas production from its Bolack "F" Well No. 1 (API No. 30-045-29233), located 1570 feet from the North line and 1510 feet from the West line (Unit F) of Section 2, Township 27 North, Range 11 West, with Basin-Dakota Pool gas production from its Bolack "A" Well No. 1-E (API No. 30-045-25747), located 1700 feet from the North line and 1520 feet from the West line (Unit F) of said Section 2. Said wells are located approximately 3 miles north-northeast of Bloomfield, New Mexico. IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 21, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 10-96 and 11-96 are tentatively set for April 4, 1996 and April 18, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11473: (Continued from February 22, 1996, Examiner Hearing.)

Application of Enserch Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 NE/4 of Section 21, Township 25 South, Range 36 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Moberly "21" Well No. 1 to be drilled at a standard well location 1980 feet from the North and East lines (Unit G) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 4 miles west of Jal, New Mexico

CASE 11491: **Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 20, Township 22 South, Range 28 East, and in the following manner: the N/2 of Section 20 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Dublin Ranch-Atoka Gas Pool; the Undesignated Dublin Ranch-Morrow Gas Pool; and the Undesignated Otis-Morrow Gas Pool; the NW/4 of Section 20 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent; and the NE/4 NW/4 of Section 20 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Indian Draw-Delaware Pool and the Undesignated Herradura Bend-Cherry Canyon Pool. Said unit is to be dedicated to applicant's Foal Fed. Well No. 1, to be drilled at an unorthodox well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 7 miles north of Loving, New Mexico.

CASE 11461: (Continued from March 7, 1996, Examiner Hearing)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, and in the following manner: All of Section 29 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, including the Undesignated North Bell Lake-Devonian Gas Pool; and the E/2 of Section 29 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to the applicant's Shamrock "29" Fed Com. Well No. 1 to be drilled at an orthodox gas well location 1330 feet from the North and East lines (Unit G) of the Section. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 16 miles southwest of Eunice, New Mexico.

CASE 11470: (Continued from February 22, 1996, Examiner Hearing)

Application of Energy Development Corporation for salt water disposal, Sandoval County, New Mexico. Applicant seeks authority to inject produced water into the Menefee formation through perforations from 2,438 - 2,624 feet in its existing San Isidro (Shallow) Unit Well No. 7-11, located 2074 feet from the South line and 1,650 feet from the West line (Unit K) of Section 7, Township 20 North, Range 2 West. Said well is located approximately 8 miles southwest of Cuba, New Mexico.

CASE 11492: **Application of Strata Production Company for a unit agreement, Eddy County, New Mexico.** Applicant seeks approval of the West Loving Exploratory Unit Agreement for an area comprising 1,400 acres, more or less, of federal, state, and fee lands in Sections 23, 27 and 28 of Township 23 South, Range 27 East. Said unit area is located approximately 3 1/2 miles west of Loving, New Mexico.

CASE 11480: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Gas Pool production (160-acre standard dedication comprising the SW/4) with gas production from the Blanco-Mesaverde Gas Pool (320-acre standard dedication comprising the W/2) within the wellbore of its existing Hancock Well No. 3 located 890 feet from the South line and 990 feet from the West line (Unit M) of Section 22, Township 28 North, Range 9 West. Applicant further seeks an exception to the pressure differential limitations of Rule 303(C)(b)(v). Said well is located approximately 5 miles southeast of Blanco, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 11481: Application of Nearburg Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Black River "10" Federal Com Well No. 1 at an unorthodox gas well location 1330 feet from the North line and 990 feet from the West line (Unit E) of Section 10, Township 24 South, Range 26 East, to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of said Section 10 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Said unit is located approximately 10 1/2 miles southwest of Whites City, New Mexico.

CASE 11482: Application of SDX Resources, Inc. for approval of a leasehold pilot waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its State "7" Leasehold Waterflood Project by injection of water into the Queen and Grayburg formations of the East Millman-Queen-Grayburg-San Andres Pool, in a new project area consisting of 611.20 acres, more or less and being all of Section 7, Township 19 South, Range 29 East. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 12 1/2 miles southwest of Loco Hills, New Mexico.

CASE 11464: (Continued from February 22, 1996, Examiner Hearing.)

Application of Penwell Energy, Inc. for pool creation, special pool rules and a discovery allowable, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising the W/2 NE/4 of Section 7, Township 22 South, Range 26 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre oil spacing units and designated well location requirements. Said area is located approximately 15 miles south of Loving, New Mexico.

CASE 11483: Application of Penwell Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to the J. D. Federal 33 Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 2080 feet from the East line in the N/2 of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 24 miles west of Eunice, New Mexico.

CASE 10748: (Reopened - Continued from February 22, 1996, Examiner Hearing.)

In the matter of Case No. 10748 being reopened pursuant to the provisions of Division Order No. R-9922-B, which order continued Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, in full force and effect until January, 1996. Operators in the subject pool may appear and show cause why the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

CASE 11484: Application of Yates Petroleum Corporation to amend the special pool rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, established by Order No. R-9922, Eddy County, New Mexico. Applicant seeks the promulgation of special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including the authorization of no more than one well per 80 acres, allowing the simultaneous dedication of acreage to both oil and gas wells and a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 7, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 9-96 and 10-96 are tentatively set for March 21, 1996 and April 4, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11463: (Continued from February 8, 1996, Examiner Hearing.)

Application of Robert L. Bayless for downhole commingling, San Juan County, New Mexico. Applicant, seeks approval to downhole commingle production from Fulcher Kutz-Pictured Cliffs and Aztec Fruitland Sand Pools within the wellbore of its Horn Canyon Well No. 1 located 1190 feet from the North line and 1055 feet from the West line (Unit D) of Section 15, Township 28 North, Range 11 West. Said well is located approximately 4 miles south of Bloomfield, New Mexico.

CASE 11460: (Readvertised)

Application of Santa Fe Energy Resources, Inc. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Tomcat Unit Agreement for an area comprising 3,840 acres, more or less, of federal, state, and fee lands consisting of all or parts of Sections 8, 15-17, 20-22, and 28, Township 23 South, Range 32 East. Said unit area is centered approximately 5 miles northeast of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11461: (Continued from February 22, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, and in the following manner: All of Section 29 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, including the Undesignated North Bell Lake-Devonian Gas Pool; and the E/2 of Section 29 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to the applicant's Shamrock "29" Fed Com. Well No. 1 to be drilled at an orthodox gas well location 1330 feet from the North and East lines (Unit G) of the Section. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 16 miles southwest of Eunice, New Mexico.

CASE 11456: (Continued from February 22, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 NE/4 of Section 18, Township 23 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to the applicant's Tomcat 18 Fed. Well No. 1 to be drilled at an orthodox oil well location. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 4 miles north of the intersection of Highway FAS 1271 and the border between Lea and Eddy Counties.

CASE 11479: **Application of Exxon Corporation for a non-standard gas proration unit, simultaneous dedication and two unorthodox gas well locations, Lea County, New Mexico.** Applicant seeks to establish a non-standard 159.92-acre gas spacing and proration unit for Blinbry Oil and Gas Pool production comprising Lots 2, 3, and the S/2 NW/4 of Section 2, Township 22 South, Range 37 East. Said unit is to be dedicated to its existing New Mexico "S" State Well Nos. 14, 38 and 28, located in Units C, E, and F, respectively. Applicant also seeks approval of an unorthodox gas well location for Well No. 38, located 2100 feet from the North line and 660 feet from the West line (Unit F) of said Section 2 and for Well No. 28, located 2160 feet from the North line and 1800 feet from the West line (Unit F) of said Section 2. Said proration unit is located two miles southeast of Eunice, New Mexico.

CASE 11459: (Readvertised)

Application of Conoco, Inc. to Amend Division Administrative Order DHC-1170, Lea County, New Mexico. Applicant seeks to amend the original allowable set forth in Division Order DHC-1170 which approved the commingling of production from the Warren Blinbry -Tubb Oil and Gas Pool and the Warren-Drinkard Pool in its Warren Unit Well No. 95, located 660 feet from the South and East lines (Unit P) of Section 28, Township 20 South, Range 38 East. Said well is located approximately 7 miles north of Eunice, New Mexico.

**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. 11484

IN THE MATTER OF APPLICATION OF
YATES PETROLEUM CORPORATION TO
AMEND THE SPECIAL POOL RULES
AND REGULATIONS FOR THE INDIAN BASIN-
UPPER PENNSYLVANIAN ASSOCIATED POOL
ESTABLISHED BY ORDER NO. R-9922.
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell. Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
c/o Robert Bullock
105 South Fourth Street
Artesia, New Mexico 88210
(505) 748-1471
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell. Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

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

Yates Petroleum Corporation, applicant in the above-captioned cause, seeks the promulgation of special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including the authorization of no more than one well per 80 acres, allowing the simultaneous dedication of acreage to both oil and gas wells, a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced, and a special oil allowable for the pool of 1400 barrels of oil per day.

OPPOSITION OR 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.)

PROPOSED EVIDENCE

APPLICANT

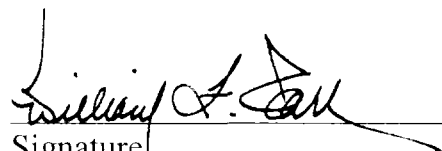
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Brent A. May, Geologist	15 Min.	Approximately 3
Ray Stall, Engineer	20 Min.	Approximately 7

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

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


Signature

CASE NO. 1489 (Readvertised)
Amended Application of Yates Petroleum Corporation to Amend the Special Pool Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico. Applicant in the above styled cause, seeks the promulgation of special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including the authorization of no more than one well per 80-acres, allowing the simultaneous dedication of acreage to both oil and gas wells, a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced, and a special oil allowable for the pool of 1400 barrels of oil per day. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

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 26, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

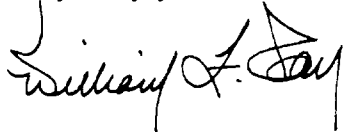
Page 11484

Re: Amended Application of Yates Petroleum Corporation for Amendment of the
Special Pool Rules for the Indian Basin-Upper Pennsylvanian Associated Pool
Established by Division Order No. R-9922, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Amended Application of Yates Petroleum Corporation in the
above-referenced case as well as a copy of the legal advertisement. Yates Petroleum
Corporation respectfully requests that this matter be placed on the docket for the March 21,
1996 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Pinson McWhorter
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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

IN THE MATTER OF THE AMENDED
APPLICATION OF YATES PETROLEUM
CORPORATION FOR AMENDMENT
OF THE SPECIAL POOL RULES FOR
THE INDIAN BASIN-UPPER PENNSYLVANIAN
ASSOCIATED POOL ESTABLISHED BY
DIVISION ORDER NO. R-9922,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11484

AMENDED APPLICATION

YATES PETROLEUM CORPORATION, ("Yates") through its undersigned attorneys, makes application to the Oil Conservation Division for an Order amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for additional wells on each spacing and proration unit, the simultaneous dedication of acreage to both oil and gas wells, a special gas-oil ratio for the pool of 10,000 cubic feet of gas for each barrel of oil produced, and a special oil allowable of 1400 barrels of oil per day, and in support hereof states:

1. Yates Petroleum Corporation is an operator and interest owner in the Upper Pennsylvanian formation, in the Indian Basin-Upper Pennsylvanian Associated Pool.
2. The pool was created on July 6, 1993, by Order No. R-9922 which also adopted Temporary Special Rules and Regulations for this Pool, including 320-acre oil

proration units (Rule 2 (a)) upon which one well may be drilled on each quarter section (Rule 2 (b)).

3. Except as provided in the Temporary Special Rules and Regulations for this pool, as established by Order No. R-9922, the development of this pool is governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico promulgated by Order No. R-5353.

4. The case was scheduled to be reopened in January, 1995 but, at the request of the operators in the pool, the Temporary Rules were continued in effect for an additional year.

5. Subsequent to the entry of Order No. R-9922, additional development has occurred and additional changes in the rules governing the pool are necessary to protect correlative rights and prevent the waste of hydrocarbons.

6. Yates requests that the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Pool be amended to provide for:

- (a) No more than one well per 80-acres (Rule 2 (b));
- (b) the deletion of Rule 5 (b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico as it applies to this pool thereby authorizing the simultaneous dedication of acreage to both oil and gas wells; and
- (c) the adoption of a special limiting gas-oil ratio for the pool of 10,000

cubic feet of gas for each barrel of oil produced.

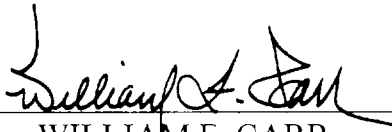
7. Other operators in the pool desire to have the oil allowable for the pool increased to 1400 barrels of oil per day and, therefore, to enable all proposed changes to the rules for the Indian Basin-Upper Pennsylvanian Pool to be considered in one hearing, Yates also requests this special oil allowable for the pool.

8. These requested additional amendments of the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool will be in the best interest of conservation, will result in the orderly development of the pool and otherwise will prevent waste and protect correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 21, 1996, and, after notice and hearing as required by law, the Division enter an Order amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for one well per 80-acres, the simultaneous dedication of acreage to oil and gas wells, a special gas-oil ratio of 10,000 cubic feet of gas per barrel of oil produced, and a special oil allowable for the pool of 1400 barrels per day.

Respectfully submitted,

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

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

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 13, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Case 11-151

Re: Application of Yates Petroleum Corporation for Amendment of the Special
Pool Rules for the Indian Basin-Upper Pennsylvanian Associated Pool
Established by Division Order No. R-9922, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the March 7, 1996 Examiner hearings.

Very truly yours,

WILLIAM F. CARR
PAUL R. OWEN

WFC/PRO:mlh
Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR AMENDMENT OF THE SPECIAL POOL
RULES FOR THE INDIAN BASIN- UPPER
PENNSYLVANIAN ASSOCIATED POOL
ESTABLISHED BY DIVISION ORDER NO. R-9922,
EDDY COUNTY, NEW MEXICO.

CASE NO. 111127

APPLICATION

YATES PETROLEUM CORPORATION, ("Yates") through its undersigned attorneys, makes application to the Oil Conservation Division for an Order amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for additional wells on each spacing and proration unit, the simultaneous dedication of acreage to both oil and gas wells, and a special gas-oil ratio for the pool of 10,000 cubic feet of gas for each barrel of oil produced, and in support hereof states:

1. Yates Petroleum Corporation is an operator and interest owner in the Upper Pennsylvanian formation, in the Indian Basin-Upper Pennsylvanian Associated Pool.
2. The Pool was created on July 6, 1993, by Order No. R-9922 which also promulgated Temporary Special Rules and Regulations for this Pool, including 320-acre oil proration units (Rule 2 (a)) upon which one well may be drilled on each quarter section (Rule 2 (b)).

3. Except as provided in the Temporary Special Rules and Regulations for this Pool, as established by Order No. R-9922, this Pool is developed pursuant to the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico promulgated by Order No. R-5353.

4. The case was to be reopened in January, 1995 but, at the request of the operators in the Pool, the Temporary Rules were continued in effect for an additional year.

5. Subsequent to the entry of Order No. R-9922, additional development have occurred and it has become apparent that additional changes in the rules governing the Pool are necessary to protect correlative rights and prevent the waste of hydrocarbons.

6. The Rules for the Indian Basin-Upper Pennsylvanian Pool should be amended to provide for:

- (a) No more than one well per 80-acres (Rule 2 (b));
- (b) the deletion of Rule 5 (b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico as it applies to this pooling and thereby the authorization of the simultaneous dedication of acreage to both oil and gas wells; and
- (c) the adoption of a special limiting gas-oil ratio for the Pool of 10,000 cubic feet of gas for each barrel of oil produced.

7. The additional amendments of the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool will be in the best interest of conservation, will

APPLICATION,

result in the orderly development of the pool and otherwise will prevent waste and protect correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 7, 1996, and, after notice and hearing as required by law, the Division enter an Order amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for one well per 80-acres, the simultaneous dedication of acreage to oil and gas wells and a special gas-oil ratio of 10,000 cubic feet of gas per barrel of oil produced.

Respectfully submitted,

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

By: WILLIAM F. CARR
PAUL R. OWEN
 Post Office Box 2208
 Santa Fe, New Mexico 87504
 Telephone: (505) 988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION