

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

RECEIVED

JUL 00 1992

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR AN :
UNORTHODOX GAS WELL LOCATION, EDDY :
COUNTY, NEW MEXICO :
:

CASE NO. 10519

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by and through its attorneys, Losee, Carson, Haas & Carroll, P. A. and in support hereof, respectfully states:

1. Applicant is the operator of the Cisco Canyon formation underlying:

Township 20 South, Range 24 East, N.M.P.M.

Section 34: W/2

and proposes to drill its Diamond "AKI" Federal #1 2080' from the west line and 360' from the south line of said Section 34.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.II(a) of the Oil Conservation Division to permit the completion of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test the Cisco Canyon formation.

3. A 320-acre gas proration unit comprising the W/2 of said Section 34 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be reasonably productive of gas.

4. Permission to drill the Diamond "AKI" Federal No. 1 was originally sought from the Bureau of Land Management at an orthodox location of 660' from the south line and 1980' from the west line. Permission to drill this well at that location was

denied, because it was discovered that said location was found to be an archaeological site and furthermore was within a 100-year flood plain. This application is made to comply with the Bureau of Land Management's request that Yates move its location, which request is contained in Richard L. Manus' letter of June 12, 1992, attached hereto as Exhibit "A".

5. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

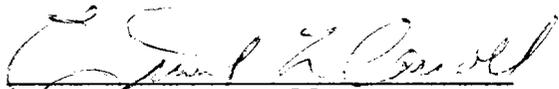
A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to complete its Diamond "AKI" Federal #1 well 2080' from the west line and 360' from the south line of said Section 34, which is reasonably presumed to be productive of gas from the Cisco Canyon formation.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By:


Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A.
P. O. Drawer 239
Artesia, New Mexico 88211-0239

Attorneys for Applicant



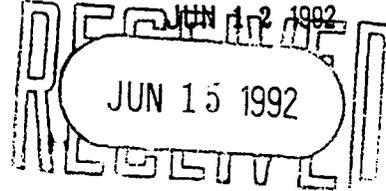
United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Carlsbad Resource Area Headquarters
P.O. Box 1778
Carlsbad, New Mexico 88221-1778

3162.31 (067)

CERTIFIED--RETURN RECEIPT REQUESTED
P 864 869 070



Yates Petroleum Corporation
Attn.: Mr. Ken Beardemphl
105 South Fourth Street
Artesia, NM 88210

RE: Application for Permit to Drill
Diamond AKI Federal Well No. 1
660' FSL, 1980' FWL
Sec. 34, T20S, R24E; NMPM
Lease No. NM-045276

Dear Mr. Beardemphl:

This letter is to inform you of the status of the referenced Application for Permit to Drill (APD).

On December 30, 1991, we received the Notice of Staking and the onsite inspection was conducted January 6, 1992, by yourself and Barry Hunt, of this office. During the onsite, Barry suggested moving the location because of the proximity to the Box Canyon 100 year floodplain and the amount of cut required. However, you did not want to move the location because of geological reasons.

On January 17, 1992, we received the APD. The cultural resources report submitted February 27, 1992, showed a site within the proposed location. Further Bureau of Land Management (BLM) reconnaissance revealed an extensive site encompassing the majority of the location. Barry Hunt reported this to your office and asked about moving the location in order to avoid both the cultural site and the 100 year floodplain. Your office requested we put the APD on hold until a decision was made.

Unless the location is moved to an acceptable site, we will have to write an indepth Environmental Assessment (EA) which could result in a lengthy processing delay.

Within fifteen (15) days of receipt of this letter, please inform Barry Hunt at (505) 887-6544 whether you want to look for an alternate location, have us start the EA or have the APD returned unprocessed.

Thank you for your cooperation.

Sincerely,

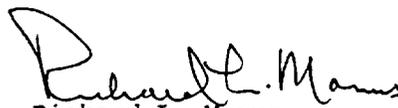

Richard L. Manus
Area Manager

EXHIBIT "A"

6-16-92

CC: [initials] KI