

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

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 24, 1992

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NOV 24 1992

OIL CONSERVATION DIVISION

10643

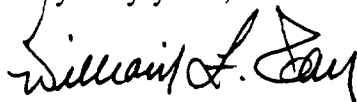
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: In the Matter of the Application of Yates Petroleum Corporation for Directional
Drilling, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the December 17, 1992 Examiner hearings. Also enclosed is a draft of a legal advertisement for this case.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosure: Ms Janet Richardson

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

RECEIVED
NOV 24 1992
IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR DIRECTIONAL DRILLING,
EDDY COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 10643

APPLICATION

Yates Petroleum Corporation, through its undersigned attorneys, hereby makes application pursuant to Oil Conservation Division Rule 111 to directionally drill its Amaranth "AMG" Fed Com No. 1 Well, Undesignated Strawn Pool and Undesignated Morrow Pool and in support of this application states:

1. Applicant is the operator of the W/2 of Section 12, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to directionally drill its Amaranth "AMG" Fed Com No. 1 Well from a surface location of 1310 feet from the North line and 2630 feet from the East line of Section 12, Township 20 South, Range 30 East, N.M.P.M., to a proposed bottomhole location within 50 feet of a point 2449 feet from the North line and 1512 feet from the West line of Section 12, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, with the intent of testing the Undesignated Strawn and Morrow formations.
3. Applicant proposes to dedicate to the Amaranth "AMG" Fed Com No. 1 Well a standard spacing or proration unit comprised of the W/2 of said Section 12.
4. No standard surface location is available for the subject well since it is

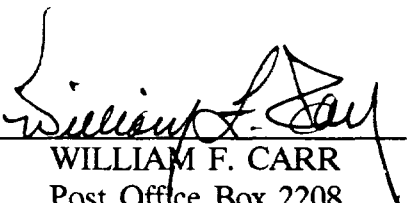
located in the potash enclave and therefore it must be directionally drilled to enable Yates Petroleum Corporation to produce the reserves which underlie the above-described proration unit.

5. Approval of this application will enable the Applicant to produce hydrocarbons that otherwise would not be produced and will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on December 17, 1992, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application and providing such other relief as is proper.

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

CASE _____: Application of Yates Petroleum Corporation for Directional Drilling, Eddy County, New Mexico. Applicant in the above-styled cause, seeks authority to directionally drill its proposed Amaranth "AMG" Federal Com No. 1 Well from a surface location 1310 feet from the North line and 2630 feet from the East line (Unit B) of Section 12, Township 20 South, Range 30 East, in such a manner as to bottom the well in the Undesignated Strawn and Morrow formations, at a standard location within 50 feet of a point 2449 feet from the North line and 1512 feet from the West line (Unit F) of said Section 12, with the W/2 of said Section 12 dedicated to the well forming a standard 320-acre gas spacing and proration unit for said formations. This well is located approximately twenty-one (21) miles northeast of Carlsbad, New Mexico.