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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

April 11, 1995

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

Re: Yates Petroleum Corporation's Request for Extension of Implementation Period
for the Creek "AL" Federal Waterflood Project - Division Order R-9896

Dear Mr. Carr:

Reference is made to your recent request to extend the implementation period for the above captioned project. My staff has reviewed your request and it appearing that all conditions of the project area are essentially the same, approval is hereby granted to extend the termination date of Division Order R-9896 to April 15, 1996.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay". To the right of the signature, there is a handwritten note "for WJL".

William J. LeMay
Director

WJL/BES

cc: Oil Conservation Division - Artesia
Case File No.10711

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

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

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

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

April 10, 1995

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 87505

RECEIVED

APR 10 1995

Oil Conservation Division

Re: Case 10711: Application of Yates Petroleum Corporation for Approval of a Waterflood Project and Qualification for the Recovered Oil Tax Rate, Eddy County, New Mexico

Dear Mr. LeMay:

By Order No. R-9896 entered on May 18, 1993 in the above-referenced case, Yates Petroleum Corporation was authorized to institute a waterflood project on its Creek "AL" Federal Lease in portions of Sections 23, 24 and 25 of Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This waterflood project is to be operated in conjunction with the offsetting Hanson Operating Company Shugart Unit Waterflood Project. Both projects involve the injection of water into the Queen and Grayburg formations, Shugart-Yates-Seven Rivers-Queen-Grayburg Pool.

Paragraph 15 of Order R-9896 provides that the injection authority granted by this order will terminate after one year unless it is extended for good cause shown. Yates has twice requested and been granted extensions of this order. The current extension ends on May 15, 1995.

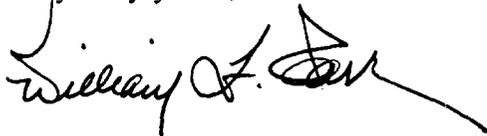
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
April 10, 1995
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To implement this waterflood project, Yates has drilled one well and recompleted two others, however, additional drilling and recompletions need to be done and a water line needs to be constructed. Although low oil prices have caused our efforts to progress more slowly than originally anticipated, Yates intends to complete this work and implement this waterflood project.

The additional work on this project will not be completed by May 15, 1995. Accordingly, Yates requests an extension of the provisions of Order No. R-9896 until December 15, 1995.

Your attention to this request is appreciated.

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: Theresa Sloan