



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 4, 1996

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

Attention: Mr. William F. Carr

Re: Extension of Division Order
No. R-9896, Yates Petroleum
Corporation

Dear Mr. Carr:

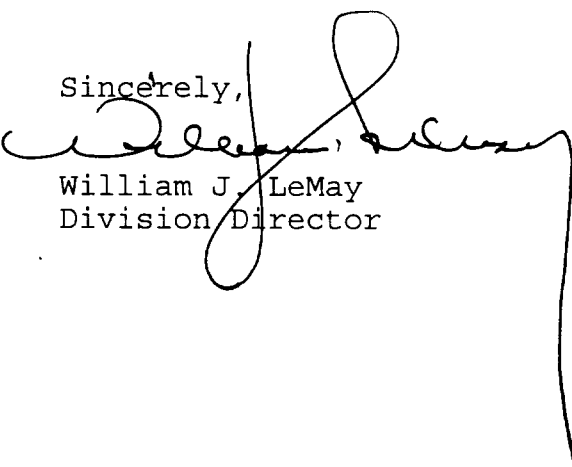
Reference is made to your request dated April 2, 1996, to extend the injection authority granted by Division Order No. R-9896, for the Yates Petroleum Corporation Creek "AL" Federal Shugart Waterflood Project. Ordering Paragraph No. (15) provides that "The injection authority granted herein for the proposed injection wells shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division upon written request by the operator, may grant an extension thereof for good cause shown". It is our understanding that this is the fourth proposed extension, and that it is unknown at this point when the project will actually be implemented.

Upon consideration, the Division deems it necessary to suspend injection authority granted by Order No. R-9896. The implications of this action are as follows:

- a) the Division still considers the Creek "AL" Federal Shugart Waterflood Project an approved project;
- b) Yates Petroleum Corporation may utilize the Creek "AL" Well Nos. 6, 7 and 9 as injection wells within the project, provided however that, prior to commencing any injection operations, the operator shall be required to file a formal request to lift the suspension. At such time the Division may require the applicant to furnish additional information needed to reinstate injection authority.

If you should have any questions, please contact Mr. David Catanach at (505) 827-8184.

Sincerely,


William J. LeMay
Division Director

xc: Mr. Tim Gum-OCD Artesia
Case File-10711
B. Stone