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October 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 87503

Re: Application of Yates Petroleum Corporation for Special Pool Rules, Chaves
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 November 2, 1995 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Randy Patterson
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 SPECIAL POOL RULES, CHAVES
COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

COMES NOW, YATES PETROLEUM CORPORATION ("YATES"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an order promulgating special rules and regulations for the Pecos Slope-Abo Gas Pool including authorization of the drilling of an optional additional well on each standard spacing and proration unit and other provisions necessary to implement infill drilling in this pool, and in support of this application states:

1. Yates Petroleum Corporation operates numerous wells which produce from the Abo formation in the Pecos Slope-Abo Gas Pool which is operated under statewide spacing rules that provide for 160-acre spacing units with one Abo formation well completed on each unit. Under statewide rules, each Abo well must be set back 660 feet from the outer boundary of the spacing unit dedicated thereto.

2. The Pecos Slope-Abo Gas Pool was created by Oil Conservation Division Order No. R-6876, dated January 1, 1982, and has been extended from time to time to include approximately 199,000 acres in the following described lands:

Township 4 South, Range 24 East, NMPM

Section 24: S/2
Sections 25 and 26: All
Section 33: All
Section 34: S/2
Section 35 and 36: All

Township 4 South, Range 25 East, NMPM

Section 19: SW/4
Section 30: W/2
Section 31: All

Township 5 South, Range 24 East, NMPM

Sections 1 through 3: All
Sections 7 through 36: All

Township 5 South, Range 25 East, NMPM

Sections 1 through 12: All
Sections 14 through 22: All
Section 23: N/2
Section 27: N/2
Sections 28 through 34: All

Township 6 South, Range 24 East, NMPM

Sections 1 and 2: All
Sections 11 through 17: All
Section 18: E/2
Sections 22 through 28: All
Section 34: E/2
Sections 35 and 36: All

Township 6 South, Range 25 East, NMPM

Sections 1 through 36: All

Township 6 South, Range 26 East, NMPM
Sections 1 through 36: All

Township 6 South, Range 27 East, NMPM
Sections 19 through 22: All

Township 7 South, Range 24 East, NMPM
Sections 1 and 2: All
Section 3: E/2
Sections 9 through 15: All
Sections 22 through 27: All
Sections 34 through 36: All

Township 7 South, Range 25 East, NMPM
Sections 1 through 36: All

Township 7 South, Range 26 East, NMPM
Sections 1 through 36: All

Township 7 South, Range 27 East, NMPM
Section 6: All
Sections 19 and 20: All

Township 8 South, Range 24 East, NMPM
Sections 1 through 3: All
Section 10: E/2
Sections 11 and 12: All

Township 8 South, Range 25 East, NMPM
Sections 1 through 12: All
Section 13: N/2, SE/4
Section 14: N/2
Section 15: N/2
Section 16: N/2

Township 8 South, Range 26 East, NMPM
Sections 1 through 36: All

Township 8 South, Range 27 East, NMPM

Section 17: NW/4

Section 18: All

Section 26: E/2, SW/4

Section 27: SE/4

Sections 31 through 34: All

3. By Order No. R-9976, dated September 24, 1993, the Oil Conservation Division granted the application of Yates for a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, for the drilling of an additional gas well within certain described standard 160-acre gas spacing and proration units in order to gather data to determine if infill drilling is necessary to effectively and efficiently drain the Abo formation. This pilot project was expanded by Division Order No R-9976-A, dated July 26, 1994. Both Orders provide that Yates shall appear before the Division and present the geologic and engineering data it has acquired from the pilot project and make recommendations to the Division concerning amendments, if any are applicable, to the rules which currently govern the Pecos Slope-Abo Gas Pool. This case was reopened in August, 1995 and has been continued until November 2, 1995 to permit Yates to report the results of its pilot project.

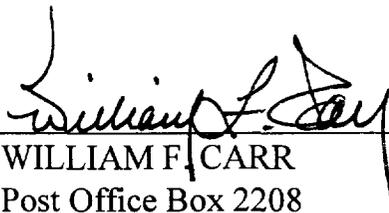
4. To enable operators in the Pecos Slope-Abo Gas Pool to produce the reserves therein in the most effective and efficient way and to be able to drill an adequate number of wells to produce the reserves from this pool without causing waste, special rules and regulations should be adopted for the pool on a permanent basis authorizing the drilling of an optional additional well on each standard spacing and proration unit in the pool.

5. Approval of this application will be in the best interest of conservation and the adoption of rules for the Pecos Slope-Abo Pool which authorize infill drilling in this pool will prevent waste and will not impair correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 2, 1995, that notice be given of this application as required by law and the rules of the Division, and that after hearing this application be granted.

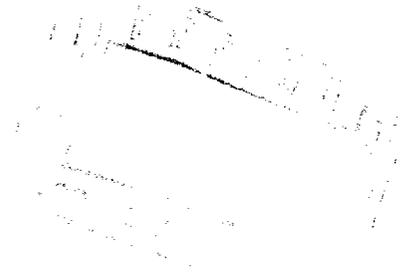
Respectfully submitted,

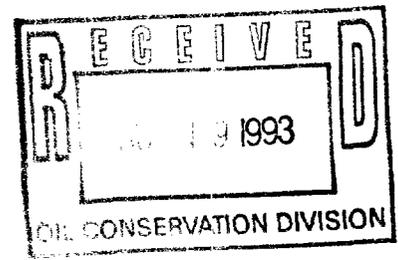
CAMPBELL, CARR & BERGE, P.A.

By 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, NM 87504-2208
505-988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE NO. _____: Application of Yates Petroleum Corporation for Special Pool Rules, Chaves County, New Mexico. Applicant seeks the promulgation of special pool rules and regulations for the Pecos Slope-Abo Gas Pool, located in portions of Townships 4, 5, 6, 7 and 8 South, Ranges 24, 25, 26 and 27 East, including provisions authorizing the drilling of an optional additional well on each standard spacing and proration unit and other provisions necessary to implement infill drilling in this pool. Said area is located approximately 12 miles west of Haystack Butte, New Mexico.





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 A PILOT ENHANCED
GAS RECOVERY PROJECT,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 10793

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving a pilot project area in the Pecos Slope-Abo Gas Pool within which a second well may be drilled on each 160-acre spacing unit and in support of this application states:

1. Yates Petroleum Corporation operates numerous wells which produce from the Abo formation in the Pecos Slope-Abo Gas Pool which is located in portions of Townships 4 through 8 South, Ranges 24 through 27 East, N.M.P.M., Chaves County, New Mexico.
2. This pool is operated under statewide spacing rules which provide for 160-acre spacing units with one well on each unit completed in the Abo formation.
3. Data available to Yates Petroleum Corporation shows that the development of this pool with only one well per 160-acres is not in some cases efficiently and effectively draining this formation thereby causing the waste of hydrocarbons.

4. Yates seeks approval of a pilot project within the Pecos Slope Abo-Gas Pool in which it may drill an additional wells on certain 160-acre spacing units to establish that additional development is necessary to drain the Abo formation and to determine if additional sand stringers may be intersected and produced with additional wells.

5. The proposed project area should be comprised of the following 160-acre tracts:

Township 6 South, Range 25 East, N.M.P.M.

Section 1:	NW/4
Section 8:	NE/4
Section 11:	E/2
Section 15:	SW/4
Section 24:	SW/4
Section 26:	NE/4
Section 35:	NE/4

6. Attached to this application as Exhibit A and incorporated herein is a schedule which identifies each tract within the project area, the existing well thereon, the proposed additional wells and the offset operators.

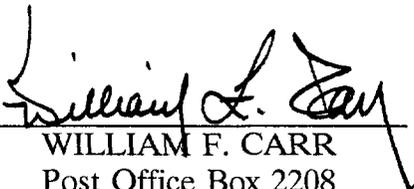
7. Yates seeks authority to simultaneously dedicate and produce without restriction both wells on each 160-acre tract in the pilot project area for two years following the effective date of the order which results from this hearing at which time this matter should be reopened by the Division to permit the applicant to present the data obtained by the proposed additional drilling and to determine if special pool rules authorizing a second well on each 160-acre spacing unit should be adopted for this pool.

8. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of 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 August 12, 1993, and that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application.

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

EXHIBIT A

	Location Sec/Twp/Rng	Footage	New Well Name	Existing Producing Well	Offset Operators w/i one mile
1	1/6S/25E	600 FNL 990 FWL	South Alkali "LK" Federal #5	South Alkali LK Fed. #2	YPC
2	8/6S/25E	1980 FNL 660 FEL	Hobbs Federal #3	Hobbs Fed. #1	Western Reserves
3	11/6S/25E	2310 FSL 990 FEL	Cleo "ANC" Com #1	Bishop RY Com. #1	YPC
ALT	11/6S/25E	1980 FNL 1980 FEL	Kuykendall "OP" #2	Kuykendall OP #1	YPC
4	15/6S/25E	2310 FSL 1980 FWL	Thomas "LN" Federal #8	Thomas LN Fed. #6	Great Western
5	24/6S/25E	2310 FSL 1980 FWL	Kilgore "SO" #3	Kilgore SO #1	Great Western
6	26/6S/25E	660 FNL 1980 FEL	Cottonwood Federal #3	Cottonwood Fed. #2	Great Western
7	35/6S/25E	2310 FNL 2310 FEL	Sacra "SA" Com #11	George OJ Fed. Com. #4	YPC