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August 16, 1991

HAND-DELIVERED

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: Oil Conservation Division Case No. 9854

Dear Mr. LeMay:

By Order No. 9854 entered by the Division on August 3, 1990 the Diablo-Fusselman Pool in Chaves County, New Mexico was reclassified as an associated pool and redesignated the Diablo-Fusselman Associated Pool. This Order also established special rules for the pool, providing for 80-acre oil and 160-acre gas spacing and proration units, set well location requirements, and established a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil. Order Paragraph 13 provides that the case shall be reopened in August, 1991, and pursuant to this paragraph, the matter is now set for hearing before an Examiner on August 22, 1991.

I have discussed this case with Ernest Carroll, attorney for Yates Petroleum Corporation, and on August 8, 1991 with Donald G. Stevens. Both parties have agreed to request that the Division continue this case without further hearing for an additional six month period of time. If this request is granted, the parties should have sufficient data when the matter comes back for hearing to enable the Commission to make a final determination on permanent rules for this pool.

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OIL CONSERVATION DIV.
SANTA FE

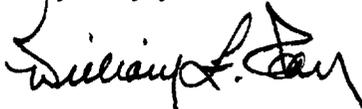
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Page Two

Accordingly, Stevens Operating Corporation and Yates Petroleum Corporation requests that Case 9854 be continued and reopened during an Examiner hearing in February, 1992.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Stevens Operating Corporation
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Attn: Mary Irene Stevens

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