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October 12, 1993

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

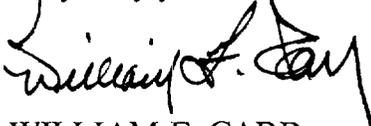
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12 OCT 1993

Re: Application of Yates Petroleum Corporation to Reopen Division Case No. 10748 to Amend the Spacing Requirements for the Indian Basin-Upper Pennsylvanian Associated Pool Established by Division Order No. R-9922, Eddy 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 a legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the November 4, 1993 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: 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
TO REOPEN DIVISION CASE NO. 10748
TO AMEND THE SPACING REQUIREMENTS
FOR THE INDIAN BASIN-UPPER PENNSYLVANIAN
ASSOCIATED POOL ESTABLISHED BY
DIVISION ORDER NO. R-9922,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10748
(Reopened)

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order reopening Case No. 10748 and amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for 160-acre spacing and proration units and in support hereof states:

1. Yates Petroleum Corporation is an operator and interest owner in the Upper Pennsylvanian formation, in the Indian Basin-Upper Pennsylvanian Associated Pool.
2. This pool was created on July 6, 1993 by Order No. R-9922 which also promulgated Temporary Special Rules and Regulations for this pool including 320-acre oil proration units (Rule 2 (a)) upon which one well may be drilled on each quarter section (Rule 2 (b)).
3. Subsequent to the entry of Order No. R-9922 additional development has occurred and it has become apparent that 320-acre spacing will impede development, impair

correlative rights and could result in the waste of hydrocarbons.

4. Although the Temporary Rules for the Indian Basin-Upper Pennsylvanian Pool are to be reopened in January 1995, if no action is taken to correct the spacing for this pool until that time, this pool will be effectively developed and royalty paid on 320-acre units and it will be difficult to reduce the spacing at that time.

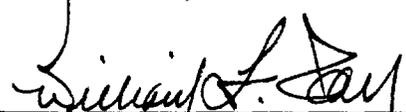
5. The amendment of the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for 160-acre oil proration units will be in the best interest of conservation, will result in the orderly development of the pool and otherwise will prevent waste and protect correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 4, 1993, and, after notice and hearing as required by law, the Division enter its Order reopening Case 10748 and amending the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool to provide for 160-acre spacing or proration units.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



WILLIAM F. CARR
Post Office Box 2208
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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

Case 10748 (Reopened): In the matter of Case No. 10748 being reopened upon application of Yates Petroleum Corporation to amend the spacing requirements for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico. Division Order No. R-9922 granted the application of Yates Petroleum Corporation for creation of the Indian Basin-Upper Pennsylvanian Associated Pool and the adoption of temporary Special Rules and Regulations therefore including 320-acre spacing. At this time Yates Petroleum Corporation requests the Division amend the Special Rules and Regulations for said pool to provide for 160-acre spacing and proration units. Said area is located approximately 2 miles east of Lone Butte.

10748

17