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October 10, 1995

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HAND-DELIVERED

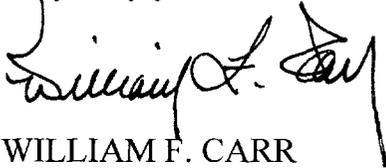
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

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. 11421

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 South 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 South 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 South Pecos Slope-Abo Gas Pool was created by Oil Conservation Division Order No. R-7193, dated February 1, 1983, and has been extended from time to time to include approximately 73,440 acres in the following described lands:

Township 8 South, Range 25 East, NMPM
Section 32: E/2

Township 9 South, Range 24 East, NMPM
Sections 13 through 15: All
Sections 24 and 25: All
Section 36: All

Township 9 South, Range 25 East, NMPM
Sections 1 through 36: All

Township 9 South, Range 26 East, NMPM
Sections 1 through 24: All
Section 26: W/2
Sections 27 through 34: All
Section 35: W/2

Township 9 South, Range 27 East, NMPM
Section 6: All
Sections 18 and 19: All
Section 20: SW/4

Township 10 South, Range 24 East, NMPM
Section 1: All
Sections 12 and 13: All
Sections 24 and 25: All
Section 36: All

Township 10 South, Range 25 East, NMPM
Sections 1 through 26: All
Sections 34 through 36: All

Township 10 South, Range 26 East, NMPM

Section 2: NW/4

Section 6: W/2, NE/4

Section 7: S/2

Sections 19 and 20: All

Section 31: All

Township 11 South, Range 25 East, NMPM

Section 3: All

Section 4: S/2

Section 8: All

Section 9: N/2

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. Yates' recommendations also are applicable to the rules which govern the South Pecos Slope-Abo Gas Pool.

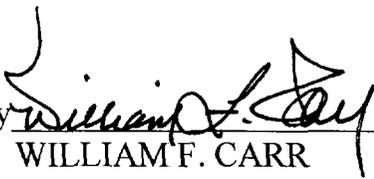
4. To enable operators in the South Pecos Slope-Abo Gas Pool to produce the reserves therein in the most effective and efficient way and to be able to drill an adequate number of wells to produce the reserves from this pool without causing waste, special rules and regulations should be adopted for the 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 South 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. 10921: 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 South Pecos Slope-Abo Gas Pool, located in portions of Townships 8, 9, 10 and 11 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 _____ miles _____ of _____, New Mexico.