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JASON KELLAHIN (RETIRED 1991)

April 26, 1995

VIA FACSIMILE AND HAND DELIVERED

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Rand Carroll, Esq.
Division Attorney
Oil Conservation Division
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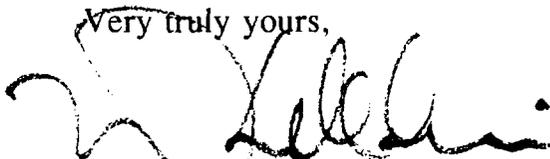
*Re: NMOCD Case 11525
Application of Yates Petroleum Corporation
for Amendments to Allowables and Cancellation of
Overproduction in the North Dagger Draw-Upper Penn Pool
Eddy County, New Mexico*

Gentlemen:

On behalf of Conoco Inc., an adversely affected interested party, please find enclosed: (a) our Entry of Appearance; (b) Request for Continuance; and (c) "Notice to Operators Concerning Overproduction in this Pool" for the referenced case which is now set for an Examiner's hearing on May 2, 1996.

We are requesting that this case be continued until the hearing scheduled for June 13, 1996.

Very truly yours,



W. Thomas Kellahin

cc: Via facsimile to:
William F. Carr, Esq.
Attorneys for applicant
cc: Conoco Inc.
Attn: Jerry Hoover
cc: OCD-Artesia
Attn: Tim Gum

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION FOR
AMENDMENTS TO THE ALLOWABLE AND FOR
CANCELLATION OF OVERPRODUCTION IN
THE NORTH DAGGER DRAW-UPPER PENN POOL
EDDY COUNTY, NEW MEXICO**

CASE 11525

**ENTRY OF APPEARANCE
AND
REQUEST FOR CONTINUANCE
AND
MOTION TO LIMIT ACCUMULATION
OF FURTHER OVERPRODUCTION**

Comes now CONOCO INC., ("Conoco") by its attorneys, Kellahin and Kellahin, and enters its appearance in this case as an interested party in opposition to the applicant.

Conoco moves that this case be continued from the Examiner's docket now schedule for May 2, 1996 to the Examiner Docket scheduled for June 13, 1996 and as ground therefore states:

- (1) On Tuesday, April 15, 1996, Conoco received Yates' application in this case and became aware for the first time that Yates was requesting to significantly increase the oil allowable and to cancel any overproduction in this pool.

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(2) On Tuesday, April 23, 1996, representatives of Conoco Inc., Nearburg Producing Company and Marathon Oil Company attended a meeting at Yates' offices in Artesia to have Yates explain the Yates' application.

(3) Conoco is an operator and working interest owner in the North Dagger Draw-Upper Penn Pool.

(4) Yates is seeking to increase the oil allowable in this pool from the current 700 BOPD to 4,000 BOPD and to have all overproduction canceled.

(5) Yates' application for these pool-wide rule changes, if approved, would constitute a six (6) times increase in the allowable and the forgiveness of more than one (1) million barrels of overproduction which will have a dramatic impact on the correlative rights in this pool.

(6) It is essential for Conoco's experts to have a reasonable period of time in which to adequately prepare for an evidentiary hearing on this matter.

(7) Having this matter presented at an evidentiary hearing set for May 2, 1996 is premature and will result in Yates' presenting its technical case on that date with Conoco severely handicapped in presenting its technical case because there simply was not sufficient time to adequately prepare thus resulting in a request that Conoco's witnesses testify at a subsequent hearing.

(8) A continuance will also afford an opportunity for the operators to discuss a potential agreed upon recommendation to the Division for a solution of this problem.

(9) Conoco also requests the Division to issue a Notice to Operators in the Pool requiring immediate compliance with the current pool rules such that no operator continues to produce in excess of the

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700 BOPD allowable or otherwise accumulate additional overproduction pending final adjudication of this matter.

(10) Counsel for Yates is not available for the Examiner hearing set for May 30, 1996 and counsel for Conoco is not available for the Examiner hearing set for May 16, 1996. Both counsel are available for the Examiner hearing set for June 13, 1996.

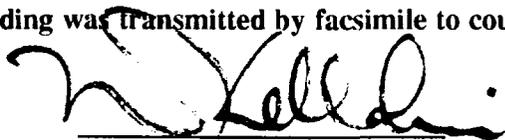
Counsel for the Applicant, Yates Petroleum Corporation ("Yates"), has been contacted concerning this request and has advised that Yates is opposed to a continuance.



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CERTIFICATE OF NOTICE:

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 26 day of April, 1996.



W. Thomas Kellahin