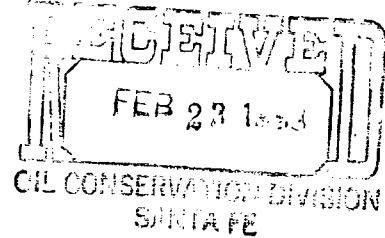


February 21, 1989



Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Case No.
9629
9630

Re: Township 10 South, Range 26 East, NMPM
Section 36: E/2
Chaves County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Chaves County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after inserting the docket number.

Please set this matter for hearing before an Examiner on March 15, 1989.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

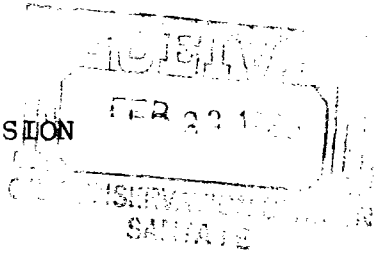
A handwritten signature in cursive script, appearing to read "Chad Dickerson".

Chad Dickerson

CD:pvw
Enclosures

cc w/enclosure: Ms. Kathy Colbert

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION :
FOR AN UNORTHODOX WELL LOCATION, :
CHAVES COUNTY, NEW MEXICO :
_____ :

CASE NO. ~~9629~~
9630

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the owner of a portion of the following lands in Chaves County, New Mexico:

Township 10 South, Range 26 East, N.M.P.M.

Section 36: E/2

containing 320 acres, more or less,
and proposes to drill a well at a point located 1,650 feet from the north line and 2,310 feet from the east line of said Section 36 to a depth sufficient to test all formations from the surface through the base of the Ordovician formation, at approximately 6,900 feet.

2. The Applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox

location for all formations which may be developed on 320-acre spacing.

3. A standard 320-acre proration unit comprising the E/2 of said Section 36 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas.

4. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting Applicant permission to drill its well at a point 1,650 feet from the north line and 2,310 feet from the east line of said Section 36, and to dedicate the E/2 of Section 36 to said well for production from all formations which may be developed on 320-acre spacing.

C. And for such other and further relief as may be
just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

DICKERSON, FISK & VANDIVER
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant