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September 6, 1989

RECEIVED

SEP 11 1989

OIL CONSERVATION DIV.
SANTA FE

Case 9770

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

Re: Saguaro "AGS" Federal Com. No. 1 Well
Township 20 South, Range 24 East, NMPM
Section 11: S/2
Eddy County, New Mexico

Gentlemen:

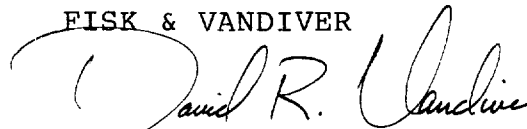
Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Eddy County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after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

Please set this matter for hearing before an Examiner on October 4, 1989.

Thank you.

Very truly yours,

FISK & VANDIVER



David R. Vandiver

DRV:pvw
Enclosures

cc w/enclosure: Ms. Kathy Colbert
Mr. Ray Beck

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, :
EDDY COUNTY, NEW MEXICO :
_____ :

CASE NO. 9770

APPLICATION

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

1. Applicant is the operator of the following lands in Eddy County, New Mexico:

Township 20 South, Range 24 East, N.M.P.M.

Section 11: S/2

containing 320 acres, more or less,
and proposes to drill its Saguaro "AGS" Federal Com. No. 1 Well at a point located 1,980 feet from the south line and 660 feet from the west line of said Section 11 to a depth sufficient to test the Morrow formation, at approximately 9,600 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 S/2 of said Section 11 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 1,980 feet from the south line and 660 feet from the west line of said Section 11, and to dedicate the S/2 of Section 11 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: 
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