

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

IN THE MATTER OF THE APPLICATION
OF STEVENS OPERATING CORPORATION
FOR POOL CREATION AND SPECIAL
POOL RULES, CHAVES COUNTY, NEW MEXICO.

CASE NO. 9854

APPLICATION FOR DE NOVO HEARING

YATES PETROLEUM CORPORATION, by its undersigned attorneys,
and hereby makes application to have this matter heard de novo,
and in support thereof, states:

1. By Order R-9131 in Case No. 9854 entered March 2, 1990
the Oil Conservation Division created the Diablo-Fusselman Pool
with 90-day temporary spacing rules and regulations. Applicant
appeared at the hearing on the application, and is a party of
record adversely affected thereby.

2. Production of the affected wells with a gas-oil ratio
limitation of 6500 cubic feet of gas per barrel of oil will
economically prevent operators in the pool from obtaining the
best evidence regarding the proper spacing and most efficient
rate of production for the Diablo-Fusselman pool.

3. Temporary 90-day special rules and regulations should
be promulgated for the Diablo-Fusselman pool, which provide for
40-acre oil proration units and oil allowable of 142 barrels of
oil per day and a gas-oil ratio limitation of 2,000 cubic feet of
gas per barrel of oil.

4. The special rules should provide that each well shall
be located no closer than 330' from the outer boundary of unit,

provided, however, that if a unit is offset directly by a tract with different ownership, the well shall be located no closer than 660 ' from the outer boundary of the unit toward said offsetting tract.

5. After the entry of Order R-9131, Stevens commenced drilling its McBride No. 2 Well at an unorthodox location, 660' FNL and 2220' FEL of Section 28, Township 10 South, Range 27 East, N.M.P.M., Chaves County, New Mexico. The said McBride No. 2 Well will be an orthodox location under the proposed temporary rules.

WHEREFORE, Yates prays that this application be set for de novo hearing before the Oil Conservation Commission, and that after notice and hearing, special rules for the Diablo-Fusselman Pool be promulgated in accordance with this application.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

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