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AREA CODE 505

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July 16, 1984

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Smith "ZJ" No. 1 Well

Gentlemen:

Enclosed for filing, please find three copies of an Application of Yates Petroleum Corporation for the promulgation of special pool rules for the Permo-Penn formation, Roosevelt County, New Mexico.

We ask that this Application be set for hearing before an Examiner, and that we be furnished with a docket of said hearing.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.



Chad Dickerson

CD:pvm
Enclosure

cc w/enclosure: Mr. Randy Patterson
Mr. Eddie Mahfood

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION FOR :
THE PROMULGATION OF SPECIAL POOL :
RULES FOR THE PERMO PENN FORMATION, :
ROOSEVELT COUNTY, NEW MEXICO :
:

CASE NO. 5806

APPLICATION

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

1. Applicant is the operator of the Permo-Penn (Wolfcamp - Upper Penn) formation, underlying:

Township 7 South, Range 33 East, N.M.P.M.

Section 1:	SW/4
Section 2:	S/2
Section 3:	S/2
Section 4:	SE/4
Section 9:	E/2
Section 10:	All
Section 11:	All
Section 12:	W/2
Section 13:	W/2
Section 14:	All
Section 15:	All
Section 16:	E/2

containing 4,800 acres, more or less,
in Roosevelt County, New Mexico

2. Applicant has drilled its Smith "ZJ" No. 1 Well as an oil well at an orthodox location on the following lands:

Township 7 South, Range 33 East, N.M.P.M.

Section 11: SW/4

containing 160 acres, more or less.

3. Applicant seeks the promulgation of special pool rules for the Permo-Penn formation underlying the above described lands to permit development on 160-acre spacing with each well to be drilled not closer than 330 feet from a boundary of each quarter section.

4. Each well will efficiently and effectively drain 160 acres, and to develop the acreage on 40-acre spacing would result in economic waste.

5. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil, 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 promulgating special pool rules for the Permo-Penn formation

underlying the above described lands permitting development on 160-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

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