



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 10, 1999

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert Bullock



Re: Application dated April 15, 1999 for the Yates Petroleum Corporation to drill its proposed Concho "ACT" State Com. Well No. 1 at an unorthodox gas well location to test the Undesignated Crow Flats-Morrow Gas Pool 1650' FSL & 660' FEL (H) of Section 8, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bullock:

On May 3, 1999 the Division received an objection from Chi Energy, Inc. to the subject application, see copy of a letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for June 10, 1999. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
Chi Energy, Inc. (Attention: John W. Qualls) – Midland, Texas
William F. Carr, Legal Counsel for Yates Petroleum Corporation – Santa Fe
Kathy Valdes, NMOCD – Santa Fe

for
Len Beardsley -
Stogner approved
by plan ok
on NSL