

David R. Catanach

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"(4) Said pool shall be governed by the General Rules and Regulations applicable for gas wells in southeast New Mexico currently completed in the Morrow formation."

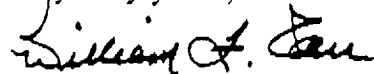
A copy of Order No. R-8170-E-1 is attached for your easy reference.

It therefore appears that the Burton Flat-Morrow Gas Pool is governed by the new spacing and well location requirements adopted by the Division in August of this year which provide for 320-acre gas well spacing for the Morrow formation with wells to be located not closer than 660 feet from the outer boundary of any quarter section nor closer than 10 feet to any quarter-quarter.

If this interpretation of the rules is correct, the subject Yates wells are at standard well locations and Yates requests that this case be dismissed. Yates further requests that the District Office in Artesia be advised that this pool is governed by the state wide rules and that the Yates applications may be approved.

Your attention to this matter is appreciated.

Very truly yours,



William F. Carr

Attorney for Yates Petroleum Corporation

WFC/md

cc: Janet Richardson