

DATE IN 6/18/98	SUSPENSE 7/8/98	ENGINEER MS	LOGGED BY MW	TYPE NSP
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

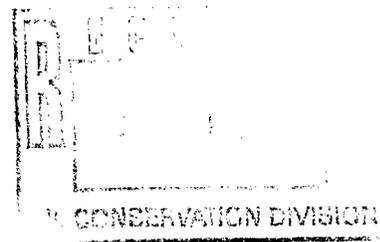
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

6/18/98
Date

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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E-MAIL: ccbspa@ix.netcom.com

June 18, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Application of Yates Petroleum Corporation. for Administrative Approval of an Non-Standard Gas Spacing Unit for its Little Box Canyon AOX Well No. 1, comprised of 240.64 acres in the West half equivalent of Section 7, Township 21 South, Range 22 East, NMPM, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Yates Petroleum Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 D (2)(b) and (c) adopted on January 18, 1996, of a non-standard gas spacing and proration unit in the Morrow formation, Little Box Canyon-Morrow Gas Pool for its Little Box Canyon AOX Well No. 1 comprised of 240.64 acres in the West half equivalent of Section 7, Township 21 South, Range 22 East, NMPM, Eddy County, New Mexico.

This non-standard gas spacing and proration unit is necessary because of a variation in the legal subdivision of the United States Public Land Surveys. This unit was originally in the Little Box Canyon Unit and the Little Box Canyon AOX Well No. 1 (previously the Little Box Canyon Unit Well No. 5) was drilled as a unit well. Following the termination of the unit, Yates discovered that this non-standard unit has never been approved by the Division.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

June 18, 1998

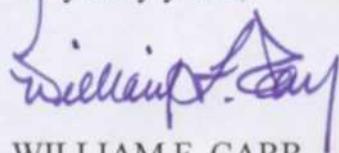
Page 2

This non-standard spacing and proration unit is comprised of contiguous quarter-quarter sections and lots and lies wholly within a single governmental half section. Attached as Exhibit A is a plat which shows the subject spacing unit for this well and all adjoining spacing units or leases. Also attached is a list of all parties affected by this application.

On or before the date on which this application was filed with the Division, a copy of this application with all attachments thereto was mailed to each of the affected parties, identified on Exhibit B, by Certified Mail--Return Receipt requested. Each of the affected parties was advised that if they have an objection to the proposed non-standard spacing or proration unit it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. They were also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Very truly yours,



WILLIAM F. CARR
Attorney for Yates Petroleum Corporation

Enclosures

cc: Mr. Douglas W. Hurlbut
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

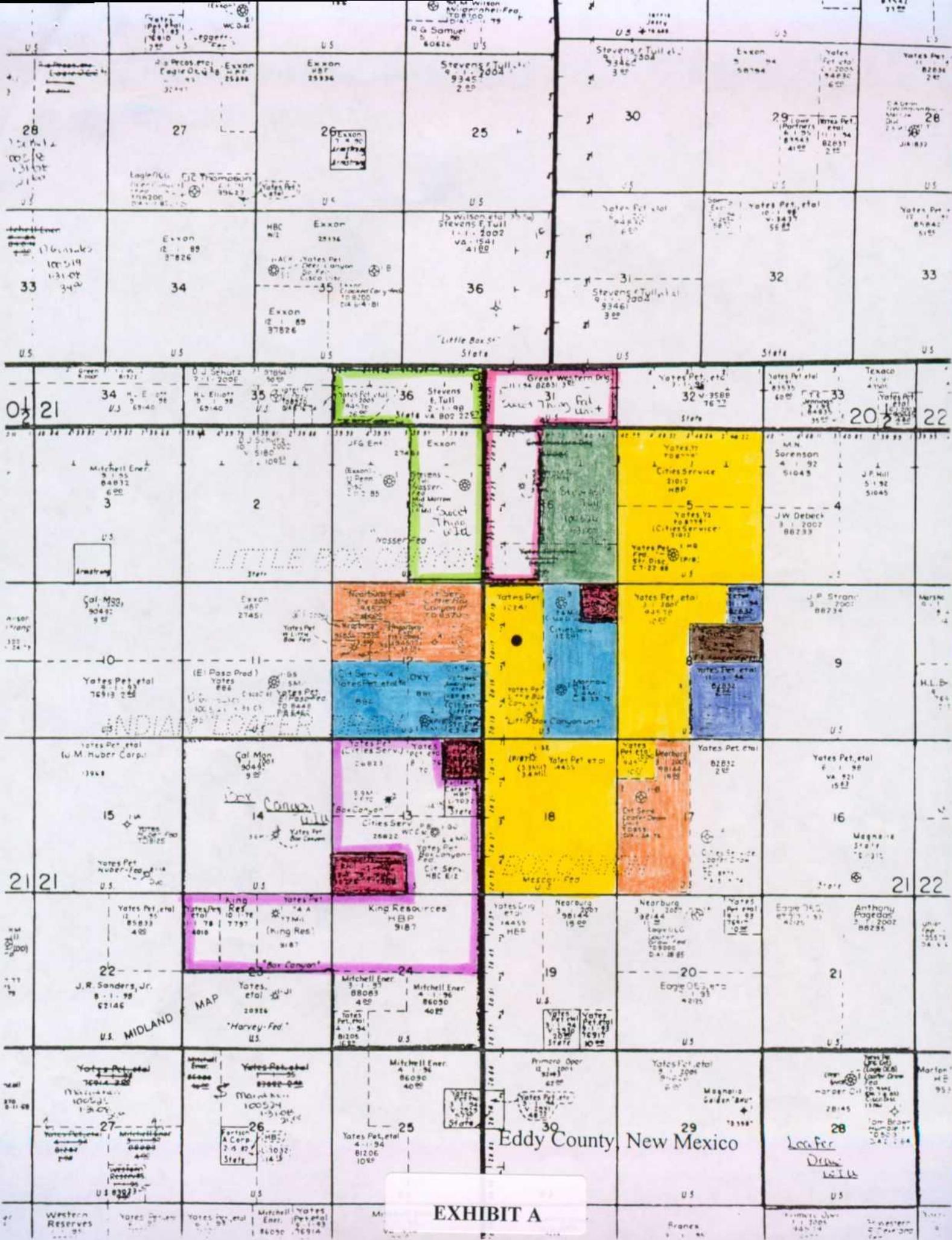


EXHIBIT A



Sweet Thing Working Interest Unit
Stevens & Tull, Inc. Operator



Sweet Thing Federal Unit
Stevens & Tull, Inc. Operator



Box Canyon Working Interest Unit
Yates Petroleum Corporation, Operator



Yates Petroleum Corporation, et al



Nearburg Exploration Company, LLC



Stevens & Tull, Inc.



American Exploration Acquisitions Company (Ameriplor)



Nadel & Gusman Permian, LLC



Open (BLM)



Open (Fee owner Ralph A. Vanderwart)

EXHIBIT B

AFFECTED PARTIES

Application of Yates Petroleum Corporation
for administrative approval of a non-standard spacing or proration unit
Little Box Canyon AOX Well No. 1
240.64 acres (West half equivalent)
Section 7, Township 21 South, Range 22 East, NMPM
Eddy County, New Mexico

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B CAMPBELL
WILLIAM F CARR
BRADFORD C BERGE
MARK F SHERIDAN
MICHAEL H FELDEWERT
ANTHONY F MEDEIROS
PAUL R. OWEN
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JACK M CAMPBELL
OF COUNSEL

JEFFERSON PLACE
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SANTA FE, NEW MEXICO 87504-2208
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FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

June 18, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stevens & Tull, Inc.
Post Office Box 11005
Midland, TX 79702

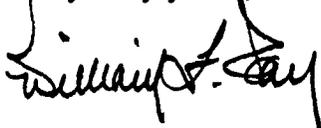
Re: *Application of Yates Petroleum Corporation, for administrative approval of a 240.64 non-standard spacing or proration unit for its Little Box Canyon AOX Well No. 1 in the Morrow formation, Little Box Canyon-Morrow Gas Pool, in the west half equivalent of Section 7, Township 21 South, Range 22 East, NMPM, Eddy County, New Mexico*

Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Yates Petroleum Corporation for administrative approval of a non-standard gas spacing and proration unit for its Little Box Canyon AOX Well No. 1 in the Morrow formation, Little Box Canyon-Morrow Gas Pool comprised of 240.64 acres (West half equivalent) of Section 7, Township 21 South, Range 22 East, NMPM, Eddy County, New Mexico.

As the owner of an interest which will be affected by the proposed non-standard unit, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the non-standard spacing or proration unit may be approved.

Very truly yours,



WILLIAM F. CARR

enc.

cc: Mr. Douglas W. Hurlbut

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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Nearburg Exploration Company, LLC
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705

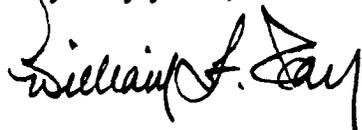
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American Exploration Company
1331 La Mar, Suite 900
Houston, TX 77010

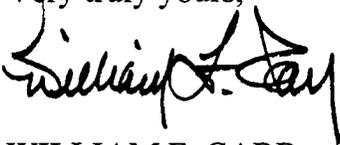
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Nadel and Gusman Permian, LLC
601 N. Marienfeld, Suite 508
Midland, TX 79701

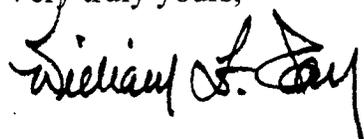
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Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

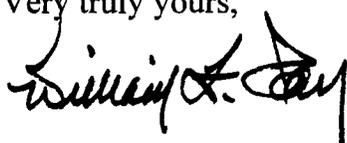
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Ralph A. Vanderwart
Flying H.
New Mexico 88322

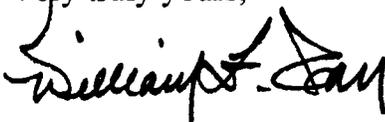
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Dear Mr. Vanderwart:

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