

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

**IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION
TO RESCIND ADMINISTRATIVE ORDER SWD-247, EDDY COUNTY, NEW MEXICO**

CASE NO. 14462

AMENDED APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), by its undersigned attorneys, hereby seeks an order rescinding Oil Conservation Division Administrative Order SWD-247, and in support of its application states:

1. In 1982, by Administrative Order SWD-247, the New Mexico Oil Conservation Division granted the application of Maddox Energy Corp. for permission to complete its Dorstate Well No. 1 (API No. 30015-23728) located in Unit H, 1980 feet from the North line and 660 feet from the East line of Section 27, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico (the "Dorstate Well") for salt water disposal into the Delaware formation..
2. Administrative Order SWD-247 was subsequently amended to authorize injection into the Bone Spring formation at approximately 6376 feet to approximately 6825.
3. The Dorstate Well is currently operated by Clay L. Wilson d/b/a Mesquite Services as an active injection well in the Bone Spring Formation.
4. Yates Petroleum Corporation is the operator of the Bonbon BNN State Com Well No. 1H (API No. 30-015-36913) which it drilled in February 2010 as a horizontal well in the Bone Spring formation from a surface location 660 feet from the South line and 330 from the West line to a terminus 660 from the South line and 330 feet from the East line of Section 27. The S/2 S/2 of said Section 27 is dedicated to the well.
5. The Bonbon BNN State Com Well No. 1H has experienced excessive water flows while drilling this well in the Bone Springs formation and the source of the water appears to be from

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the injection into this formation in the Dorstate Well.

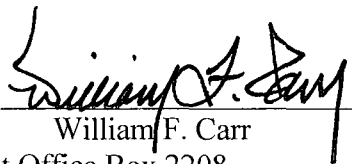
6. Yates plans to drill other horizontal wells in the Bone Springs formation in the immediate future on horizontal well project areas located in close proximity to the Dorstate Well.

7. To prevent the waste of oil and to protect the correlative rights of Yates and other interest owners in these properties, continued injection for the disposal of salt water in the Dorstate Well should not be allowed.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 15, 2010, that notice be given as required by law and the rules of the Division, and that Administrative Order SWD-247 be rescinded and all injection into the Bone Spring formation in the Dorstate Well cease.

Respectfully submitted,

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