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December 4, 1996

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: ***Case Nos. 11525 and 11526: Applications of Yates Petroleum Corporation for the Amendment of the Special Pool Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool and the South Dagger Draw-Associated Pool, Eddy County, New Mexico.***  
***Order Nos. R-4691-G and R-5353-L-4***

Dear Mr. LeMay:

This letter confirms our conversation in which I advised you that Yates Petroleum Corporation will not seek Rehearing in the above referenced Oil Conservation Commission cases. As we discussed, Yates is concerned that the figures contained in the table in Finding 17 are inaccurate. It has been impossible for Yates to determine exactly what the correct figures should be and it may be some time before final and correct figures are available. Yates therefore requests that these orders be amended by either (1) deleting the table from these orders or (2) rewording Findings 17 and 18 as follows:

- (17) The North Dagger Draw-Upper Pennsylvanian Pool is currently over produced *as of the date of this order in approximately* the following manner all in Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico....
- (18) As soon as is reasonably possible following the issuance of this order, the Supervisor of the Division's Artesia District Office should: (a) identify and/or verify all units in both pools that are currently overproduced; (b) prepare a comprehensive list of such units *and the amount each is overproduced*; (c) provide this list to all operators in both pools; and (d) submit said list to both

William J. LeMay, Director  
Oil Conservation Division  
December 4, 1996  
Page 2

the Case file and to the Division. *Thereafter the Supervisor of the Division's Artesia District Office shall keep accurate records of the overproduced status of each of the identified proration units.*

Corresponding changes should also be made to Order Paragraph 14.

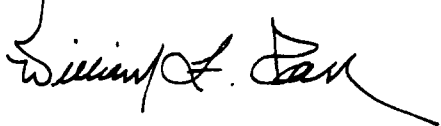
Yates also suggests that the following changes should be considered by the Commission:

Page 8, Finding 9 (f):      Delete "of -4,300 feet" and insert in lieu thereof "which varies throughout the field," or delete all of the finding after the word "contact" on line 3.

Page 8, Finding 9 (g):      Add Section 33.

Yates suggests that these changes should be addressed with a *nunc pro tunc* order as opposed to a Rehearing since they do not change the intent of the original Commission Order but merely correct certain provisions therein. Your consideration of these suggested amendments is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal stroke extending to the right.

WILLIAM F. CARR  
Attorney for Yates Petroleum Corporation

cc:    James Bruce, Esq.  
      W. Thomas Kellahin, Esq.  
      Edmund Kendrick, Esq.