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April 16, 1998

VIA FACSIMILE

Ms. Lori Wrotenberry, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504



Attn: Florene

Re: Application of Yates Petroleum for Rescission of Administrative
Order No. SWD-657, Case No. 11900

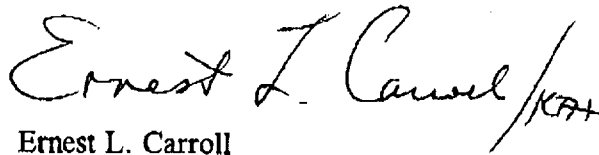
Dear Ms. Wrotenberry:

Yates Petroleum Corporation respectfully requests that this case once again be continued, to a May docket, due to the continuing efforts by the parties to settle this matter. Mr. Kellahin has been contacted and concurs in this continuance.

Thank you very much.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth

cc w/encl: Mr. Randy Patterson
Mr. W. Thomas Kellahin

CASE 11941: (Continued from March 19, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Baldridge Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Baldridge Canyon "11" State Com. Well No. 1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 7 miles northwest of Whites City, New Mexico.

CASE 11905: (Continued from April 2, 1998, Examiner Hearing.)

Application of Devon Energy Corporation (Nevada) for simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.D.(3) to permit it to drill its Pure Fed. Well No. 3 at a location 1650 feet from the North and East lines (Unit G) of Section 11, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool, and to simultaneously dedicate Section 11, in the Morrow formation, to the Pure Fed. Well No. 3 and its existing Pure Fed. Well Nos. 1 and 2. Said unit is located approximately 9.5 miles northwest of Carlsbad, New Mexico.

CASE 11966: **Application of Devon Energy Corporation (Nevada) for 23 unorthodox oil well locations, Eddy County, New Mexico.** Applicant seeks approval of 23 unorthodox oil well locations in the Red Lake Queen-Grayburg-San Andres Pool for wells in Sections 27, 31, 33, and 34, Township 17 South, Range 27 East, and Sections 3, 5, 6, 9, 17, and 18, Township 18 South, Range 27 East. Said area is centered approximately 9 miles southeast of Artesia, New Mexico.

CASE 11967: (This Case will be Continued to April 30, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 22, Township 21 South, Range 26 East, and in the following manner: the N/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Avalon-Wolfcamp Gas Pool, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated Northeast Happy Valley-Strawn Gas Pool, Undesignated Avalon-Atoka Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, Undesignated Avalon-Morrow Gas Pool, and Undesignated Burton Flat-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated East Catclaw Draw-Delaware Pool; and the E/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent (which currently there is none and should therefore be dismissed unless there is good cause shown to include an 80-acre proration unit). Said units are to be dedicated to a single well to be drilled at a standard location for all three sized units in the NE/4 NW/4 (Unit C) of said Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Unit "C" of said Section 22 is located approximately 4 miles northwest of Carlsbad, New Mexico.

CASE 11900: (Continued from March 19, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico. Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 16, 1998

8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 11-98 and 12-98 are tentatively set for April 30, 1998 and May 14, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11962: Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Farmington "C" Com Well No. 1 (API No. 30-045-12174), located at an unorthodox gas well location 1625 feet from the South line and 1250 feet from the West line (Unit L) of said Section 15. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in recompleting said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

CASE 11963: Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the NW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the proposed Boice Com Well No. 1 (API No. 30-045-29519) to be drilled at an unorthodox gas well location 670 feet from the North line and 1290 feet from the West line (Unit D) of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

CASE 11964: Application of Marathon Oil Company to amend the special rules and regulations for the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico. Applicant seeks to amend Rule 4 of the Special Rules and Regulations for the Travis-Upper Pennsylvanian Pool, as promulgated by Division Order No. R-5643, as amended, to provide for standard oil well locations, within standard 80-acre oil spacing and proration units, not closer than 330 feet to any governmental quarter-quarter section. Further, the applicant requests an increased gas-oil ratio limitation of 7,000 cubic feet of gas per barrel of oil for said pool. The pool currently includes portions of Sections 12, 13, 14, and 23, Township 18 South, Range 28 East, which is located approximately 9 miles west-southwest of Loco Hills, New Mexico.

CASE 11949: (Continued from March 19, 1998, Examiner Hearing.)

Application of Thornton Operating Corporation to amend Division Order No. R-9514-C, Chaves County, New Mexico. Applicant seeks an amendment to Division Order No. R-9514-C, issued in Case 11615 and dated June 5, 1997 which authorized the reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, to authorize a new unorthodox bottomhole location for this well in the Devonian formation 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23, Township 13 South, Range 29 East. This well is located approximately 18 miles east of Hagerman, New Mexico.
IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT

CASE 11965: Application of Yates Petroleum Corporation for 320-acre spacing, Eddy County, New Mexico. Applicant seeks 320-acre spacing for the Cemetery-Wolfcamp Gas Pool located in portions of Section 25, Township 20 South, Range 24 East and Section 30, Township 20 South, Range 25 East (which is located approximately 7 miles west-southwest of Seven Rivers, New Mexico). Said pool was created prior to Division Order No. R-2707 and therefore is not automatically eligible for 320-acre spacing.

CASE 11906: (Reopened)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, and in the following manner: Lots 1, 2, and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger-Draw Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com. Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.