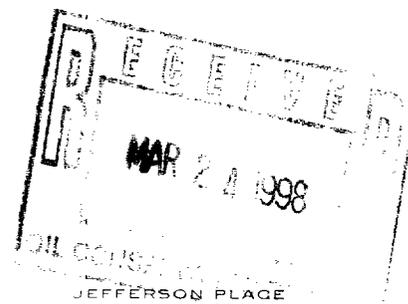


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March 24, 1998

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 87503

Re: Application of Yates Petroleum Corporation for Special Pool Rules, Eddy
County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the docket for the April 16, 1998 Examiner hearings.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

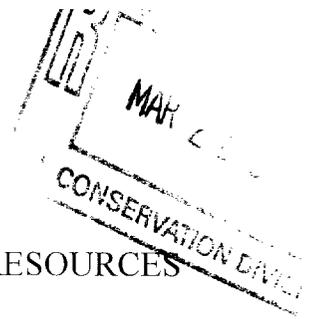
WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Tim Miller

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



IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.

CASE NO. 1146

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order promulgating special pool rules and regulations for the Cemetary-Wolfcamp Gas Pool to provide for 320-acre spacing and proration units and in support of this application states:

1. The Cemetary-Wolfcamp Gas Pool was established by Division Order No. R-5015, dated June 1, 1975, and has been extended from time to time to include the following acreage in Eddy County, New Mexico:

Township 20 South, Range 24 East, NMPM

Section 25: N/2

Township 20 South, Range 25 East, NMPM

Section 30: N/2, SE/4

2. Certain wells in the Cemetary-Wolfcamp Gas Pool are operated by Yates under statewide rules which provide for wells to be located on 160-acre spacing and proration units.

3. Numerous wells in this pool were originally drilled to the Morrow Formation

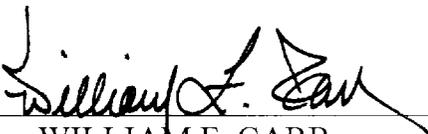
in the Cemetary-Morrow Gas Pool which is governed by Special Pool Rules and Regulations (Division Order No. R-3194) that provide for 320-acre spacing. These wells have now been recompleted in the Wolfcamp formation, Cemetary-Wolfcamp Pool. It is not economical to drill an additional well to the Wolfcamp formation on these spacing units and Special Pool Rules and Regulations which provide for 320-acre spacing for the Cemetary-Wolfcamp Pool result in the same spacing and well location requirements for each of these pools thereby permitting the same owners to share in the production from each of these formations.

4. Approval of this application will avoid unnecessary drilling, will be in the best interest of conservation and will protect correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 16, 1998, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE 1196: Application of Yates Petroleum Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause seeks the promulgation of Special Pool Rules for the Cemetary-Wolfcamp Gas Pool located in portions of Section 25 of Township 20 South, Range 24 East and Section 30 of Township 20 South, Range 25 East, NMPM, to provide for 320-acre spacing and proration units. Said area is located approximately __ miles ____ of _____, New Mexico.