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February 16, 1999

HAND DELIVERED

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 Pacheco Street  
Santa Fe, New Mexico 87503

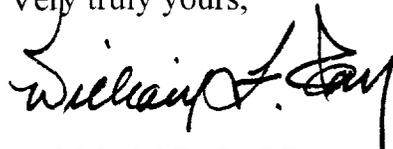
Call 2130

Re: *Amended Application of Yates Petroleum Corporation for an unorthodox gas well location to accommodate the rededication of acreage for geologic reasons, Lea 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 a legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the March 18, 1999 Examiner hearings.

Very truly yours,



WILLIAM F. CARR  
WFC:mlh  
Enclosures

cc w/enc.: Mr. Dave Pearson  
Mr. Randy Patterson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

RECEIVED  
FEB 16 AM 11:36  
OIL CONSERVATION DIV.

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

OIL CONSERVATION DIV.  
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**IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR AN UNORTHODOX GAS WELL  
LOCATION TO ACCOMMODATE  
THE REDEDICATION OF ACREAGE  
FOR GEOLOGIC REASONS,  
LEA COUNTY, NEW MEXICO.**

**CASE NO.** 12130

**AMENDED APPLICATION**

COMES NOW YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an exception to the provisions of General Rule 104.C (2) (b) for an unorthodox gas well location, and in support of this application states:

1. Yates is the operator of the N/2 of Section 11, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico on which is located its Sand Spring State Well No. 1 located at a standard location 330 feet from the North line and 1650 feet from the West line which it has reentered and drilled to a depth of approximately 13,000 feet and recompleted in the Atoka and Morrow formations.

2. Yates seeks authorization to reorient the spacing and proration unit dedicated to this well from a N/2 spacing unit to a W/2 spacing unit which results in the well being at an unorthodox gas well location.

3. The reorientation of this spacing unit is necessary for geologic reasons. The reorientation of this unit will enable Yates to drill or recomplete an additional well in the NE/4 of this section to the Atoka and Morrow formations under this acreage thereby effectively producing the reserves under said Section 11.

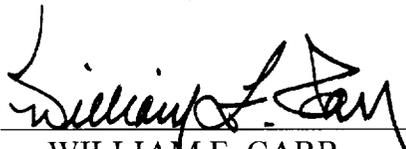
4. The ownership of the mineral interests under Section 11 is identical in all formations and, therefore, the correlative rights of no interest owner in Section 11 will be impaired by the reorientation of this spacing unit.

5. Approval of this application will be in the best interest of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Yates Petroleum Corporation requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 18, 1999 and that, after notice and hearing as required by law and the rules of the Division, this application be granted.

Respectfully submitted,

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

By:   
WILLIAM F. CARR

Post Office Box 2208  
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ATTORNEYS FOR YATES  
PETROLEUM CORPORATION

CASE 12130

OIL CONSERVATION DIV.  
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Amended Application of Yates Petroleum Corporation for an unorthodox gas well location to accommodate the rededication of acreage for geologic reasons, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to rededicate the N/2 spacing and proration unit dedicated to it Sand Spring State Well No. 1 located 330 feet from the North line and 1650 feet from the West line of Section 11, Township 11 South, Range 34 East, NMPM, in the Atoka and Morrow formations, Sand Spring-Atoka Gas Pool to a W/2 spacing and proration unit. Said spacing units are approximately 10 miles northwest of Tatum, New Mexico.