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March 14, 2000

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 87505

12373

OIL CONSERVATION DIV.
MAR 14 PM 4:09

***Re: Application of Yates Petroleum Corporation for an unorthodox well location,
Lea County, New Mexico***

Dear Ms. Wrotenbery:

Enclosed in triplicate is the application of Yates Petroleum Corporation in the above-referenced case and a proposed legal advertisement for this case. Yates Petroleum Corporation requests that this matter be set for hearing before a Division Examiner on April 6, 2000.

If you have questions concerning this matter, please advise.

Very truly yours,


Paul R. Owen

Enclosure

cc: Mr. Doug W. Hurlbut (w/enclosures)

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

**IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR
AN UNORTHODOX WELL LOCATION, LEA
COUNTY, NEW MEXICO.**

CASE NO. 12373

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving an unorthodox well location, and in support of this application states:

1. Yates is a working interest owner in the E/2 of Section 13, Township 11 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and proposes to drill its Caprock "AVD" State Well #1 to the Mississippian and/or Atoka-Morrow formation, Bagley Permo-Penn North Gas Pool, at an unorthodox gas well location 660 feet from the North line and 510 feet from the East line of said Section 13.

2. The proposed well is a re-entry of the Read & Stevens #1 State F Well, a well that was drilled as a dry hole to 10,462 feet, and was plugged and abandoned in November, 1969. Yates proposes to re-enter the well and drill it to a depth of 10,625 feet, within the Mississippian formation. This location in the Atoka-Morrow and Mississippian formations is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-acre spacing units to be located no closer than 660 feet to the nearest section line. Accordingly, Yates seeks an exception to Rule 104 C(2)(a) of the General Rules and

Regulations of the Oil Conservation Division to permit the drilling of this well at this unorthodox gas well location.


3. A standard spacing unit comprised of the E/2 of Section 13 should be dedicated to the well.

4. Approval of this application will afford the interest owners in this spacing unit the opportunity to produce their just and equitable share of the reserves under the subject unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 6, 2000, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting this application.

Respectfully submitted,

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

By: 
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ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 12373: Application of Yates Petroleum Corporation for an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks authorization to drill its Caprock "AVD" State Well #1 to the Atoka-Morrow and the Mississippian formations, Bagley Permo-Penn North Gas Pool, at an unorthodox well location 660 feet from the North line and 510 feet from the East line (Unit A) of Section 13, Township 11 South, Range 32 East, N.M.P.M., Lea County, New Mexico. The E/2 of Section 13 is to be dedicated to said well. Said unit is located approximately 2 miles Southeast of Caprock, New Mexico.