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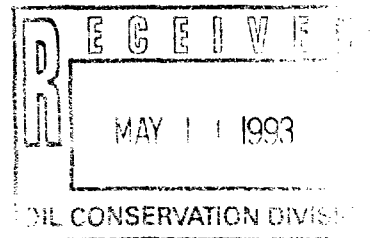
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May 11, 1993

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503



Case 16543

Re: Application of Yates Petroleum Corporation for Simultaneous Dedication,
Eddy County, New Mexico

Dear Mr. LeMay:

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 June 3, 1993 Examiner hearings.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William F. Carr".

WILLIAM F. CARR

WFC:mlh

Enclosures

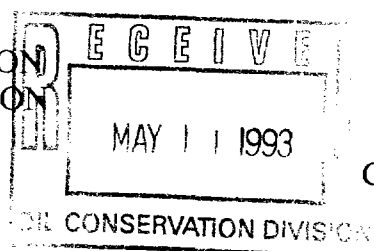
cc w/enc.:

Mr. David Boneau
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Case _____: Application of Yates Petroleum Corporation for simultaneous dedication, Eddy County, New Mexico. Applicant, seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of Section 2, Township 19 South, Range 24 East to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to its Irish Hills "KW" State Well No. 2 located at a standard location 1980 feet from the North and East lines (Unit G) of said Section 2 and its Irish Hills "KW" State Well No. 3 located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 2. Said unit is located approximately 11.5 miles west by south of Seven Rivers, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR SIMULTANEOUS DEDICATION,
EDDY COUNTY, NEW MEXICO.



CASE NO. 10543

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, makes application for authority to simultaneously dedicate its Irish Hills "KW" State No. 2 and No. 3 Wells in the N/2 equivalent of Section 2, Township 19 South, Range 24 East, Penasco Draw-Permo Pennsylvanian Gas Pool and in support hereof states:

1. Yates is the operator of Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 19 South, Range 24 East which is a standard 321.08 acre spacing unit in the Penasco Draw-Permo Pennsylvanian Gas Pool.

2. This spacing unit is dedicated to the Yates Irish Hills "KW" State No. 3 Well which was drilled at an unorthodox gas well location 660 feet from the North and East lines of Section 2, pursuant to Division Order No. R-9740 which was entered on October 13, 1992 in Case 10543.

3. The Irish Hills "KW" State No. 3 was unsuccessfully drilled in the Morrow formation and completed in the Permo Pennsylvanian formation in which is also completed the Yates Petroleum Corporation Irish Hills "KW" State No. 2 Well at a standard gas well location 1980 feet from the North and East lines of Section 2.

4. The Permo Pennsylvanian formation in this spacing unit has been declared a tight formation and both of the Irish Hills "KW" State Wells No. 2 and No. 3 are capable of only marginal production. Each of these wells drain only 50 to 80 acres and if both are simultaneously produced will drain approximately one third of the acreage dedicated to them.

5. Approval of this application, the simultaneous dedication of these wells in the N/2 of Section 2, and the concurrent production of both wells, will afford Yates the opportunity to produce without waste its just and fair share of the reserves underlying this spacing unit thereby protecting its correlative rights. Furthermore, approval of this application will not impair the correlative rights of any other operator in this pool.

6. Denial of this application will increase the costs of producing the reserves in the Permo Pennsylvanian formation under the N/2 equivalent of Section 2 and could result in reserves ultimately being left in the ground thereby causing waste.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on June 3, 1993, and after notice and hearing as required by law, the Division enter an order authorizing the simultaneous dedication of the N/2 equivalent of Section 2, Township 19 South, Range 24 East in the Penasco Draw-Permo Pennsylvanian Gas Pool to the Yates Petroleum Corporation Irish Hills "KW" Wells No. 2 and No. 3.

Respectfully submitted,

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

By: 

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