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May 3, 1994

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

MAY 3 1994

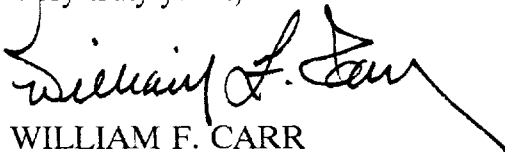
10981

Re: In the Matter of the Application of Yates Petroleum Corporation to Amend
Division Order No. R-9976 to Expand its Pilot Enhanced Gas Recovery
Project Within Portions of the Pecos Slope-Abo Gas Pool, Chaves 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 May 26, 1994 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

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

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION TO
AMEND DIVISION ORDER NO. R-9976 TO
EXPAND ITS PILOT ENHANCED GAS
RECOVERY PROJECT WITHIN PORTIONS
OF THE PECOS SLOPE-ABO GAS POOL,
CHAVES COUNTY, NEW MEXICO.

3 1994

CASE NO. 16981

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order amending Division Order No. R-9976 which was entered on September 24, 1993 to expand its pilot project area in the Pecos Slope-Abo Gas Pool and in support of this application states:

1. Yates Petroleum Corporation operates numerous wells which produce from the Abo formation in the Pecos Slope-Abo Gas Pool which is located in portions of Townships 4 through 8 South, Ranges 24 through 27 East, N.M.P.M., Chaves County, New Mexico.

2. By Order No. R-9976 entered on September 24, 1993, Yates Petroleum Corporation was authorized to implement a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, by drilling an additional gas well within each of certain gas spacing and proration units and to produce both wells within each of these spacing and proration units at unrestricted rates for a period of two years for the purpose of gathering geologic and engineering data to determine if additional infill drilling is necessary to

effectively and efficiently drain the Abo formation. This case will be reopened in August, 1995, unless reopened at an earlier date, for Yates to present the data it has obtained and to make recommendations to the Division concerning amendments, if any are appropriate, to the rules which currently govern the Pecos Slope-Abo Gas Pool.

3. The wells authorized by Order No. R-9976 have been drilled and data is being gathered for presentation to the Division.

4. Yates seeks authority to expand this pilot project within the Pecos Slope Abo-Gas Pool and drill additional wells on certain 160-acre spacing units. Additional development is necessary to accommodate sufficient data to determine if infill development is required to drain the Abo formation and to determine if additional sand stringers may be intersected and produced with additional wells.

5. The proposed project area should be expanded to comprise the following 160-acre tracts:

Township 5 South, Range 25 East, N.M.P.M.

Section 16: NE/4
Section 32: SW/4

Township 6 South, Range 26 East, N.M.P.M.

Section 5: NE/4
Section 7: NE/4
Section 18: SE/4
Section 19: SE/4
Section 31: NE/4

Township 7 South, Range 25 East, N.M.P.M.

Section 3: SE/4
Section 10: NW/4
Section 11: SE/4
Section 13: NW/4
Section 15: NW/4
Section 22: NW/4
Section 25: NW/4
Section 27: SE/4
Section 33: SE/4

Township 7 South, Range 26 East, N.M.P.M.

Section 6: NE/4
Section 18: SE/4
Section 19: SW/4
Section 21: SE/4

6. Attached to this application as Exhibit A and incorporated herein is a schedule which identifies each tract within the project area, the existing well thereon, the proposed additional wells and the offset operators.

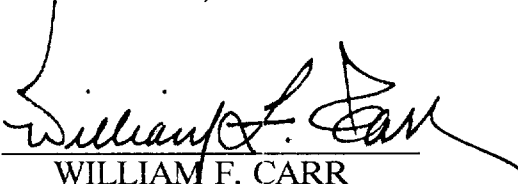
7. Yates seeks authority to simultaneously dedicate and produce without restriction both wells on each additional 160-acre tract in the pilot project area until August, 1995, at which time this matter will be reopened by the Division to permit the applicant to present the data obtained by the proposed additional drilling and to determine if special pool rules authorizing a second well on each 160-acre spacing unit should be adopted for this pool.

8. Approval of this application will 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 a duly appointed Examiner of the Oil Conservation Division on May 26, 1994, and that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application.

Respectfully submitted,

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By: 
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