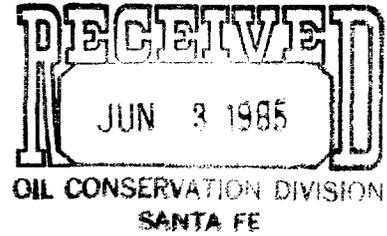


May 30, 1985



Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 8651

Re: Amoco "QT" Federal No. 2 Well
Township 19 South, Range 24 East, NMPM
Section 29: S/2
Eddy County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Unorthodox Location, Eddy County, New Mexico.

We ask that this matter be set for hearing before an Examiner, and that we be furnished with a docket of said hearing.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

A handwritten signature in cursive script that reads "Chad Dickerson".

Chad Dickerson

CD:pvm
Enclosures

cc w/enclosure: Ms. Kathy Colbert
Mr. Ray Beck

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION :
FOR AN UNORTHODOX LOCATION, EDDY : CASE NO. 8651
COUNTY, NEW MEXICO :
_____ :

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of all zones underlying:

Township 19 South, Range 24 East, N.M.P.M.

Section 29: S/2

containing 320 acres, more or less,
and proposes to drill its Amoco "QT" Federal No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of said Section 29.

2. The Applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Cisco Canyon formation.

3. A standard 320-acre gas proration unit in all zones from the top of the Wolfcamp formation to the base of the Cisco Canyon formation comprising the S/2 of said Section 29 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. The approval of this application will afford Applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting Applicant permission to drill its Amoco "QT" Federal No. 2 Well at a point 660 feet from the south line and 660 feet from the east line of said Section 29, and to dedicate the S/2 of Section 29 to said well.

C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: *Chad Dickerson*
Chad Dickerson

DICKERSON, FISK & VANDIVER
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant