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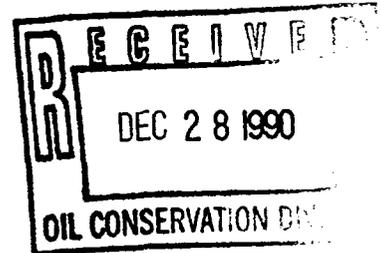
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December 27, 1990

FEDERAL EXPRESS

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Dear Mr. LeMay:

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for an Order Amending Special Rules and Regulations for the South Dagger Draw - Upper Pennsylvanian Associated Pool.

We ask that this case be set for hearing on January 24, 1991, the same date on which the Conoco application for the above matter is set.

Please furnish us with a copy of the docket for said hearing.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.


Ernest L. Carroll

ELC:kth
Enclosures

cc w/encl: Kathy Porter, Yates Petroleum Corporation

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

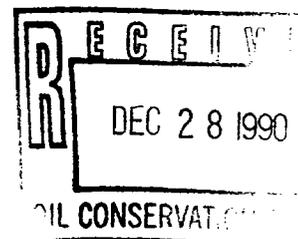
IN THE MATTER OF THE APPLICATION)
OF YATES PETROLEUM CORPORATION)
FOR AN ORDER MAINTAINING COMMON)
SPECIAL RULES AND REGULATIONS FOR)
THE NORTH AND SOUTH DAGGER DRAW -)
UPPER PENNSYLVANIAN ASSOCIATED)
POOLS)

CASE NO. 10722

APPLICATION

1. Applicant is the operator of the following wells, each of which is producing from the South Dagger Draw - Upper Pennsylvanian Associated Pool located in Eddy County, New Mexico:

<u>Well Name</u>	<u>Location</u>
Hillview "AHE" Fed Com #2	1650' FNL & 1780' FEL S-23, T-20-S, R-24-E
Hillview "AHE" Fed Com #3	660' FSL & 1980' FWL S-23, T-20-S, R-24-E
Hillview "AHE" Fed Com #4	1980' FSL & 1980' FEL S-23, T-20-S, R-24-E
Saguaro "AGS" Fed Com #1	1980' FSL & 660' FWL S-11, T-20-S, R-24-E
Sara "AHA" Com #1	1980' FSL & 660' FEL S-11, T-20-S, R-24-E
Sara "AHA" Com #2	1980' FNL & 660' FEL S-15, T-20-S, R-24-E
John "AGU" #1	660' FNL & 1980' FWL S-14, T-20-S, R-24-E
Carl "TP" Com #1	1980' FSL & 660' FEL S-22, T-20-S, R-24-E
Carl "TP" Com #2	1650' FSL & 2220' FWL S-22, T-20-S, R-24-E
Saguaro "AGS" Fed Com #3	1980' FNL & 1980' FWL S-26, T-20-S, R-24-E



Conoco "AGK" Fed #2

1980' FNL & 1980' FEL
S-26, T-20-S, R-24-E

2. On October 26, 1990, the Division entered its Order R-5353-L in Case No. 10108 allowing Applicant's Application for an Order Amending Special Rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool. The purpose for said changes in pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool was to result in rules which are equivalent to those in the North Dagger Draw-Upper Pennsylvanian Pool, allowing additional wells to be drilled and recompleted and resulting in higher producing rates and the recovery of additional oil and gas.

3. Conoco, in its Letter of Application dated December 21, 1990, requests a hearing on January 24, 1991 for Revision of the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, as Promulgated by Division Order No. R-4691, to Provide for a 700 BOPD Allowable for Each Established 160-Acre Proration Unit.

4. That any change in the special rules and regulations for the North Dagger Draw-Upper Pennsylvanian Pool will place the South Dagger Draw-Upper Pennsylvanian Pool in the same position of discrimination that existed prior to Order No. 5353-L.

5. That Applicant requests that any changes in the special rules and regulations for the North Dagger Draw-Upper Pennsylvanian Pool be made applicable to the South Dagger Draw-Upper Pennsylvanian Pool.

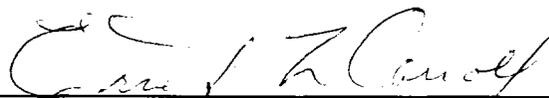
WHEREFORE, Applicant prays:

A. That, in order to maintain equivalent recovery per acre from the North and South Dagger Draw-Upper Pennsylvanian Pools,

the Commission grant this Application for an Order Maintaining Common Special Rules and Regulations for the North and South Dagger Draw-Upper Pennsylvanian Pools.

B. That, upon notice to all interested parties and offset operators, this Application be heard before the Commission on January 24, 1991 as well.

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



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