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BEFORE THE OIL CONSERVATION COMMISSION

APR 07 1992

STATE OF NEW MEXICO

OIL CONSERVATION DIV.  
SANTA FE

IN THE MATTER OF

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AUTHORIZATION TO  
DRILL, EDDY COUNTY, NEW MEXICO

CASE NO. 10449  
ORDER NO. R-9655

**APPLICATION FOR HEARING**

NEW MEXICO POTASH CORPORATION ("New Mexico Potash"), hereby applies for a hearing de novo before the New Mexico State Oil Conservation Commission ("OCC") pursuant to Rule 1220 of the Oil Conservation Division's ("OCD") Rules of Procedure (adopted by the OCC on March 1, 1991) on all issues raised by the application of Yates Petroleum Corporation ("Yates") to drill its Flora "AKF" State Well No. 2 within the "Designated Potash Area" and in support thereof shows the following:

1. On March 20, 1992, the OCD entered its Order No. R-9654 approving the application of Yates to drill its Flora "AKF" State Well No. 2 at a standard oil well location 1980 feet from the South line and 2310 feet from the West line of Section 2, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

2. The proposed well, if allowed, will waste valuable potash deposits and create a safety hazard to underground miners.

3. New Mexico Potash is the owner of New Mexico State Mining Lease No. M-14957, which covers all of Section 2, and is therefore adversely affected by OCD Order No. R-9655 approving the proposed well location.

WHEREFORE, New Mexico Potash respectfully requests that this matter be set for hearing before the OCC and upon such hearing, an

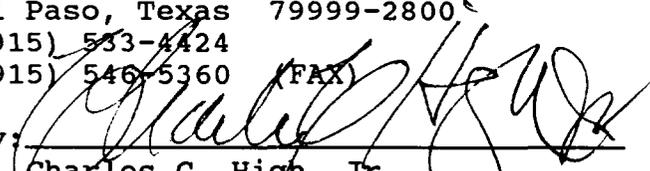
order be entered denying the application for permit to drill in Section 2 and for such other and further relief to which it may be entitled.

Respectfully submitted,

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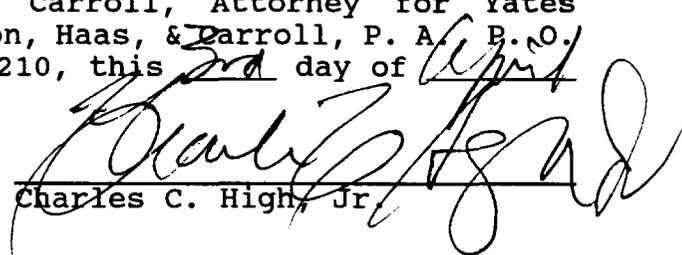
By: Clinton Marrs

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By:   
Charles C. High, Jr.  
Attorneys for New Mexico Potash Corporation

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Application for Hearing was mailed by certified mail, return receipt requested, to Ernest L. Carroll, Attorney for Yates Petroleum Corporation, Losee, Carson, Haas, & Carroll, P. A., P.O. Drawer 239, Artesia, New Mexico 88210, this 3rd day of April, 1992.

  
Charles C. High, Jr.