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BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR AN :
UNORTHODOX GAS WELL LOCATION, EDDY :
COUNTY, NEW MEXICO :
_____ :

CASE NO. 8325

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through the Morrow formations, underlying:

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

Section 32: N/2

containing 320 acres, more or less,
and proposes to drill its Agave "AAJ" State No. 1 Well at a point located 660 feet from the north line and 660 feet from the east line of Section 32.

2. The Applicant seeks an exception to the well location requirements of Rule 104-C.II(a) 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 Wolfcamp formation through the base of the Morrow formation.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 32 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 Agave "AAJ" No. 1 Well at a point 660 feet from the north line and 660 feet from the east line of said Section 32, and to dedicate the N/2 of Section 32, which is reasonably presumed to be productive of gas from the Wolfcamp formation through the base of the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

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