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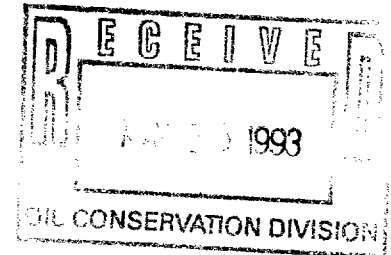
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May 24, 1993

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

10748

Re: Application of Yates Petroleum Corporation for Pool Creation, Classification
of the New Pool as an Associated Pool and for Special Pool Rules, Eddy
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 June 17, 1993 Examiner hearings.

Very truly yours,

WILLIAM F. CARR

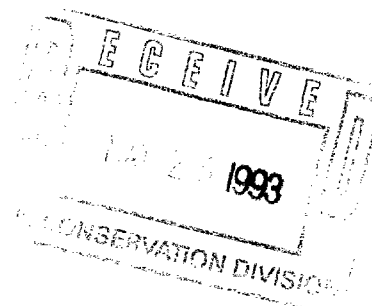
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Enclosures

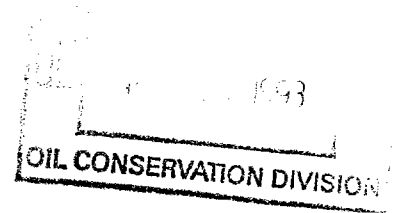
cc w/enc.: Mr. David Boneau
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Case 16748:

Application of Yates Petroleum Corporation for pool creation, classification of the new pool as an Associated Pool and for Special Pool Rules, Eddy County, New Mexico. Applicant, seeks creation of a new pool for the production of oil and gas from the Pennsylvanian formation underlying the W/2 of Section 17, Township 22 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. Applicant also seeks classification of this new pool as an Associated Oil and Gas Pool and the promulgation of special rules and regulations for the pool including (a) 320-acre spacing and proration units, (b) designated well location requirements, (c) a limit of no more than one well per quarter section, (d) a special depth bracket allowable for each well on a 320-acre spacing or proration unit of 1400 barrels of oil per day and (e) administrative procedures for approval of unorthodox well locations and non-standard spacing or proration units. Said area is located approximately 2 miles east of Care Butte, ~~New Mexico.~~



BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR POOL CREATION, CLASSIFICATION
OF THE NEW POOL AS AN ASSOCIATED
POOL AND THE PROMULGATION OF
SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10748

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, makes application to the Oil Conservation Division for the creation of a new pool in the Upper Pennsylvanian formation, classification of this new pool as an Associated Oil and Gas Pool and the promulgation of Special Pool Rules and Regulations for the pool including 320-acre spacing, a special depth bracket allowable limit of 1,400 barrels of oil per day, and in support hereof states:

1. Yates Petroleum Corporation has drilled and completed its Hickory "ALV" No. 1 Well in Unit F of Section 17, Township 22 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. This well produces from the Upper Pennsylvanian dolomite which appears to be an extension of Dagger Draw oil production around the south and east edges of the Indian Basin-Upper Pennsylvanian Gas Pool.

2. Yates proposes the creation of a new pool in the Upper Pennsylvanian (Cisco-Canyon) formation with vertical limits consisting of the interval found from a depth of 8135 feet to 8340 feet on the compensated Neutron Lithodensity Log dated October 20, 1992 for

the Yates Hickory "ALV" No. 1 Well. The proposed initial horizontal limits of the new pool are defined as follows:

Township 22 South, Range 24 East, N.M.P.M.

Section 17: W/2

3. Yates requests that this pool be classified as an Associated Oil Gas Pool and operated in accordance with the Division's General Rules and Regulations for Associated Oil and Gas Pools promulgated by Order No. R-5353.

4. Yates also seeks the promulgation of Special Pool Rules and Regulations for this pool including:

- a. 320-acre spacing and proration units;
- b. special well location requirements providing for all wells to be located 660 feet from the outer boundary of a spacing or proration unit and 330 feet from a quarter section line;
- c. a limit of no more than one well per quarter section; and
- d. a special depth bracket allowable for each well on a 320-acre spacing or proration units of 1,400 barrels of oil per day.

5. Yates also seeks adoption of procedures whereby unorthodox well locations and non-standard spacing units can be administratively approved after notice to affected offsetting owners.

6. Approval of this application will result in the efficient and effective development of the Upper Pennsylvanian formation in the area affected by this application and will otherwise 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 June 17, 1993, and after notice and hearing as required by law, the Division enter its order approving this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

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