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October 26, 1993

HAND-DELIVERED

10869

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

26 1993

Re: Application of Yates Petroleum Corporation for Amendment of the Special  
Rules and Regulations for the South Dagger Draw Upper Pennsylvanian Pool,  
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 December 2, 1993 Examiner hearings.

Very truly yours,

*Tanya Trujillo for*

WILLIAM F. CARR

WFC:mlh

Enclosures

cc: W. Thomas Kellahin, Esq. (w/enclosures)

Mr. Pinson McWhorter (w/enclosures)  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

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 AMENDMENT OF THE SPECIAL  
RULES AND REGULATIONS FOR THE  
SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN POOL,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 10869

**APPLICATION**

COMES NOW YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, and hereby applies to the New Mexico Oil Conservation Division for an amendment of the Special Rules and Regulations of the South Dagger Draw-Upper Pennsylvanian Pool (Division Order R-5353) by deletion of Rule 5(b) thereby authorizing the simultaneous dedication of both gas well and oil wells to the same spacing unit and in support thereof states:

1. Yates is the operator of wells in the South Dagger Draw-Upper Pennsylvanian Gas Pool which was created by Division Order No. R-4637 entered October 1, 1973, and has been extended from time to time to include the following acreage:

**Township 20 South, Range 24 East, N.M.P.M.**

Section 9:	E/2
Section 10:	S/2
Section 11:	S/2
Section 12:	S/2
Sections 13 through 15:	All
Sections 22 through 26:	All
Section 35:	All
Section 36:	N/2

2. The current rules for the South Dagger Draw-Upper Pennsylvanian Pool provide for 320-acre proration and spacing units with the option for multiple oil wells but preclude the simultaneous dedication of both oil and gas wells to the same unit. (See applicable Rule 5(b) of Associated Pool Rules (Order R-5353)).

3. Within this pool, the application of Rule 5(b) of R-5353 has and will continue to be an unnecessary limitation on the orderly development of the reservoir.

4. Within this pool, an exception to Rule 5(b) of R-5353 can be made thereby authorizing the simultaneous dedication of both gas wells and oil wells without causing the waste of reservoir energy.

5. Approval of this application will result in more orderly development of this pool and will otherwise be in the best interest of conservation, 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 December 2, 1993, and after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

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

By: Wm F Carr

WILLIAM F. CARR  
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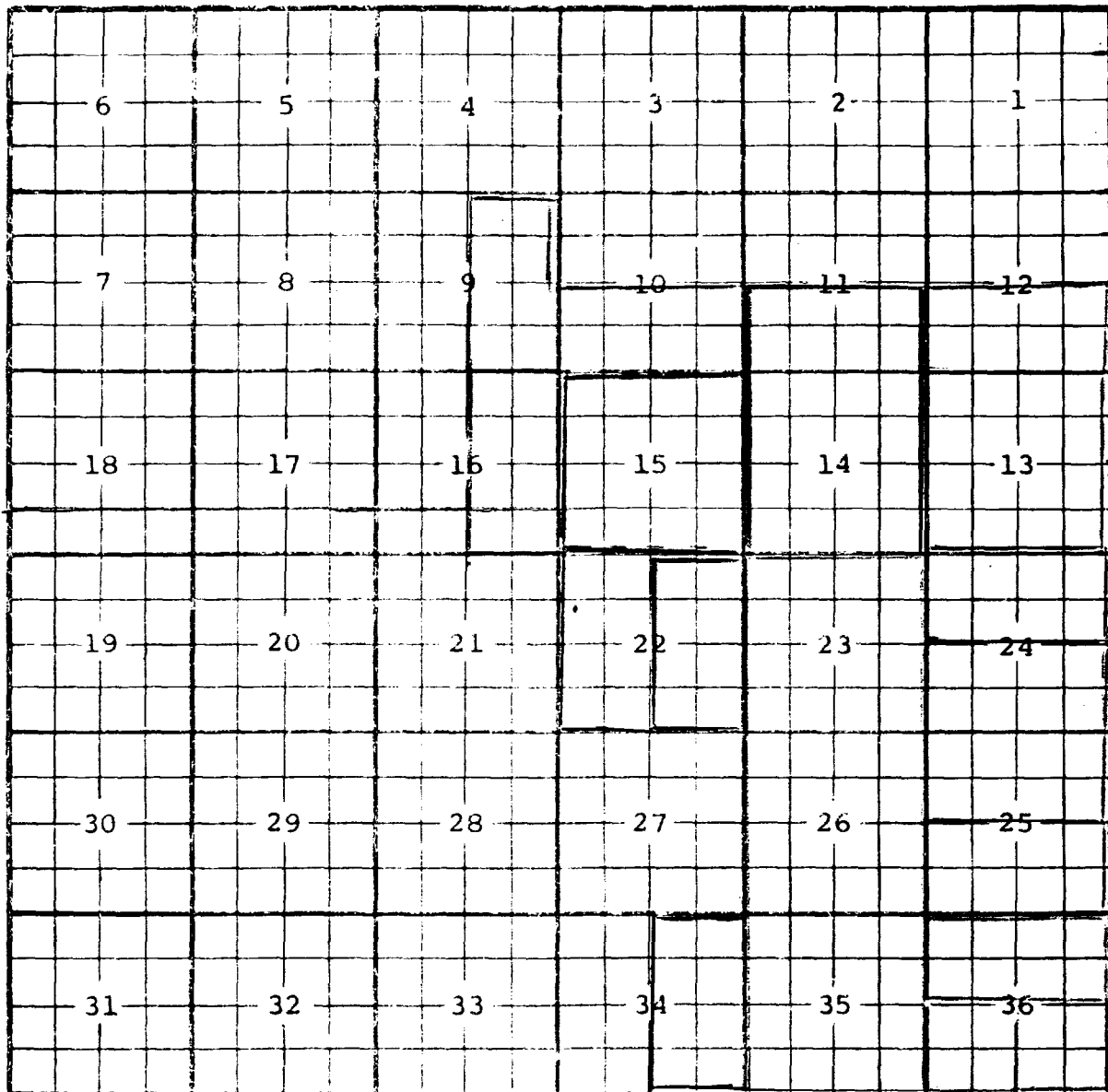
ATTORNEYS FOR YATES  
PETROLEUM CORPORATION

Case 10869:

Application of Yates Petroleum Corporation for amendment of the Special Rules and Regulations of the South Dagger Draw Upper Pennsylvanian Pool (Division Order R-5353), Eddy County, New Mexico. Applicant seeks the deletion of Rule 5(b) of Order R-5353 thereby authorizing simultaneous dedication of both gas wells and oil wells to the same spacing unit within the South Dagger Draw Upper Pennsylvanian Pool in portions of Township 20 South, Range 24 East, Eddy County, New Mexico. Said area is located approximately 10 miles southeast from Hope, New Mexico.

COUNTY EddyPOOL South Dagger Draw - Upper Pennsylvanian,  
Assoc.TOWNSHIP 20 South RANGE 24 East

NMPM



Description: All Sec. 23, 26 & 35 (R-4637, 10-1-73) EXT: E/2 SEC 22  
(R-9134, 4-1-90) EXT: S/2 SEC 11, All SEC 14 (R-9171, 6-1-90)  
Ext: All Sec. 15 (R-9326, 11-7-90) EXT: W/2 SEC 22 (R-9418, 2-1-91)  
EXT: S/2 SEC 12 (R-9473, 4-1-91) EXT: E/2 SEC 9, S/2 SEC 10, All SEC 13 (R-9545, 7-1-91)  
EXT: N/2 SEC 36 (R-9578, 9-10-91) EXT: N/2 SEC 24 (R-9668, 5-6-92)  
EXT: S/2 SEC 24, N/2 SEC 25 (R-9709, 8-25-92) EXT: S/2 SEC 25 (R-9837, 1-27-93)  
EXT: S/4 SEC 36 (R-9844, 2-8-93) EXT: E/2 SEC 34 (R-10042, 12-28-93)  
EXT: E/2 SEC 16, SE/4 SEC 36 (R-10050, 1-26-94)

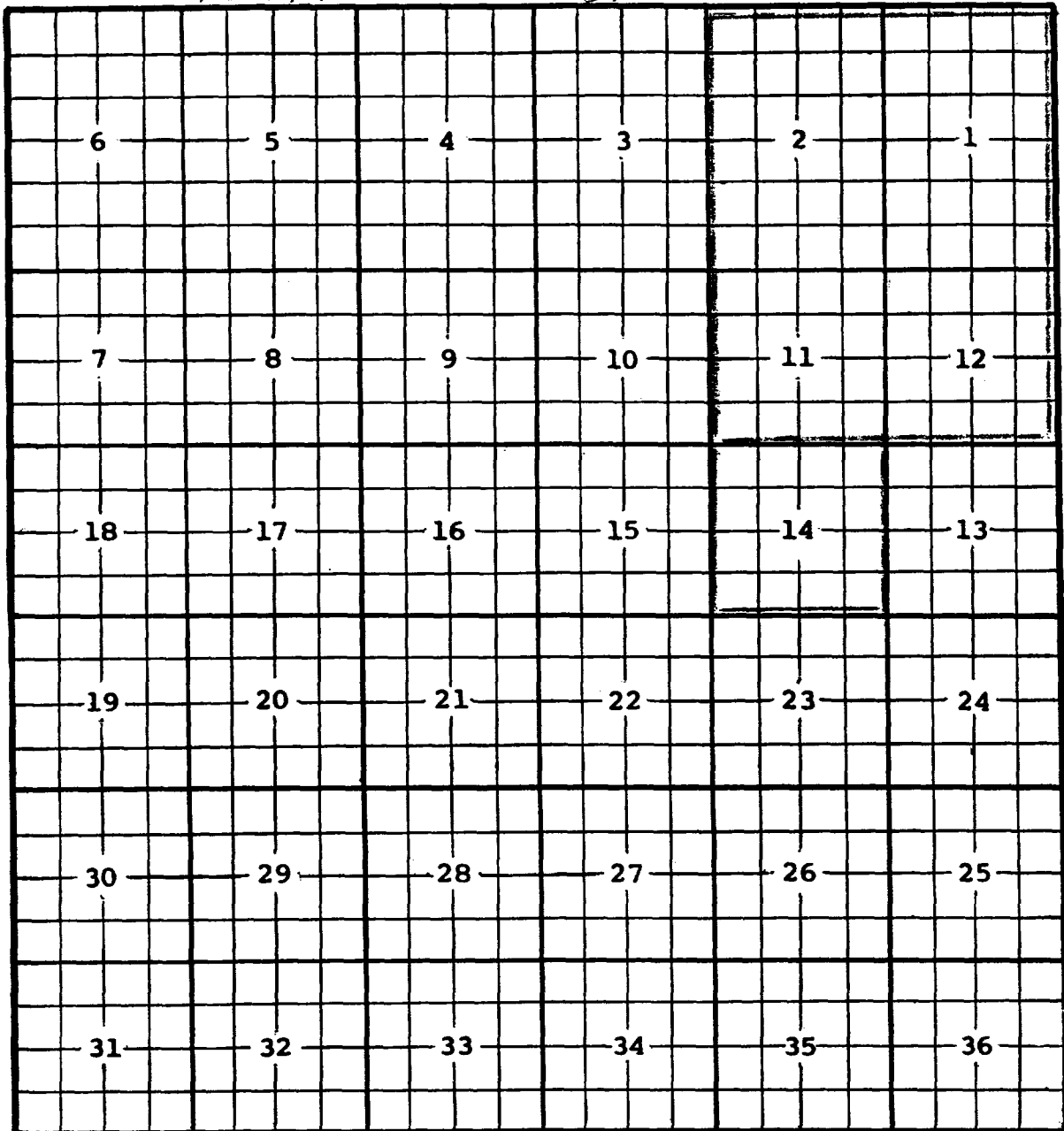
COUNTY Eddy

POOL South Dagger Draw - Upper Pennsylvanian  
Associated

TOWNSHIP 21 South

RANGE 23 East

NMPM



Ext: All Secs. 1, 2, 11, and 12 (R-10234, 11-7-94)

Ext: All Sec. 14 (R-10236, 11-3-94)

County Eddy Pool South Dagger Draw - Upper Pennsylvanian  
TOWNSHIP 20 1/2 South Range 23 East NMPM Associated

6	5	4	3	2	1	
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

Ext: Section 35 (R-10050, 1-26-94) Ext: All Sec. 36 (R-10182, 9-6-94)