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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

February 12, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Attention: Chuck Moran



Re: *Administrative application submitted on January 3, 2002 (administrative application No. pKRV0-200334265) for an unorthodox gas well location for both shallow and deep gas production underlying the W/2 and NW/4 of Section 11, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico.*

Dear Mr. Moran:

I'm sure you are aware that the proposed well in which the subject application was filed, the Pay "AYY" Federal Com. Well No. 1, is located within the Pecos Slope-Abo Gas Pool and is therefore subject to the "*Special Rules and Regulations for the Pecos Slope-Abo Gas Pool*," as promulgated by Division Order No. R-9976-C, dated March 19, 1996 (see copy attached). These rules do not include an administrative procedure for authorizing unorthodox gas well locations (see Rule 5). This application will therefore be set for hearing and will be placed on the next available docket scheduled for March 7, 2002.

Please provide adequate notice pursuant to Rule 1207.A (5) of the Division's Rules and Regulations.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell
Kathy Valdes, NMOCD - Santa Fe
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe