

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986

OIL CONSERVATION DIVISION
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MAR 27 '90

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TREASURER

O. C. D.
ARTESIA, OFFICE

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

March 20, 1990

Attn: Mike

F.Y.I.

M.S.

Mr. William J. LeMay, Director
Oil Conservation Division
Energy, Minerals and Natural Resources
Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: In the Matter of the Application of
Stevens Operating Corporation for Pool
Creation and Special Pool Rules; No. 9854

Dear Mr. LeMay:

On March 5, 1990, Stevens Operating Corporation commenced drilling its McBride State Com No. 2 Well in the Diablo-Fusselman pool at a location in the NW/4 NE/4 Section 28, Township 10 South, Range 27 East, N.M.P.M., Chaves County, New Mexico. The Application for Permit to Drill indicates that if production is encountered, the well will be completed in open hole. The proposed completion gives rise to the possibility that the well will be deviated from its bottom-hole location.

Pursuant to Rule 111(A) of the Oil Conservation Division, Yates Petroleum Corporation, as an offset operator to the McBride State Com No. 2 Well, hereby give notice that, upon completion of the well, it will request the Division to require Stevens Operating Corporation to make a directional survey of its said well. We understand said survey and all associated costs shall be at our expense. After completion of this well, we will designate a well survey company, and request that the survey be witnessed by the Division and Yates.

Very truly yours,

Yates Petroleum Corporation

By: *[Signature]*

xc: Stevens Operating Corporation