



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 9, 1996

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

Attention: Robert Bullock

RE: *Administrative Application for an Unorthodox Gas Well Location.
Papalotes Unit Well No. 1 (API No. 30-025-33275); 1960' FSL-330' FEL
(Unit I) of Section 34, Township 14 South, Range 34 East, NMPM, Atoka
formation, Lea County, New Mexico.*

Dear Mr. Bullock:

The subject application dated August 28, 1996 cannot be approved administratively. Division General Rule 104.F(2) states that:

"The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon".

Since the subject well was deepened from a shallower Strawn oil well location to an Atoka gas well location it will be necessary to bring this matter to hearing. I have therefore caused this matter to be set on the docket for the next available Division Examiners hearing scheduled for October 3, 1996.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185 or through the e-mail at "MIKSTOGNER@EMNRDSF.STATE.NM.US".

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William F. Carr - Santa Fe