



August 24, 2004

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13341

2004 AUG 24 PM 4 14

Re: Application of Yates Petroleum Corporation for compulsory pooling and approval of an unorthodox gas well location, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the docket for the September 16, 2004 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND
APPROVAL OF AN UNORTHODOX GAS
WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE NO. 13347

2009 AUG 24 PM 4 14

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. 70-2-17, (1978), for an order pooling all mineral interests in all formations and/or pools developed on 320-acre spacing in the E/2 of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, which includes but is not necessarily limited to the Undesignated Big Dog-Mississippian Gas Pool. In support of this application, Yates states:

1. Yates Petroleum Corporation is a working interest owner in the E/2 of said Section 35 and has the right to drill thereon.
2. The Kochia AAM Well No. 1 (API NO. 30-025-28905) was drilled by Yates in 1984 and completed at a standard oil well location 990 feet from the South line and 2310 feet from the East line (Unit O) of said Section 35 in the Devonian formation, Dean Devonian Pool. The SW/4 SE/4 of this section was dedicated to the well.
3. Yates proposes to dedicate the above-referenced pooled spacing or proration units to its Kochia "AAM" State Well No. 1 to be re-entered and re-completed in the Mississippian

formation, Undesignated Big Dog-Mississippian Gas Pool. The well location is unorthodox in the Mississippian formation.

4. Yates has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.

5. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Yates to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled and Yates Petroleum Corporation should be designated the operator of the well to be drilled.

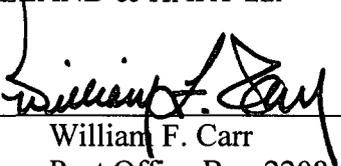
WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 16, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Yates Petroleum Corporation operator of these units and the well to located thereon,
- C. authorizing Yates Petroleum Corporation to recover its costs of re-entering, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures,
- E. imposing a 200% penalty for the risk assumed by Yates Petroleum Corporation in drilling and completing the well against any working interest owner who does not

- voluntarily participate in the drilling of the well, and
- F. approving the unorthodox gas well location of the Kochia "AAM" State Well No. 1 in the Mississippian formation.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr

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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

EXHIBIT A
APPLICATION OF
YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING
TOWNSHIP 15 SOUTH, RANGE 36 EAST
SECTION 35: E2
LEA COUNTY, NEW MEXICO.

Kochia AAM State Well No. 1

NOTIFICATION LIST

Jetta-X2, LP
Jetta Operating, Inc.
P1-D Ft. Worth Club Tower
Fort Worth, Texas 76102-4919

V-F Petroleum Inc.
Post Office Box 1889
Midland, Texas 79702

Lynx Petroleum Consultants,
Inc.
Post Office Box 1708
Hobbs, New Mexico 88241

Marshall & Winston, Inc.
Post Office Box 50880
Midland, Texas 79710-0880

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1419 East 15th Street, Suite A
Tulsa, Oklahoma 74103-5807

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of James W. Nixon, Sr.
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Justin Travis Hunnicutt and
Grady Paul Hunnicutt
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Dallas, Texas 75205

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David S. Harle, President
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Denver, Colorado 80201

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279 Marlborough
Boston, Mass.

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Post Office Box 36157
Denver, Colorado 80236

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FFF, Inc.
Post Office Box 8687
Denver, Colorado 80201-8687

Fall River Resources, Inc.
Post Office Box 13456
Denver, Colorado 80201

Chatfield Co.
Post Office Box 1903
Denver, Colorado 80201

Citadel Oil & Gas Corp.
Post Office Box 3052
Denver, Colorado 80201

CASE 13341 :

Application of Yates Petroleum Corporation for compulsory pooling and approval of an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Mississippian in the following described spacing and proration units located in the E/2 of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Big Dog-Mississippain Gas Pool. Said units are to dedicated to Applicant's proposed Kochia "AAM" Well No. 1 to be re-entered and re-completed in the Mississippian formation at an unorthodox gas well location 990 feet from the South line and 2310 feet from the East line (Unit O) of said Section 35. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof, actual operating costs and charges for supervision, the designation of Yates Petroleum Corporation as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 4.5 miles east of Lovington, New Mexico.

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