

HOLLAND & HART<sup>LLP</sup>



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May 9, 2005

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**HAND-DELIVERED**

Mark E. Fesmire, Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case No. 13462 (Continued and Re-Advertised) Amended Application of  
Yates Petroleum Corporation for compulsory pooling, Lea County, New  
Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Amended Application of Yates Petroleum Corporation in  
the above-referenced case as well as a copy of a legal advertisement. Yates respectfully  
requests that this matter be placed on the docket for the June 2, 2005 Examiner  
hearings.

Your attention to this request is appreciated.

Very truly yours,

Ocean Munds-Dry  
Attorney for Yates Petroleum Corporation

Enclosures

cc: Robert Bullock

Holland & Hart LLP

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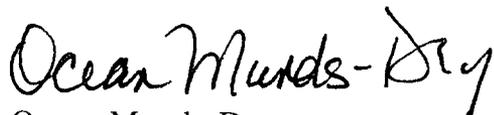
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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF  
YATES PETROLEUM CORPORATION, FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

**CASE NO. 13462**

**AMENDED APPLICATION**

Yates Petroleum Corporation ("Yates"), through its undersigned attorneys, hereby makes application for an order pooling all uncommitted interests in all formations from the surface to the stratigraphic equivalent of 200 feet into the lower Mississippian Lime formation under the following acreage in Section 29, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico:

- the W/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent;
- the SW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins-Atoka Gas Pool and the Undesignated Jenkins-Cisco Pool; and
- the NW/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins Devonian Pool and the Undesignated Jenkins-San Andres Pool.

In support of its application Yates states:

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1. Yates is a working interest owner in the W/2 of Section 29 and has the right to drill thereon.

2. Yates proposes to dedicate the above-referenced spacing units and proration units to its proposed Gill BGJ No. 1 Well (API 30-025-37103), to be drilled as a wildcat well at a standard location in the NW/4 SW/4 (Unit L) of said Section 29 at a point 1650 from the South line and 660 feet from the West line to a depth sufficient to test all formations through the lower Mississippian Lime formation.

3. Yates has been unable to reach an agreement with the interest owners in the W/2 of Section 29 identified on Exhibit A to this application.

4. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Yates the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests should be pooled, and Yates should be designated operator of the proposed well.

WHEREFORE, Yates requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on June 2, 2005, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all uncommitted interests in the subject spacing and proration units;
- B. designating Yates operator of the units and the proposed well;
- C. authorizing Yates to recover its costs of drilling, equipping and completing this well;

- D. approving the actual operating charges and costs of supervision while drilling and after completion of this well, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in this project.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry

William F. Carr  
Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

**ATTORNEYS FOR YATES PETROLEUM CORP.**

**IN THE MATTER OF THE AMENDED APPLICATION  
OF YATES PETROLEUM CORPORATION FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.  
(Gill BGJ No. 1 Well)**

**EXHIBIT A**

**Amended Notice List**

Chesapeake Exploration Ltd. Partnership  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496