

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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William F. Carr

wcarr@hollandhart.com

September 16, 2003

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

SEP 16 2003

Oil Conservation Division

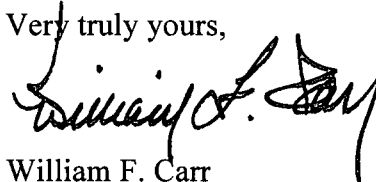
Case 13154

Re: Application of Yates Petroleum Corporation for nonstandard spacing and
proration units, Chaves County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in duplicate 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 October 9, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Chuck Moran
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 NONSTANDARD SPACING AND
PRORATION UNITS, CHAVES COUNTY,
NEW MEXICO.**

RECEIVED

SEP 16 2003

Oil Conservation Division
CASE NO. 13154

APPLICATION

YATES PETROLEUM CORPORATION, ("Yates") through its undersigned attorneys, hereby makes application for an order creating non-standard spacing and proration units in irregular Section 36 of Township 9 1/2 South, Range 24 East, NMPM and the N/2 of irregular Section 1, Township 10 South, Range 24 East, NMPM N.M.P.M., Chaves County, New Mexico, and in support of its application states:

1. Yates Petroleum Corporation is a working interest owner in Section 36 of Township 9 1/2 South, Range 24 East and the N/2 of irregular Section 1, Township 10 South, Range 24 East, NMPM and has the right to drill thereon.

2. Said Section 36 is an irregular section comprised of Lots 1 through 4 with a total acreage of 46.3 acres of State of New Mexico lands. The N/2 of irregular Section 1, Township 10 South, Range 24 East, NMPM is comprised of Lots 1 through 4 and the S/2 N/2 with a total acreage of 319.64 acres.

3. Yates seeks an order combining these tracts to form a 365.94-acre spacing and proration unit for all formations developed on 320-acre spacing, a 181.31-acre spacing unit comprised of Lots 1 and 2, of said Section 36, and Lots 1 and 2 and the S/2 NE/4 of said Section 1 and a 50.19-acre spacing unit comprised of Lot 1 of Section 1 and lot 1 of Section 36.

4. Yates proposes to dedicate these non-standard spacing units to its Erma Com Well No. 2 to be drilled at a standard location 660 feet from the North and East lines (Unit A) of Section 1 to a depth sufficient to test all formations from the surface to the Pre-cambrian formation.

5. Yates has provided notice of this application to the State of New Mexico and to all working interest owners in the subject spacing units identified on Exhibit A to this application.

6. The approval of this application and the creation of the subject non-standard spacing and proration units is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 9, 2003 and, after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,
HOLLAND & HART LLP

By: 

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

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

EXHIBIT A

**APPLICATION OF
YATES PETROLEUM CORPORATION.
FOR NONSTANDARD SPACING AND
PRORATION UNITS, CHAVES COUNTY,
NEW MEXICO.**

Township 10 South, Range 24 East, NMPM

Section 1: All

Chaves County, NM

- | | |
|--|--|
| 1) Michael Shearn
Box 10120
El Paso, TX 79995
(915) 778-5000 | 7) Trustee's of The Andersen-Malone
Trust Dated 12/5/91
P. O. Box 87
Roswell, NM 88202-0087
(505) 622-9875 |
| 2) Sol West, III
4120 Rio Bravo, Ste 305
El Paso, TX 79902
(915) 778-5000 | 8) Louise F. Malone
1061 Skyline Blvd
Reno, NV 89509-3556
(775) 747-6557 |
| 3) William D. Schauer Living Trust
Dated 10/5/98
Wells Fargo Bank of New Mexico
OGM C7300-07D
P. O. Box 5383
Denver, CO 80217
(303) 863-5728 | 9) Margaret Malone Todaro,
P. O. Box 1342
Kihei Maui, HI 96753 |
| 4) Diana Wingfield Living Trust
Dated 10/10/98
Wells Fargo Bank of New Mexico
OGM C7300-07D
P. O. Box 5383
Denver, CO 80217
(303) 863-5728 | 10) Lynn Malone Karnes (Clemens)
407 Tierra Berrenda Dr.
Roswell, NM 88201-7837 |
| 5) The Heirs or Devises Edna M.
Schwarz
6529 GA Highway 42 S
Fort Valley, GA 31030-2854 | 11) Katherine A. Malone
4104 24 th St. #551
San Francisco, CA 94114
(415) 435-8650 |
| 6) Earl L. Malone
310 West Mescalero Rd., Apt #5
Roswell, NM 88201-5830
(505) 622-1383 | 12) Charles F. Malone, Jr.
P. O. Drawer 700
Roswell, NM 88201 |
| | 13) Jane M. Stockton
6756 Old Chisum Trail
Dexter, NM 88230-9618 |

- | | |
|--|--|
| <p>14) Kellie M. Kross
P. O. Box 1453
Roswell, NM 88202</p> <p>15) Christine V. Grim
P. O. Box 1453
Roswell, NM 88202</p> <p>16) Matthew N. Sorenson
P. O. Box 1453
Roswell, NM 88202</p> <p>17) New Mexico Western Minerals, Inc.
P. O. Box 1738
Roswell, NM 88201</p> <p>18) J. Mark Gresham
P. O. Box 662
Wharton, TX 77488
(409) 532-1485</p> <p>19) Los Siete Exploration, Inc.
215 W. Third
Roswell, NM 88201
(505) 622-5891</p> | <p>20) Black Shield Development
P. O. Box 10151
El Paso, TX 79995
(915) 778-5000</p> <p>21) Pecos Slope Royalty Trust
P. O. Box 7127
Dallas, TX 75209
(214) 691-3384</p> <p>22) Ralph Briggs Harp or Estate of
Ralph Briggs Harp
10011 Cedar Creek Dr.
Houston, TX 77042
(713) 780-3547</p> <p>23) ChevronTexaco
f/ka Chevron USA, Inc.
P. O. Box 1635
Houston, TX 77251</p> <p>24) Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210</p> |
|--|--|

Township 9 ½ South, Range 24 East, NMPM
Section 36: All
Chaves County, New Mexico

- 1) Commisioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, NM 87504-1148
- 2) Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

CASE 13154:

Application of Yates Petroleum Corporation for nonstandard spacing and proration units, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order creating a non-standard 365.94-acre spacing and proration unit, for all formations and/or pools developed on 320-acre spacing, comprised of Lots 1 through 4 of in irregular Section 36 of Township 9 1/2 South, Range 24 East, NMPM and the N/2 of irregular Section 1, Township 10 South, Range 24 East, NMPM; and a non-standard 181.31-acre spacing and proration unit, for all formations and/or pools developed on 160-acre spacing, comprised of Lots 1 and 2, of irregular Section 36, Township 9 1/2 South, Range 24 East, NMPM, and Lots 1 and 2 and the S/2 NE/4 of irregular Section 1, Township 10 South, Range 24 East, NMPM. Yates proposes to dedicate these non-standard spacing units to its Erma Com Well No. 2 to be drilled at a standard location 660 feet from the North and East lines (Unit A) of said Section 1 to a depth sufficient to test all formations from the surface to the Precambrian formation. These non-standard units are located approximately 4 miles northeast of Roswell, New Mexico.

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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TELEPHONE (505) 988-4421
FACSIMILE (505) 983-
6043

William F. Carr
wcarr@hollandhart.com

September 18, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Yates Petroleum Corporation for nonstandard spacing and proration units,
Chaves County, New Mexico.

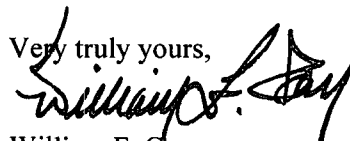
Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the creation of nonstandard spacing and proration units comprised of Lots 1 through 4 of irregular Section 36, Township 9 1/2 South, Range 24 East, NMPM, and Lots 1 through 4 and the S/2 N/2 of Section 1, Township 10 South, Range 24 East, NMPM, Chaves County, New Mexico. Said non-standard units will be dedicated to Yates Petroleum Corporation's proposed Erma Com Well No. 2 which it proposes to drill at a standard gas well location 660 feet from the North and East lines of said Section 10 to test all formations from the surface to the Pre-cambrian formation.

This application has been set for hearing before a Division Examiner on October 9, 2003. The hearing will be held in Porter Hall at the Division's Santa Fe offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr
Attorney for Yates Petroleum Corporation

Enclosure

cc: Chuck Moran