BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

CASE NO.____

<u>AFFIDAVIT</u>

)

STATE OF NEW MEXICO) ss. COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Yates Petroleum Corporation, the Applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.

William F.

SUBSCRIBED AND SWORN to before me this $\frac{19}{12}$ day of September 2003.



My commission expires

My Commission Expires:

anuary 14, 8007

3133542_1.DOC

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. <u>13154</u> Exhibit No. 2 Submitted by: <u>YATES PETROLEUM CORPORATION</u> Hearing Date: <u>October 9, 2003</u>

EXHIBIT A

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

<u>Township 10 South, Range 24 East, NMPM</u> Section 1: All Chaves County, NM

- Michael Shearn Box 10120 El Paso, TX 79995 (915) 778-5000
- 2) Sol West, III 4120 Rio Bravo, Ste 305 El Paso, TX 79902 (915) 778-5000
- 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
- 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
- 5) The Heirs or Devises Edna M. Schwarz 6529 GA Highway 42 S Fort Valley, GA 31030-2854
- 6) Earl L. Malone
 310 West Mescalero Rd., Apt #5
 Roswell, NM 88201-5830
 (505) 622-1383

- 7) Trustee's of The Andersen-Malone Trust Dated 12/5/91
 P. O. Box 87
 Roswell, NM 88202-0087
 (505) 622-9875
- Louise F. Malone

 1061 Skyline Blvd
 Reno, NV 89509-3556
 (775) 747-6557
- 9) Margaret Malone Todaro, P. O. Box 1342 Kihei Maui, HI 96753
- Lynn Malone Karnes (Clemens)
 407 Tierra Berrenda Dr.
 Roswell, NM 88201-7837
- 11) Katherine A. Malone
 4104 24th St. #551
 San Francisco, CA 94114
 (415) 435-8650
- 12) Charles F. Malone, Jr. P. O. Drawer 700 Roswell, NM 88201
- 13) Jane M. Stockton6756 Old Chisum TrailDexter, NM 88230-9618

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- 14) Kellie M. Kross P. O. Box 1453 Roswell, NM 88202
- 15) Christine V. Grim P. O. Box 1453 Roswell, NM 88202
- 16) Matthew N. SorensonP. O. Box 1453Roswell, NM 88202
- 17) New Mexico Western Minerals, Inc.P. O. Box 1738Roswell, NM 88201
- 18) J. Mark Gresham
 P. O. Box 662
 Wharton, TX 77488
 (409) 532-1485
- 19) Los Siete Exploration, Inc.
 215 W. Third
 Roswell, NM 88201
 (505) 622-5891

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

- Commissioner 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

- 20) Black Shield Development
 P. O. Box 10151
 El Paso, TX 79995
 (915) 778-5000
- Pecos Slope Royalty Trust
 P. O. Box 7127
 Dallas, TX 75209
 (214) 691-3384
- 22) Ralph Briggs Harp or Estate of Ralph Briggs Harp
 10011 Cedar Creek Dr.
 Houston, TX 77042
 (713) 780-3547
- 23) ChevronTexaco f/ka Chevron USA, Inc.P. O. Box 1635 Houston, TX 77251
- 24) Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

HOLLAND & HART LLP ATTORNEYS AT LAW

DENVER • ASPEN BOULDER • COLORADO SPRINGS DENVER TECH CENTER BILLINGS • BOISE CHEYENNE • JACKSON HOLE SALT LAKE CITY • SANTA FE WASHINGTON, D.C. P.O. BOX 2208 SANTA FE, NEW MEXICO 87504-2208 110 NORTH GUADALUPE, SUITE 1 SANTA FE, NEW MEXICO 87501-8525 TELEPHONE (505) 988-4421 FACSIMILE (505) 983-6043

William F. Carr wcarr@hollandhart.com

September 18, 2003

<u>CERTIFIED MAIL</u> 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.

truly yours

William F. Carr Attorney for Yates Petroleum Corporation

Enclosure cc: Chuck Moran DENVER • ASPEN BOULDER • COLORADO SPRINGS DENVER TECH CENTER BILLINGS • BOISE CHEYENNE • JACKSON HOLE SALT LAKE CITY • SANTA FE WASHINGTON, D.C.

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

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.

CASE NO.

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

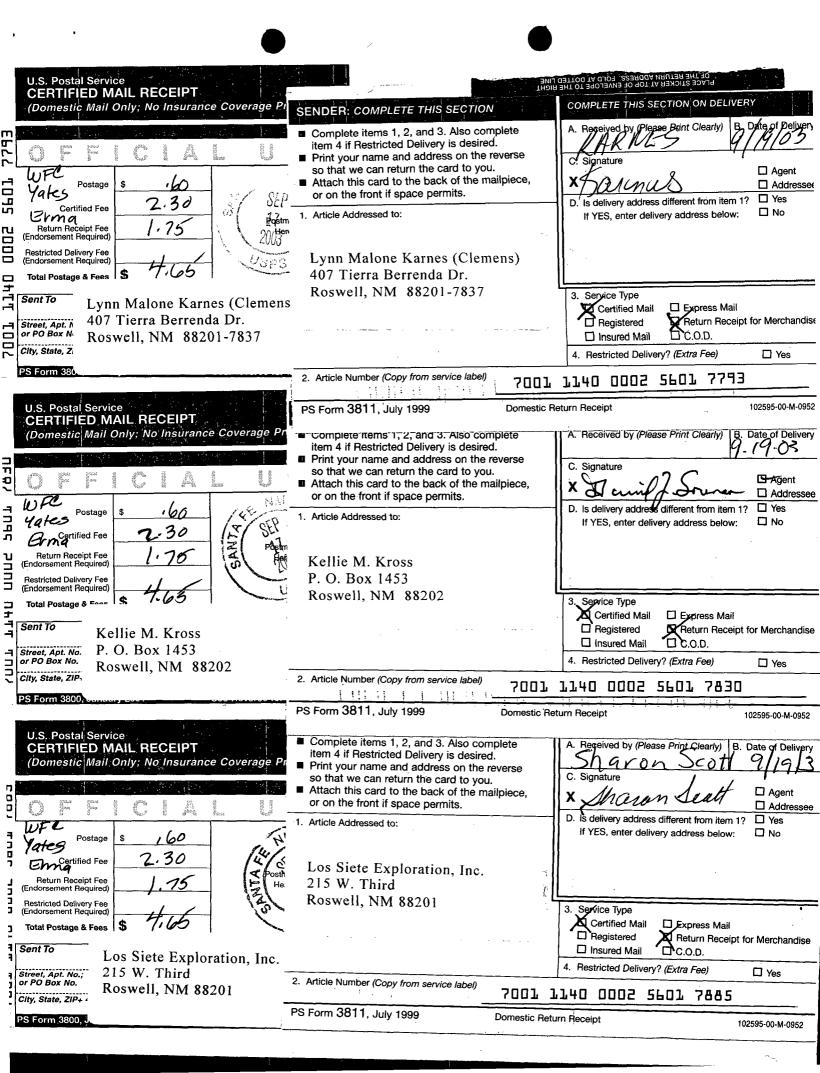
ATTORNEYS FOR YATES PETROLEUM CORPORATION

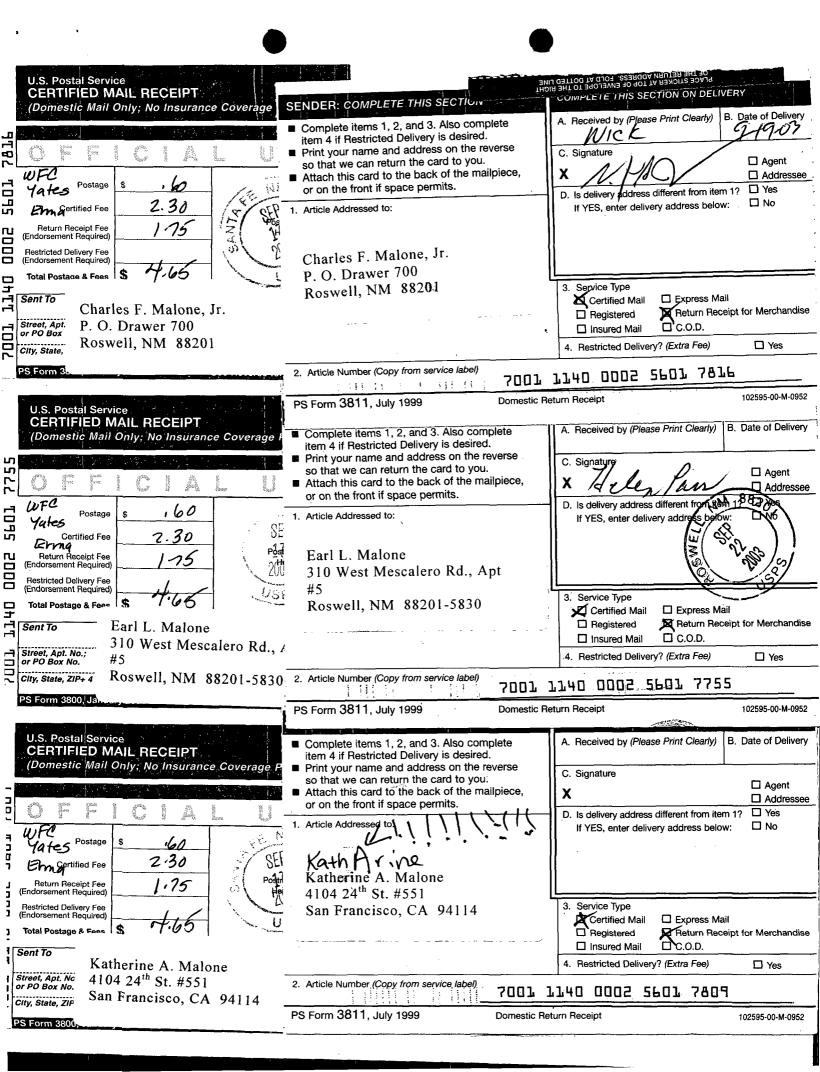
CASE

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 nonstandard 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.



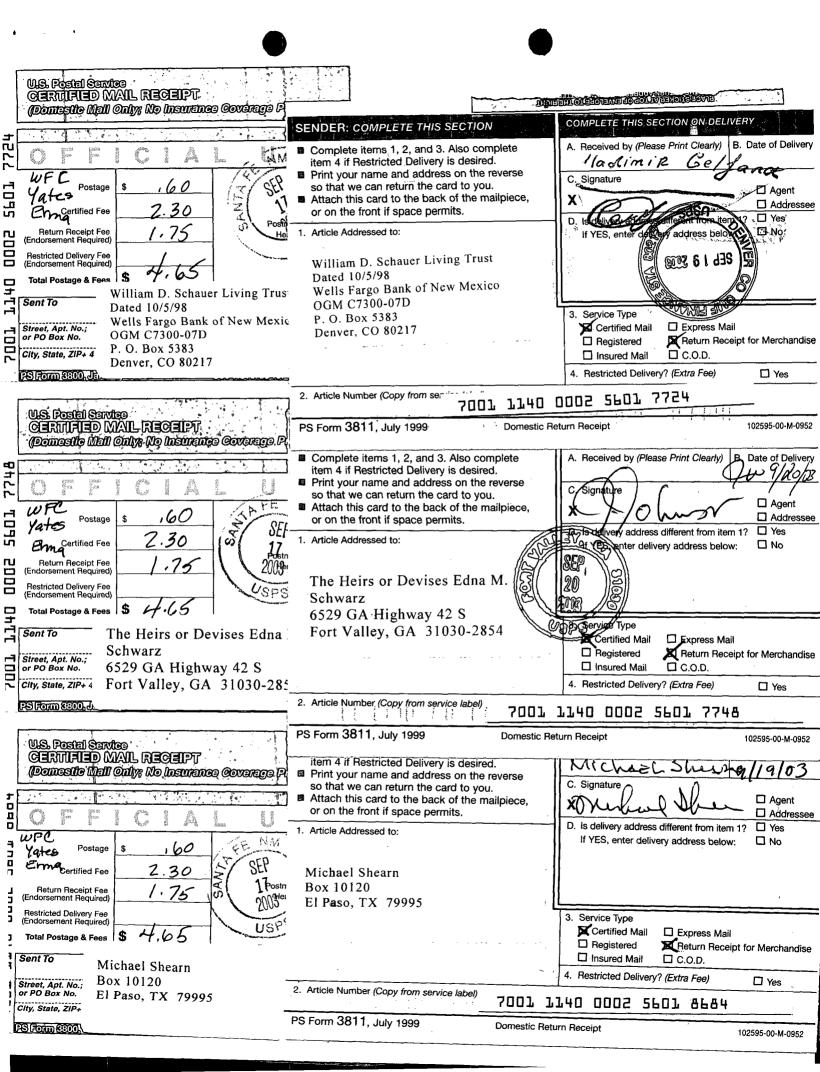




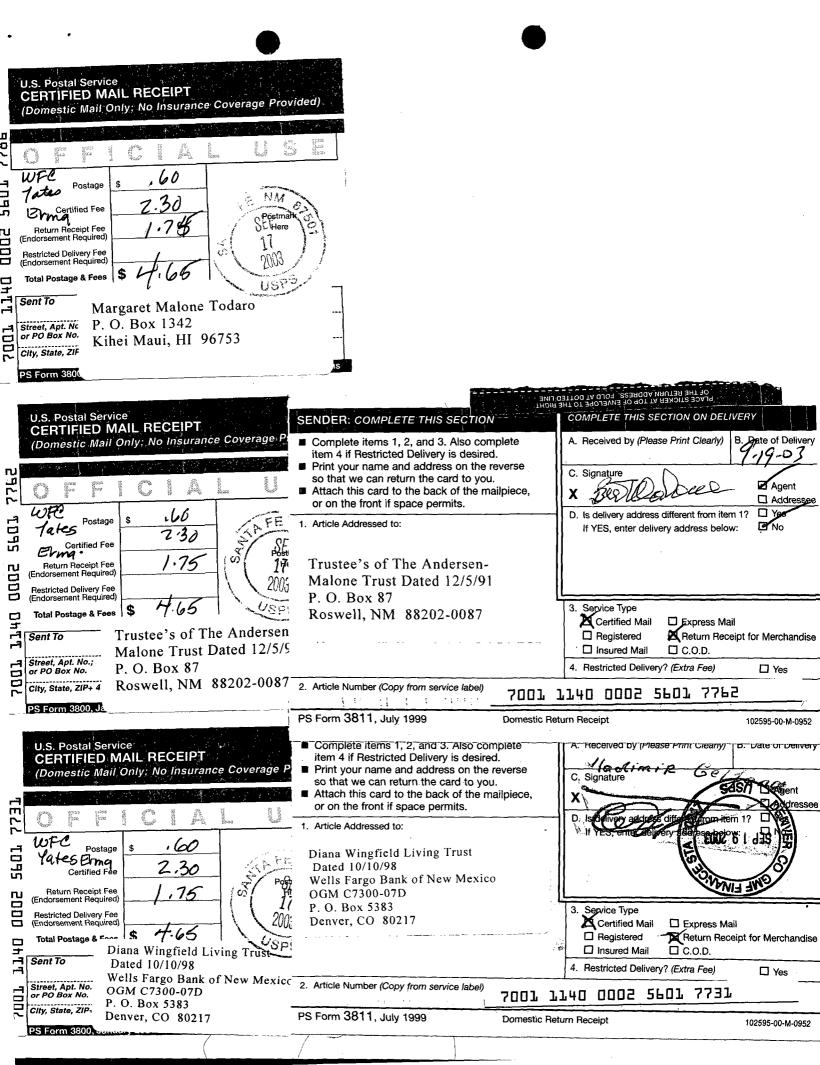




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2007 7740 0005 2P07 2434	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only: No Insurance Coverage Pr (Domestic Mail Only: No I	 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation 105 South Founth Street Artesia, NM 88210 	A. Received by (Please Print Clearly) Experiences C. Signature SEP 1 9 2003 KATHY DONAG Agent Addresse D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
			3. Service Type Certified Mail Express Mail Registered Return Receipt for Merchandis Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
	Street, Apt. No.; or PO Box No. City, State, ZIP+ Myco Industries, Inc. Abo Petroleum Corporation 105 South Fourth Street	2. Article Number (Copy from service label) PS Form 3811, July 1999 Domestic Ret	1140 0002 5601 7939
	Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees Yates Petroleum Corporation Sent To Street, Apt. No.; or PO Box No. Certified Fee Yates Drilling Company Myco Industries, Inc. Abo Petroleum Corporation 105 Sent For No.; Abo Petroleum Corporation	Myco Industries, Inc. Abo Petroleum Corporation 105 South Found Street Artesia, NM 88210 2. Article Number (Copy from service label) 7001	Certified Mail Express Mail Registered C.O.D. Restricted Delivery? (Extra Fee) Yes LL40 0002 5601 7939

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