

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

**IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION,
FOR AMENDMENT OF COMPULSORY POOLING,
ORDER NO. R-11542 TO CHANGE THE DEDICATED
SPACING UNIT, LEA COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV.
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CASE NO. 12665

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 Amendment of Division Order No. R-11542 to pool all mineral interests in all formations from the surface to the base of the Morrow formation in the W/2 of Section 13, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico to form a standard spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Morton-Morrow Gas Pool, and in support of its application states:

1. By Order No. R-11542 dated March 7, 2001, the Division granted the application of Yates Petroleum Corporation for an order pooling the following spacing units in Section 13, Township 15 South, Range 34 East, NMPM:

- A. S/2 to form a standard gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent

which includes but is not necessarily limited to the Undesignated Morton Morrow Gas Pool; and

- B. SW/4 to form a standard gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent.

These spacing or proration units are dedicated to the Yates Chevy AWV State Com Well No. 1 to be drilled at a standard location 1650 feet from the South and West lines of said Section 13 to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

2. The only interest owner in the above-referenced spacing and proration units who had not voluntarily committed its interest to the proposed well and was Chevron USA Production Company, Post Office Box 1150, Midland, Texas 79702 and Chevron will be the only interest owner in the W/2 of Section 13 not voluntarily committed to this well.

3. Yates seeks amendment of Order No. R-11542 to pool the W/2 of this section instead of the S/2 of the Section for the Chevy AWV State Com Well No. 1.

4. Approval of a stand up W/2 unit for this well will increase result in a more effective development of the Morrow formation under this section and, if the well is successful will make available to Chevron and others a stand up E/2 unit in this section for further development of this acreage.

5. Chevron does not oppose this amendment of Order No. R-11542.

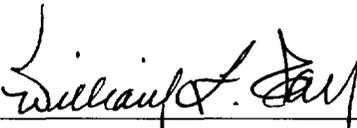
6. This amendment of Division Order No. R-11542 and said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, compulsory pooling Order No. R-11542 should be amended, all mineral interests in the W/2 of said Section 13 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 May 17, 2001, and, after notice and hearing as required by law, the Division enter its order amending Order No R-11542 to pool all mineral interests in the W/2 of Section 13, Township 15 South, Range 34 East, NMPM lea County, New Mexico for its Chevy "AWV" State Com Well No. 1.

Respectfully submitted,

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AND
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ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 12665:

Application of Yates Petroleum Corporation for amendment of compulsory pooling order No. R-11542 to change the dedicated spacing unit, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending pooling order No. R-11542 to pool all mineral interests in all formations from the surface to the base of the Morrow formation in the W/2 of Section 13, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico to form a standard spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Morton-Morrow Gas Pool. Said unit is to be dedicated to the Chevy AWW State Com Well No. 1 to be drilled at a standard location 1650 feet from the South and West lines of said Section 13 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Said well is located approximately 6 miles northwest of Lovington, New Mexico.