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October 9, 2001

HAND-DELIVERED

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

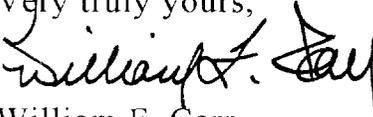
12751

1007-9 11/4/01
NEW MEXICO

Re: Application of Yates Petroleum Corporation for Pool Creation, and Special Pool Rules including special well spacing and location requirements and a special oil depth bracket allowable, Chaves County, New Mexico.

Dear Ms. Wrotenbery:

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 November 1, 2001 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Dave Boneau
Yates Petroleum Corporation

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

**IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR
POOL CREATION AND SPECIAL POOL RULES
INCLUDING SPECIAL WELL SPACING AND
LOCATION REQUIRMENTS AND A SPECIAL
OIL DEPTH BRACKET ALLOWABLE,
CHAVES COUNTY, NEW MEXICO.**

CASE NO. 12751

OCT 9 10 4:53 AM '09
OIL CONSERVATION DIV

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order creating a new pool for the production of oil to be known as the "Pecos Slope Deep Oil Pool" as the result of the drilling of the George "QJ" Federal Well No. 10 as an oil well 660 feet from the South line and 1500 feet from the West line of Section 26, Township 6 South, Range 25 East, NMPM, Chaves County, New Mexico. Yates also seeks the promulgation of Special Pool Rules and Regulations for this new oil pool which provide for:

A. oil spacing units comprised of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single section being a legal subdivision of the U. S. Public Lands Surveys with wells located no closer than 660 feet from the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or inner subdivision inner boundary;

B. one infill well on each 320-acre unit provided that the well is located in the quarter section of the 320-acre unit not containing the initial well and is located no closer than 660 feet from to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line of subdivision inner boundary; provided that the Division-designated operator for the infill well is the same operator designated by the Division for the initial well; and

C. a depth bracket allowable of 694 barrels of oil per 320-acre unit.

In support of this application Yates states:

1. The Yates Petroleum Corporation George "QJ" Federal Well No. 10 has been drilled and completed as an oil well which produces through perforations from 4996 feet to 5010 feet in the Upper Pennsylvanian (Cisco) formation. The W/2 of said Section 26 is dedicated to the well.

2. Yates seeks the creation of a new pool for the production of oil for the George "QJ" Federal Well No. 10 to include all zones below the base of the Abo formation to be known as the Pecos Slope Deep Oil Pool to be comprised of the following acreage in Chaves County, New Mexico:

Township 6 South, Range 25 East, N.M.P.M.

Section 6: W/2

3. The George "QJ" Federal Well No. 10 can produce at rates in excess of the authorized depth bracket allowable for wells completed below

5000 feet and continuing to produce wells at these rates will result in hydrocarbons ultimately being left in the ground thereby causing waste.

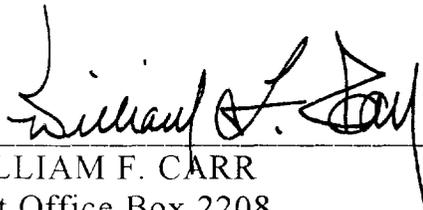
4. Approval of the requested special well location and spacing requirements would be consistent with the spacing and well location requirements for natural gas, will thereby result in orderly development of these oil reserves and will result in a development pattern which will effectively and efficiently drain the oil reserves in this pool.

5. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation 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 November 1, 2001, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART LLP
and
CAMPBELL & CARR

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421
ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 12751: Application of Yates Petroleum Corporation for pool creation and special pool rules including special spacing and well location requirements and a special oil depth bracket allowable Chaves County, New Mexico. Applicant, in the above-styled cause seeks the creation of a new pool, to be known as the Pecos Slope Deep Oil Pool, as the result of the discovery of oil in its George "QJ" Federal Well No. 10 located 660 feet from the South line and 1500 feet from the West Line of Section 26, Township 6 South, Range 25 East, NMPM, Chaves County, New Mexico.. The pool boundaries for this new oil pool should include the W/2 of Section 26, Township 6 South, Range 25 East, NMPM, and it should include all formations below the base of the Abo formation. Applicant also seeks the adoption of Special Pool Rules and Regulation for the pool including 320-acre oil well spacing, a pre-approved infill well in the quarter section not containing the original well and, pursuant to Division General Rule 505-D, a special depth bracket allowable of 694 barrels of oil per day. Said pool area is located approximately 26 miles north of Roswell, New Mexico.