



February 11, 2009

HAND-DELIVERED

Mark E. Fesmire, P. E.
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 administrative approval of a 423.96 acre non-standard gas spacing unit for all formations developed on 320-acre spacing for its Osage Fee Well No. 1 comprised of the S/2 of Section 30, and all of Irregular Section 31, Township 26 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

Yates Petroleum Corporation ("Yates") hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.11.B(3), of a 423.96 acre non-standard gas spacing and proration unit to be comprised of the S/2 of Section 30 (329.32 acres), and all of Irregular Section 31 (94.64 acres) of Township 26 South, Range 24 East, N.M.P.M., Eddy County, New Mexico in the Devonian formation. This spacing unit will be dedicated to Yates Osage Fee Well No. 1 (API No. 30-015-36074) to be drilled as a wildcat well to test all formations developed on 320-acre spacing units (Strawn, Atoka, Morrow, Barnett Shale, Mississippian Lime and Devonian) from a surface location 760 feet from the South line and 660 feet from the West line of said Section 30.

This non-standard gas spacing and proration unit is necessary because of a variation in the legal subdivision of the United States Public Land Surveys. Without this non-standard unit the reserves under Irregular Section 31 will not be dedicated to a well, the hydrocarbons under these lands drained and the correlative rights of the owners in Irregular Section 31 will be impaired.



Attached hereto as **Exhibit A** is a copy of the Well Location and Acreage Dedication Plat Division for this well (Form C-102). Although Marbob Energy Corporation filed the Form C-102 for this well, Yates Petroleum Corporation will operate the well. This non-standard spacing and proration unit is comprised of contiguous quarter-quarter sections and lots. It lies wholly within the S/2 half of Section 30 and all of Irregular Section 31. Attached as **Exhibit B** is a plat which shows the subject spacing unit for this well and all adjoining spacing units or leases.

There are no owners of interest in the mineral estate to be excluded from this non-standard proration unit and therefore no parties to whom notice is required by Oil Conservation Division Rule 19.15.4.12.A(3). Attached as **Exhibit C** is a list of all working interest owners in Sections 30 and 31 of Township 26 South, Range 24 East, NMPM. All working interest owners in Sections 30 and 31 have voluntarily committed their interests to this well and unit and support this application.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr
Attorney for Yates Petroleum Corporation

Enclosures

cc: Ms. Janet Richardson
Assistant Land Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Form C-102
Permit 68817

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-36074	2. Pool Code 96750	3. Pool Name WILDCAT G08 S231630C;DEVONIAN (G)
4. Property Code 36972	5. Property Name OSAGE FEE	6. Well No. 001
7. OGRID No. 14049	8. Operator Name MARBOB ENERGY CORP	9. Elevation 3978

10. Surface Location

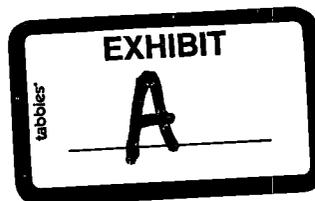
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	30	26S	24E	M	760	S	660	W	EDDY

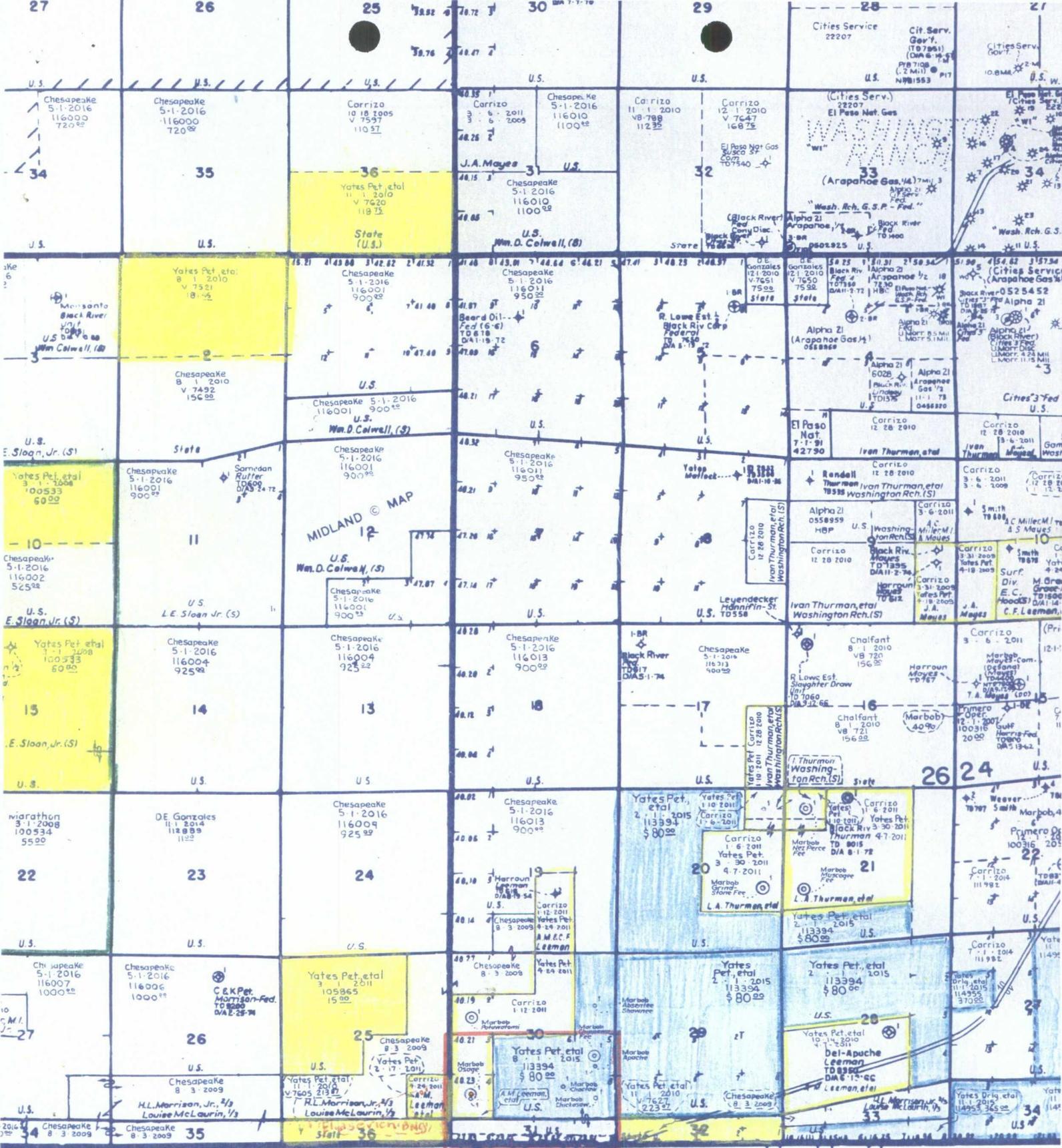
11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 329.32		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION		
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p>		
	<p>E-Signed By: Diana Briggs Title: Production Analyst Date: 2/4/2008</p>		
	SURVEYOR CERTIFICATION		
<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p>			
<p>Surveyed By: Ronald Eidson Date of Survey: 1/11/2008 Certificate Number: 3239</p>			





CULBERSON, West

CULBERSON, East

R-24-E

EXHIBIT
B



and Map

EXHIBIT C
WORKING INTEREST OWNERS

Sections 30 and 31, Township 26 South, Range 24 East, NMPM

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Chesapeake Exploration Limited Partnership
Post Office Box 18496
Oklahoma City, Oklahoma 73154-0496

Carrizo Oil & Gas, Inc.
1000 Louisiana Street, Suite 1500
Houston, Texas 77002-5018

Marbob Energy Corporation
Post Office Box 227
Artesia, New Mexico 88211-0227

