

April 13, 2004

Case 13254

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APR 13 2004

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

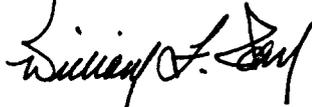
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Amended application of Yates Petroleum Corporation for Compulsory Pooling,
Chaves County, New Mexico.

Dear Ms. Prukop:

Enclosed in triplicate is the amended 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 May 13, 2004 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Charles 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

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IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING, CHAVES
COUNTY, NEW MEXICO.

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
CASE NO. 13254

AMENDED APPLICATION

YATES PETROLEUM CORPORATION, ("Yates") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the Pre-Cambrian formation in the E/2 of Section 2, Township 8 South, Range 26 East, N.M.P.M., Chaves County, New Mexico for all formations and/or pools developed on 319.89-acre spacing which includes but is not limited to the Undesignated Foor Ranch-Pre-Permian Gas Pool and the Undesignated South Leslie Spring-Wolfcamp Gas Pool, and in support of its application states:

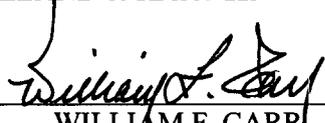
1. Yates Petroleum Corporation is a working interest owner in the E/2 of said Section 2 and has the right to drill thereon.
2. Yates proposes to dedicate the above-referenced spacing or proration units to its Value "BCV" State Com Well No. 1 to be drilled at a standard gas well location 990 feet from the South line and 1980 feet from the East line (Unit O) of said Section 2, to an approximate depth of 5,945 feet to test any and all formations from the surface to the Pre-Cambrian formation.
3. Yates has sought and been unable to obtain a voluntary agreement for the development of these lands from certain mineral interest owners in the subject spacing units who are identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Yates to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests 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 amended application be set for hearing before an Examiner of the Oil Conservation Division on May 13, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Yates Petroleum Corporation operator of these units and the well to be drilled thereon,
- C. authorizing Yates Petroleum Corporation to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Yates Petroleum Corporation in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

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

**AMENDED APPLICATION OF
YATES PETROLEUM CORPORATION.
FOR COMPULSORY POOLING
E/2 OF SECTION 2, TOWNSHIP 8 SOUTH, RANGE 26 EAST, N.M.P.M.
CHAVES COUNTY, NEW MEXICO.**

John D. Cadigan
Post Office Drawer F
Cashmere, Washington 98815

Greg Vujocich
100 Mount Highway 287 North
Ennis, Montana 59729-9122

Heirs and Devisees of Linda Cadigan
c/o John D. Cadigan
Post Office Drawer F
Cashmere, Washington 98815

CASE 13254:

Amended application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Pre-Cambrian formation in all spacing and proration units located in the E/2 of Section 2, Township 8 South, Range 26 East, N.M.P.M., Chaves County, New Mexico for all formations and/or pools developed on 319.89-acre spacing which includes but is not limited to the Undesignated North Foor Ranch-Pre-Permian Gas Pool and the Undesignated South Leslie Spring-Wolfcamp Gas Pool. Said units are to be dedicated to its Value "BCV" State Com Well No. 1 to be drilled at a standard gas well location 990 feet from the South line and 1980 feet from the East line (Unit J) of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 26 miles Northeast of Roswell, New Mexico.



April 13, 2004

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Amended application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the E/2 of Section 2, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico. Said units will be dedicated to Yates Petroleum Corporation's proposed Value "BCV" State Com Well No. 1 which it proposes to drill at a standard gas well location in the 990 feet from South line and 1980 feet from East line (Unit O) of said Section 2 to test all formations from the surface to the Pre-Cambrian formation.

This application has been set for hearing before a Division Examiner on May 13, 2004. 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 located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, 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

cc: Charles Moran
Yates Petroleum Corporation