



April 6, 2004

**HAND-DELIVERED**

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

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APR 6 2004

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

Case 13254

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

Dear Ms. Prukop:

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 April 29, 2004 Examiner hearings.

Very truly yours,

William F. Carr  
ATTORNEY FOR YATES PETROLEUM CORPORATION

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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APR 6 2004

**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 87606

CASE NO. 13254

**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 N/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 320-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:

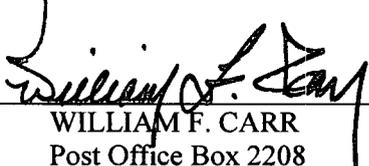
1. Yates Petroleum Corporation is a working interest owner in the N/2 of said Section 2 and has the right to drill thereon.
2. Yates proposes to dedicate the above-referenced spacing or proration units to its Value "BCV" State Com Well No. 1 to be drilled at a standard gas well location 1990 feet from the South line and 1980 feet from the East line (Unit J) 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 application be set for hearing before an Examiner of the Oil Conservation Division on April 29, 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**

**APPLICATION OF  
YATES PETROLEUM CORPORATION.  
FOR COMPULSORY POOLING  
N/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

Thornton Operating Corp.  
Post Office Box 833  
Midland, Texas 79702

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

CASE 13254:

**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 N/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 320-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 1990 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.