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William F. Carr

wcarr@hollandhart.com

July 15, 2003

HAND-DELIVERED

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

Case 13123

RECEIVED

JUL 15 2003

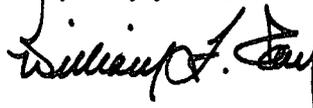
Oil Conservation Division

Re: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox oil well location, Chaves County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in duplicate 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 August 7, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Chuck 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

RECEIVED

**IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND AN
UNORTHODOX OIL WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.**

JUL 15 2003

Oil Conservation Division
CASE NO. 73723

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 an order pooling all mineral interests from the surface to the base of the Pre-cambrian formation in the following described spacing and proration units located in the W/2 of Section 6, Township 10 South, Range 25 East, N.M.P.M., Chaves County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Pecos Slope-Abo Gas Pool; and the NE/4 NW/4 for all formations and/or pools developed on 40-acre spacing, and in support of its application states:

1. Yates Petroleum Corporation is a working interest owner in the W/2 of said Section 6 and has the right to drill thereon.

2. Yates proposes to dedicate the above-referenced spacing or proration units to its Delhagen "BAJ" Com Well No. 1 to be drilled at a standard gas well location 990 feet from the North line and 1330 feet from the West line (Unit C) of said Section 6, to an approximate depth of 4995 feet to test any and all formations from the surface into the the Pre-cambrian formation. The well will be at an unorthodox location for any formation and/or pool developed on 40-acre oil spacing.

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.

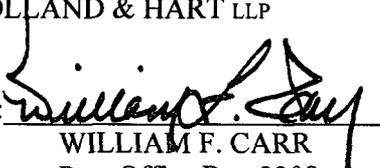
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 August 7, 2003 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,
- 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, and
- F. approving an unorthodox oil well location for 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 AND AN UNORTHODOX OIL WELL LOCATION
W/2 OF SECTION 6, TOWNSHIP 10 SOUTH, RANGE 25 EAST, N.M.P.M.
CHAVES COUNTY, NEW MEXICO.**

La Vera Jean Terry
unable to locate

Jimmie Walker
1600 South Sunset
Roswell, New Mexico 88202

Billy Joe McClain and Bonnie R. McClain
3355 Highway 82
Mayhill, New Mexico 88339

First Roswell Company
Post Office Box 1797
Roswell, New Mexico 88202-1797

CASE 13/23 :

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox oil well location, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface into the Pre-cambrian formation in the following described spacing and proration units located in the W/2 of Section 6, Township 10 South, Range 25 East, N.M.P.M., Chaves County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Pecos Slope-Abo Gas Pool; and the NE/4 NW/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Delhagen "BAJ" Com Well No. 1 to be drilled at a standard gas well location 990 feet from the North line and 1330 feet from the West line (Unit C) of said Section 6. This location will be unorthodox for any formation and/or pool developed on 40-acre oil spacing. 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 5 miles east northeast of Roswell, New Mexico.

HOLLAND & HART^{LLP}
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6043

William F. Carr
wcarr@hollandhart.com

July 17, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

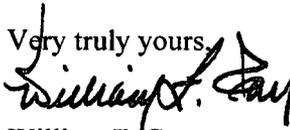
Re: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox oil well location, Chaves County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the W/2 of Section 6, Township 10 South, Range 25 East, NMPM, Chaves County, New Mexico. Said units will be dedicated to Yates Petroleum Corporation's proposed Delhagen "BAJ" Com Well No. 1 which it proposes to drill at a standard gas well location 990 feet from the North line and 1330 feet from the West line in the NE/4 NW/4 of said Section 6 to test all formations from the surface into the Precambrian formation. This location is unorthodox for any formation developed on 40-acre oil well spacing.

This application has been set for hearing before a Division Examiner on August 7, 2003. 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

cc: Chuck Moran