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HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13629

2005 DEC 20 PM 3 32

Re: Application of Yates Petroleum Corporation for Pool Creation and the Adoption of
Special Pool Rules, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the docket for the January 19, 2006 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Ms. Carolyn Yates
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

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

2005 DEC 20 PM 3:32

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION
FOR POOL CREATION AND THE ADOPTION OF SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

CASE NO. 13629

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 hydrocarbons from the Wildcat Permo Pennsylvanian formation and adopting, Special Pool Rules and Regulations for the new pool that provide for 160-acre spacing and proration units and special well location requirements, and in support of this application states:

1. Yates drilled and originally completed its Judson "AUU" State Well No. 2 (API NO. 30-025-36886) as a wildcat well at a standard gas well location in the Morrow formation at a point 660 feet from the South line and 1980 feet from the East line of Section 26, Township 10 South, Range 34 East, NMPM, Lea County, New Mexico. This well was recompleted and produces through perforations from 9987 feet to 9992 feet, 9994 feet to 9997 feet, and 10000 feet to 10002 feet in the Upper Permo Pennsylvanian formation.

2. As a result of the discovery of hydrocarbons in the Judson "AUU" State Well No. 2, a new pool for the production of oil from the Permo Pennsylvanian formation should be created. The initial pool boundaries should be comprised of the following acreage:

Township 10 South, Range 34 East, NMPM

Section 26: SE/4

3. Initial production tests on the Judson "AUU" Well No. 2 show that it is located in a new common source of supply and that, to efficiently produce the reserves from this new pool, special spacing and well location requirements are needed.

4. Yates seeks the adoption of Special Pool Rules and Regulations which provide for oil spacing units in the Wildcat Permo Pennsylvanian formation comprised of 160 surface contiguous acres, more or less, comprising a quarter section of a single section being a legal subdivision of the U. S. Public Lands Survey with wells to be located no closer than 330 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.

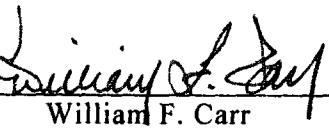
5. The Judson "AUU" State Well No. 2 is the only well in this common source of supply and, depending on the performance of this well, additional wells may be drilled in this pool.

6. Approval of this application for new pool creation and the adoption of special spacing and well location rules will enable Yates to efficiently produce the reserves from this reservoir and will otherwise be in the best interest of conservation, the prevention of waste 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 January 19, 2006, 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

By: 
William F. Carr

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ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 13629:

Application of Yates Petroleum Corporation for pool creation and the adoption of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause seeks creation of a new pool comprised of the SE/4 of Section 26, Township 10 South, Range 34 East, NMPM, as a result of the discovery of hydrocarbons in the Permo Pennsylvanian formation in its Judson "AUU" State Well No. 2 located 660 feet from the South line and 1980 feet from the East line of said Section 26. Applicant also seeks the adoption of Special Pool Rules and Regulations for the pool including provisions for 160-acre gas spacing and proration units and special well location requirements. This pool is located approximately 10 miles northwest of Tatum, New Mexico.