

HOLLAND & HART^{LLP}



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July 10, 2007

VIA HAND DELIVERY

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 13968

RECEIVED
2007 JUL 10 PM 2 58

Re: Application of Yates Petroleum Corporation for non-standard spacing and proration units, Chaves 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 requests that this matter be placed on the docket for the August 9, 2007 Examiner hearings.

Sincerely yours,

Ocean Munds-Dry

Ocean Munds-Dry
**ATTORNEY FOR
YATES PETROLEUM CORPORATION**

cc: Mr. Lucky Briggs

Holland & Hart LLP

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

**IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR NON-STANDARD SPACING AND
PRORATION UNITS,
CHAVES COUNTY, NEW MEXICO**

CASE NO.: 13968

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APPLICATION

YATES PETROLEUM CORPORATION, ("Yates") through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order creating non-standard spacing and proration units in irregular Section 36 of Township 9 ½ South, Range 24 East, NMPM and irregular Section 1, Township 10 South, Range 24 East, NMPM, Chaves County, New Mexico and in support of its application states:

1. Yates Petroleum Corporation is a working interest owner in the W/2 of irregular Section 36 of Township 9 ½ South, Range 24 East and in the NW/4 of irregular Section 1, Township 10 South, Range 24 East, NMPM and has the right to drill thereon.

2. The W/2 of Section 36 is comprised of Lots 3 and 4 with a total acreage of 24.90 acres of State of New Mexico lands. The NW/4 of irregular Section 1 is comprised of Lots 3 and 4 and the S/2 NW/4 with a total acreage of 159.73 acres of Fee lands.

3. Yates seeks an order combining these tracts to form a 184.63-acre spacing and proration unit comprised of Lots 3 and 4 of said Section 36 and Lots 3 and 4 and the S/2 NW/4 of Section 1 for all formations developed on 160-acre spacing; and a 52.06-acre spacing and proration unit comprised of Lot 3 of Section 36 and Lot 3 of Section 1 for all formations developed on 40-acre spacing.

4. Yates proposes to dedicate these non-standard spacing units to its Erma Com Well No. 3 to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Lot 3) of Section 1 to an approximate depth of 4774 feet.

5. Yates has provided notice of this application to all interest owners in the subject spacing units identified in Exhibit A to this application.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 9, 2007 and, after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By: Ocean Munds-Dry
WILLIAM F. CARR
OCEAN MUNDS-DRY
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 NONSTANDARD SPACING AND PRORATION UNITS
CHAVES COUNTY, NEW MEXICO.**

State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504-1148

Lynn M. Karnes, as separate property
P.O. Box 87
Roswell, NM 88202-0087

Wells Fargo Bank of New Mexico
Trustee of the William D. Shauer Trust
P.O. Box 1959
Midland, TX 79702

Katharine A. Malone, as separate property
4104 24th St. #551
San Francisco, CA 94114

Wells Fargo Bank of NM
Trustee of the Diana Wingfield Trust
P.O. Box 1959
Midland, TX 79702

Charles F. Malone, Jr., as separate property
2701 Chrysler Dr.
Roswell, NM 88201

Anne S. Johnson, as separate property
14511 W. Selma
Wichita, KS 67227

Jane M. Stockton, as separate property
6756 Old Chisum Trail
Dexter, NM 88230

Rosser E. Schwarz, as separate property
324 W. Ramona Ave.
Colorado Springs, CO 80906-2177

Kellie M. Kross, as separate property
P.O. Box 1453
Roswell, NM 88202-1453

Earl L. Malone, LLC
P.O. Box 87
Roswell, NM 88202-0087

Christine V. Merchant, as separate property
P.O. Box 1453
Roswell, NM 88202-1453

Anderson-Malone, LLC
P.O. Box 87
Roswell, NM 88202-0087

Matthew N. Sorenson, as separate property
P.O. Box 1453
Roswell, NM 88202-1453

Louise F. Malone, as separate property
2 Calle De Oro
Tijeras, NM 87059

New Mexico Western Minerals, Inc.
P.O. Box 1738
Roswell, NM 88202-1738

Margaret M. Dickison (Todaro), as
separate property
2412 La Estrella St.
Henderson, NV 89014

J. Mark Gresham
P.O. Box 662
Wharton, TX 77488

Los Siete Exploration, Inc.
215 W. Third
Roswell, NM 88201

Ralph B. Harp, et ux.
Dorothy Harp
c/o Bob Harp
10011 Cedar Creek Dr.
Houston, TX 77042

Chevron USA, Inc.
Attn: Land Data & Rentals
P.O. Box 1635
Houston, TX 77251

Sol West, III
P.O. Box 10151
El Paso, TX 79995

Michael Shearn
P.O. Box 10120
El Paso, TX 79995

Yates Petroleum Corporation
Abo Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
105 S. 4th Street
Artesia, NM 88210

CASE 1396:8

Application of Yates Petroleum Corporation for non-standard spacing and proration units, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order creating a non-standard 184.63-acre spacing and proration unit, for all formations and/or pools developed on 160-acre spacing, comprised of Lots 3 and 4 of irregular Section 36, Township 9 ½, Range 24 East, NMPM and Lots 3 and 4 and S/2 NW/4 of irregular Section 1, Township 10 South, Range 24 East, NMPM; and a non-standard 52.06-acre spacing and proration unit, for all formations and/or pools developed on 40-acre spacing, comprised of Lot 3 of said Section 36 and Lot 3 of said Section 1. Yates proposes to dedicate these non-standard spacing units to its Erma Com Well No. 3 to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line to an approximate depth of 4774 feet. These non-standard units are located approximately 12 miles northeast of Roswell, New Mexico.