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SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
110 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

March 31, 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

**RECEIVED**

MAR 31 2003

Oil Conservation Division

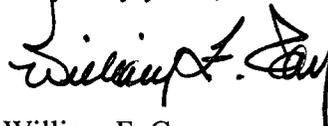
*Case 13055*

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

Dear Ms. Wrotenbery:

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 24, 2003 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

**RECEIVED**

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

MAR 31 2003

CASE NO. 13055  
Oil Conservation Division

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 in all formations from the surface to the basement in the following described spacing and proration units located in the W/2 of Section 11, Township 6 South, Range 26 East, N.M.P.M., Chaves County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing; the SW/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 SW4 SW/4 for all formations and/or pools developed on 40-acre spacing; and in support of its application states:

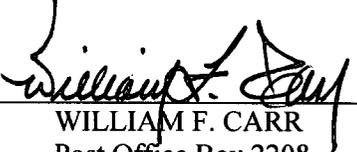
1. Yates Petroleum Corporation is a working interest owner in the W/2 of said Section 11 and has the right to drill thereon.
2. Yates proposes to dedicate the above-referenced spacing or proration units to its Stern "BCS" Com Well No. 1 to be drilled at a standard gas well location 660 feet from the South and West lines (Unit M) of said Section 11, to an approximate depth of 5,795 feet to test any and all formations from the surface to the basement.
3. Yates has sought and been unable to obtain a voluntary agreement for the development of these lands from certain 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 24, 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, 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  
W/2 OF SECTION 11, TOWNSHIP 6 SOUTH, RANGE 26 EAST, N.M.P.M.  
CHAVES COUNTY, NEW MEXICO.**

ExxonMobil and Production Company  
Post Office Box 4697  
Houston, Texas 77210  
Attention: Mr. Paul Keffer

Mobil Producing Texas & New Mexico, Inc.  
Post Office Box 4697  
Houston, Texas 77210  
Attention: Mr. Paul Keffer

James Hughes  
Post Office Box 156  
Roswell, New Mexico 88201

Jennie H. Mays  
R Rt 3-403 Meadow Brook Rd.  
Roswell, New Mexico 88201

Mardine H. Cooper  
Post Office Box 22  
Roswell, New Mexico 88201

Peggy H. Paradee  
6509 Oakhurst Drive  
Amarillo, Texas 79109

Richard Hughes  
Post Office Box 156  
Roswell, New Mexico 88201

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

DENVER • ASPEN  
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March 31, 2003

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**ALL AFFECTED INTEREST OWNERS:**

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

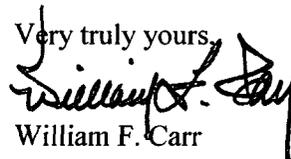
Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the W/2 of Section 11, Township 6 South, Range 26 East, NMPM, Chaves County, New Mexico. Said units will be dedicated to Yates Petroleum Corporation's proposed Stern "BCS" Com Well No. 1 which it proposes to drill at a standard gas well location in the SW4 SW/4 of said Section 11 to test all formations from the surface to the basement.

This application has been set for hearing before a Division Examiner on April 24, 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: Charles Moran  
Yates Petroleum Corporation