

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR THE ADOPTION OF
SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.**

EXHIBIT "A"

State of New Mexico
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504-1148



June 16, 2009

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

State of New Mexico
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

Re: Application of Yates Petroleum Corporation for the adoption of special pool rules,
Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application seeking an order adopting Special Pool Rules and Regulations for the Llano-Upper Pennsylvanian Pool located in the NE/4 of Section 31 and the NW/4 of Section 32, Township 11 South, Range 35 East, NMPM, including provisions for 80-acre oil spacing and special well location requirements.

This application has been set for hearing before a Division Examiner at 8:15 AM on July 9, 2009. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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, four days in advance of a scheduled hearing, but at least on the Thursday preceding the 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
Attorney for Yates Petroleum Corporation
Enc.

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOV-**

INGTON LEADER and not in any supplement thereof, for

one (1) day, beginning with the issue of June 13, 2009 and ending with the issue of June 13, 2009.

And that the cost of publishing said notice is the sum of \$ 72.20 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 18th day of June 2009

Debbie Schilling

Debbie Schilling

Notary Public, Lea County, New Mexico

My Commission Expires June 22, 2010

NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on July 9, 2009, in the Oil Conservation Divisor Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidsor at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by June 29, 2009. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE : 14338

Amended Application of Yates Petroleum Corporation for the adoption of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause seeks adoption of Special Pool Rules and Regulations for the Llano-Upper Pennsylvanian Pool located in the NE/4 of Section 31 and the NW/4 of Section 32, Township 11 South, Range 35 East, NMPM, including provisions for 80-acre oil spacing and special well locator requirements. Said pool area is located approximately 8 miles northwest of Tatum, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 11th day of June 2009.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director

Published in the Lovington Leader June 13, 2009

U.S. Postal Service
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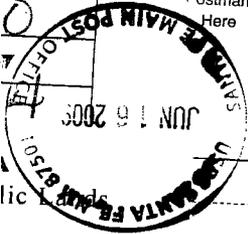
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Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
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See for Instructions

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(SOUTH CROSSROADS-DEVONIAN POOL—Cont'd.)

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the South Crossroads-Devonian Pool shall be assigned an 80-acre proportional factor of 7.75 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

FOUR LAKES-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-2326, Adopting Operating Rules for the Four Lakes-Pennsylvanian Pool, Lea County, New Mexico, October 1, 1962.

Application of Humble Oil & Refining Company for an order establishing special rules and regulations for the Four Lakes-Pennsylvanian Pool, Lea County, New Mexico.

CASE NO 2632
Order No. R-2326

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on September 11, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of October, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Humble Oil & Refining Company, seeks the promulgation of special rules and regulations for the

Four Lakes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units therein.

(3) That the evidence establishes that the Four Lakes-Pennsylvanian Pool can be efficiently and economically drained and developed on 80-acre proration units.

(4) That the evidence establishes that 80-acre proration units will prevent the drilling of unnecessary wells, prevent reduced recovery which might result from the drilling of too few wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the Four Lakes-Pennsylvanian Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE FOUR LAKES-PENNSYLVANIAN POOL**

RULE 1. Each well completed or recompleted in the Four Lakes-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the Four Lakes-Pennsylvanian Pool, and not nearer to or within the limits of another designated Pennsylvanian pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations herein-after set forth.

RULE 2. Each well completed or recompleted in the Four Lakes-Pennsylvanian Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Four Lakes-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either quarter-quarter section or lot in the 80-acre unit. Any subsequent additional well on the 80-acre unit shall be located within 150 feet of the center of the other quarter-quarter section or lot in the unit.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the Four Lakes-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 5.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

(2) That the Special Rules and Regulations herein promulgated shall become effective October 1, 1962; provided, however, that no well shall receive an 80-acre allowable prior to the date of filing with the Hobbs office of the Commission Form C-128 showing thereon 80 acres dedicated to said well. Form C-128 shall be accompanied by Form C-116, Gas-Oil Ratio Test Report, substantiating the ability of the well to produce the allowable requested.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

RANGER LAKE-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-1418-B, Adopting Temporary Rules for the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, August 26, 1959, and Made Permanent by Order No. R-1418-C, August 30, 1960.

Application of Phillips Petroleum Company for an order establishing temporary Special Rules and Regulations for the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, to provide for 80-Acre Proration Units.

CASE NO. 1668
Order No. R-1418-B

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on May 13, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and Order No. R-1418 was entered on June 5, 1959. The case was reopened and a rehearing held on August 13, 1959, at Santa Fe, New Mexico.

NOW, on this 26th day of August, 1959, the Commission, a quorum being present, having considered the application and all the evidence adduced and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Phillips Petroleum Company, seeks the promulgation of temporary special rules and regulations for the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, to provide for 80-acre proration units.

(3) That the applicant has proved by a preponderance of the evidence now available that the Ranger Lake-Pennsylvanian Pool can be efficiently and economically drained and developed on 80-acre proration units.

(4) That to require development of the Ranger Lake-Pennsylvanian Pool on 40-acre proration units might cause the drilling of unnecessary wells.

(5) That the evidence presented indicates that it is uneconomical to drill wells on 40-acre proration units in the Ranger Lake-Pennsylvanian Pool, and to remain on such a spacing pattern might impede further development in said pool.

(6) That the applicant has waived objection to the continued assignment of a 40-acre allowable to any well presently producing from the Ranger Lake-Pennsylvanian Pool to which cannot be dedicated an 80-acre tract which can reasonably be presumed to be productive of oil from said pool. Only one such well exists, namely the Gordon Cone Well No. 2-24, SW/4 SW/4 of Section 24, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico.

(7) That temporary 80-acre proration units should be established in the Ranger Lake-Pennsylvanian Pool.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-1418, dated June 5, 1959, be and the same is hereby superseded effective September 1, 1959.

(2) That special rules and regulations for the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, be and the same are hereby promulgated as follows, effective September 1, 1959; provided, however, that the increased allowable provisions contained herein shall not become effective until October 1, 1959.

**SPECIAL RULES AND REGULATIONS FOR THE
RANGER LAKE-PENNSYLVANIAN POOL**

RULE 1. Each well completed or recompleted in the Ranger Lake-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the Ranger Lake-Pennsylvanian Pool, and not nearer to nor within the limits or another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated

in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Ranger Lake-Pennsylvanian Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in said 80-acre unit.

RULE 3. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either the NW/4 or the SE/4 of the quarter section on which the well is located. Any well which was drilling to or completed in the Ranger Lake-Pennsylvanian Pool prior to September 1, 1959, is granted an exception to the well location requirements of this Rule.

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot or when the application is for the purpose of joining fractional lots not exceeding 20.49 acres each with a standard unit. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Ranger Lake-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80-acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the Ranger Lake-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 5.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

That operators who propose to dedicate 80 acres to a well in the Ranger Lake-Pennsylvanian Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by September 15, 1959, in order that the well may be assigned an 80-acre allowable on the October proration schedule.

IT IS FURTHER ORDERED:

That any well which was drilled to and producing from the Ranger Lake-Pennsylvanian Pool prior to September 1, 1959, which presently has 40 acres dedicated to it, and to which cannot be dedicated an 80-acre unit which can reasonably be presumed to be productive of oil from the Ranger Lake-Pennsylvanian Pool shall continue to be assigned an allowable equal to normal unit allowable times the 40-acre proportional factor for said pool of 4.67. The exception shall apply only to the well described in Finding No. 6.

IT IS FURTHER ORDERED:

That this cause be reopened at the regular monthly hearing of the Commission in August, 1960, to permit any operator to appear and show cause why the Ranger Lake-Pennsylvanian Pool should continue to be developed on 80-acre proration units.

IT IS THEREFORE ORDERED (By Order No. R-1418-C, Effective August 30, 1960):

That the Special Rules and Regulations for the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-1418-B, as well as the proviso relative to the Gordon Cone Well No. 2-24, SW/4 SW/4 of Section 24, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, be and the same are hereby made permanent.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.