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December 19, 2000

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Case 12569

Re: Application of Yates Petroleum Corporation for Compulsory Pooling and three non-standard oil and gas spacing and proration units, Lea 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 January 11, 2001 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Randy Patterson (w/enclosures)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

00 DEC 20 AM 5:46
CAL 00165-461 DM

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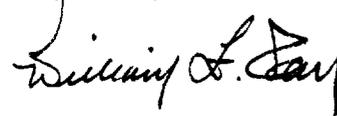
00 DEC 20 AM 5:15
OIL CONSERVATION DIVISION

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Dear Ms. Wrotenbery:

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

OIL CONSERVATION DIV
CO DEC 20 AM 5:46

**IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION,
FOR COMPULSORY POOLING AND
THREE NON-STANDARD OIL AND GAS
SPACING AND PRORATION UNITS,
LEA COUNTY, NEW MEXICO.**

CASE NO. K569

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 base of the Morrow formation in the following described spacing and proration units located in Irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico: Lots 1 through 8 to form a non-standard 355.80-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated North Shoe Bar-Atoka Gas Pool and the Undesignated North Shoe Bar-Morrow Gas Pool; Lots 1, 2, 7 and 8 to form a non-standard 178.59-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent: Lots 1 and 2 to form a non-standard 89.47-acre spacing and proration unit for all formations and/or pools developed on 80-acre within that vertical

extent which includes but is not necessarily limited to the Undesignated South Big Dog-Strawn Pool and Lot 1 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing and proration units which includes but is not necessarily limited to the Undesignated Townsend-Permo Upper Pennsylvanian Pool, and in support of its application states:

1. Yates is a working interest owner in the acreage to be pooled in said Section 3 and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location 660 feet from the North and East lines of said Section 3 to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in Lots 1 through 8 of Section 3.

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

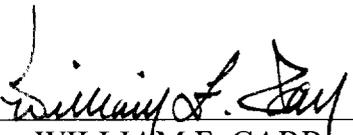
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Yates Petroleum Corporation should be designated the operator of the well to be drilled.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 11, 2001, 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 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 the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 12569:

Application of Yates Petroleum Corporation for compulsory pooling, and three non-standard oil and gas spacing and proration units, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in Irregular Section 3, Township 16 South, Range 35 East: Lots 1 through 8 to form a non-standard 355.80-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated North Shoe Bar-Atoka Gas Pool and the Undesignated North Shoe Bar-Morrow Gas Pool; Lots 1, 2, 7 and 8 to form a non-standard 178.59-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent; Lots 1 and 2 to form a non-standard 89.47-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated South Big Dog-Strawn Pool and Lot 1 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing and proration units which includes but is not necessarily limited to the Undesignated Townsend-Permo Upper Pennsylvanian Pool. Said units are to be dedicated to a well to be drilled at a standard location 660 feet from the North and East lines of said Section 3 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 6 miles west-northwest of Lovington, New Mexico.