

**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 AMENDMENT OF COMPULSORY POOLING,
ORDER NO. R-11542 TO CHANGE THE DEDICATED
SPACING UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO. 12665

OIL CONSERVATION DIV
01 MAY 21 PM 4:02

AMENDED 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 Amendment of Division Order No. R-11542 to pool all mineral interests in all formations from the surface to the base of the Mississippian formation in the W/2 of Section 13, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico, to form a standard 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 Morton-Morrow Gas Pool, and in support of its application states:

1. By Order No. R-11542 dated March 7, 2001, the Division granted the application of Yates Petroleum Corporation for an order pooling the following spacing units in Section 13, Township 15 South, Range 34 East, NMPM:

A. S/2 to form a standard 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 Morton Morrow Gas Pool; and

- B. SW/4 to form a standard gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent.

These spacing or proration units are dedicated to the Yates Chevy AWV State Com Well No. 1 to be drilled at a standard location 1650 feet from the South and West lines of said Section 13 to a depth sufficient to test any and all formations from the surface to the base of the Mississippian formation.

2. The only interest owner in the above-referenced spacing and proration units who had not voluntarily committed its interest to the proposed well was Chevron USA Production Company, Post Office Box 1150, Midland, Texas 79702 and Chevron will be the only interest owner in the W/2 of Section 13 not voluntarily committed to this well.

3. Yates seeks amendment of Order No. R-11542 to pool the W/2 of this section instead of the S/2 of the section for the Chevy AWV State Com Well No. 1.

4. Approval of a stand up W/2 unit for this well will result in a more effective development of the formations developed on 320-acre spacing under this section and, if the well is successful will make available to Chevron and others a stand up E/2 unit in this section for further development of this acreage.

5. Chevron does not oppose this amendment of Order No. R-11542.

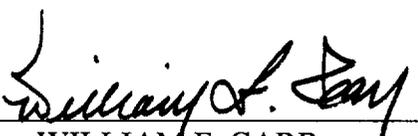
6. This amendment of Division Order No. R-11542 and said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, compulsory pooling Order No. R-11542 should be amended, all mineral interests in the subject spacing units in the W/2 of said Section 13 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 June 14, 2001, and, after notice and hearing as required by law, the Division enter its order amending Order No R-11542 to pool the mineral interests in the subject spacing units in the W/2 of Section 13, Township 15 South, Range 34 East, NMPM Lea County, New Mexico, for its Chevy "AWV" State Com Well No. 1.

Respectfully submitted,

HOLLAND & HART
AND
CAMPBELL & CARR

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

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 12665: (Readvertised)

Amended application of Yates Petroleum Corporation for amendment of compulsory pooling order No. R-11542 to change the dedicated spacing unit, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending pooling order No. R-11542 pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in Section 13, Township 15 South, Range 34 East, S/2 to form a standard 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 Morton-Morrow Gas Pool; and the SW/4 to form a standard gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent. Said units are to be dedicated to the Chevy AWW State Com Well No. 1 to be drilled at a standard location 1650 feet from the South and West lines of said Section 13 to a depth sufficient to test all formations from the surface to the base of the Mississippian 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 northwest of Lovington, New Mexico.

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
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DENVER TECH CENTER
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May 21, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Chevron U.S.A., Inc.
Post Office Box 1150
Midland, Texas 79702

Attention: M. D. Barabash
Land Representative

Re: Amended application of Yates Petroleum Corporation for amendment of Compulsory Pooling Order No. R-11542 to change the dedicated spacing unit, Lea County, New Mexico.

Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking amendment of Division Order No. R-11542 to compulsory pool a W/2 spacing unit instead of a S/2 spacing unit for all formations and/or pools developed on 320-acre spacing in Section 13, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico. Said units will be dedicated to Yates Petroleum Corporation's Chevy "AWV" State Com Well No. 1 to be drilled at a standard location 1650 feet from the South and West lines of said Section 13 to test all formations from the surface to the base of the Mississippian formation.

This amended application has been set for hearing before a Division Examiner on June 14, 2001. 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.

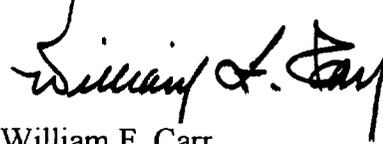
Chevron U.S.A., Inc.

May 21, 2001

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Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement 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,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large initial "W".

William F. Carr
ATTORNEY FOR YATES
PETROLEUM CORPORATION

Enc.

Katherine Hawkins

From: Katherine Hawkins
Sent: Monday, May 21, 2001 2:27 PM
To: 'kvaldes@state.nm.us'
Subject: Amended Application of Yates Petroleum

Attached is the amended legal ad for the Amended Application of Yates Petroleum Corporation for amendment of Compulsory Pooling Order No. R-11542 to changed the dedicated spacing unit, Lea County, New Mexico, OCD Case No. 12665.

If you have any questions, please call. Thank you very much.



AMENDED AD
5-21-01.doc

Katherine E. Hawkins
HOLLAND & HART
and CAMPBELL & CARR
Santa Fe, New Mexico
505.988.4421