



August 24, 2004

**HAND-DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13341*

2004 AUG 24 PM 4 14

Re: Application of Yates Petroleum Corporation for compulsory pooling and approval of an unorthodox gas well location, Lea County, New Mexico.

Dear Mr. Fesmire:

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 September 16, 2004 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Robert Bullock  
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**

**IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING AND  
APPROVAL OF AN UNORTHODOX GAS  
WELL LOCATION, LEA COUNTY, NEW MEXICO.**

2009 AUG 24 PM 4 14  
CASE NO. 13347

**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 and/or pools developed on 320-acre spacing in the E/2 of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, which includes but is not necessarily limited to the Undesignated Big Dog-Mississippian Gas Pool. In support of this application, Yates states:

1. Yates Petroleum Corporation is a working interest owner in the E/2 of said Section 35 and has the right to drill thereon.
2. The Kochia AAM Well No. 1 (**API NO. 30-025-28905**) was drilled by Yates in 1984 and completed at a standard oil well location 990 feet from the South line and 2310 feet from the East line (Unit O) of said Section 35 in the Devonian formation, Dean Devonian Pool. The SW/4 SE/4 of this section was dedicated to the well.
3. Yates proposes to dedicate the above-referenced pooled spacing or proration units to its Kochia "AAM" State Well No. 1 to be re-entered and re-completed in the Mississippian

formation, Undesignated Big Dog-Mississippian Gas Pool. The well location is unorthodox in the Mississippian formation.

4. 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.

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

6. In order to permit 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 September 16, 2004 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 located thereon,
- C. authorizing Yates Petroleum Corporation to recover its costs of re-entering, 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,
- E. imposing a 200% 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, and
- F. approving the unorthodox gas well location of the Kochia "AAM" State Well No. 1 in the Mississippian formation.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr

Post Office Box 2208

Santa Fe, NM 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

**EXHIBIT A**  
**APPLICATION OF**  
**YATES PETROLEUM CORPORATION**  
**FOR COMPULSORY POOLING**  
**TOWNSHIP 15 SOUTH, RANGE 36 EAST**  
**SECTION 35: E2**  
**LEA COUNTY, NEW MEXICO.**

**Kochia AAM State Well No. 1**

**NOTIFICATION LIST**

Jetta-X2, LP  
Jetta Operating, Inc.  
P1-D Ft. Worth Club Tower  
Fort Worth, Texas 76102-4919

V-F Petroleum Inc.  
Post Office Box 1889  
Midland, Texas 79702

Lynx Petroleum Consultants,  
Inc.  
Post Office Box 1708  
Hobbs, New Mexico 88241

Marshall & Winston, Inc.  
Post Office Box 50880  
Midland, Texas 79710-0880

Wood Oil Company  
1419 East 15th Street, Suite A  
Tulsa, Oklahoma 74103-5807

Alton C. White, Jr.  
2902 Straford Drive  
Austin, Texas 78746-4629

James W. Nixon, Jr. Scott  
Taliaferro, Sr. and Linda  
Nixon Seelisson, Trustees u/w  
of James W. Nixon, Sr.  
5423 North New Braunfels  
San Antonio, Texas 79209

Anna Beth Ward, ssp  
Post Office Box 332  
Ft. Davis, Texas 79734

Ruby Earlene Anderson, ssp  
Address Unknown

Mary Louise Auld Lehman  
Post Office Box 1342  
Kerrville, Texas 78028

Joan Auld Hallmark  
Rt 2 Box 308  
Hunt, Texas 78024

Dan Auld, Jr.  
Post Office Drawer 766  
Leakey, Texas 78873

H. Reeder Owens  
Post Office Box 244  
Denver City, Texas 79323

The Methodist Church, Inc.  
Trustee for the 1st Methodist  
Church of Lovington  
c/o 1st Methodist Church of  
Lovington  
407 North Main  
Lovington, New Mexico 88260

George M. and Susan  
O'Brien  
Post Office Box 1743  
Midland, Texas 79702

David Higgs  
11 North Picket Row  
Savannah, Georgia 31410

Barry Antweil  
6830 North Eldridge Pkwy No. .  
409  
Houston, Texas 77041

Bud and Mary Louis  
Flocchiini Family Trust  
Post Office Box 12760  
Reno, Nevada 89510

Louis A. Oswald, III  
Post Office Box 36157  
Denver Colorado 80236-0157

Louis A. Oswald, Trustee of the  
Oswald Family Trust 4/27/98  
Post Office Box 36157  
Denver, Colorado 80236-0157

Jonathon S. and Carol  
Roderick  
Post Office Box 7961  
Boulder, Colorado 80306

Lynne M. and Mark Baalman  
4650 North Flintwood Road  
Parker, Colorado 80134

Robert Eckels Family Trust  
Post Office Box 30  
Cedaredge, Colorado 81413

Christa L. and Gregory L.  
Leavell  
Post Office Box 470  
Robinson, Illinois 62454

Christa L. Leavell, Trustee for  
Michelle C. Leavell  
Post Office Box 470  
Robinson, Illinois 62454

William N. Heiss Profit Sharing  
Plan  
Post Office Box 2944  
Casper, Wyoming 82602

Mark and Susie W. Antweil  
Post Office Box 365  
Larchmont, New York 10538

Mark and Bonnie J. Caldwell  
3528 Shell  
Midland, Texas 79707

R. M. and Jacqueline C.  
Williams  
5 Dovekie Court  
Nantucket, MA 02554

Toles-Com Ltd LLC  
Post Office Box 1300  
Roswell, New Mexico 88202

Larry Hunnicutt, Custodian for  
Justin Travis Hunnicutt and  
Grady Paul Hunnicutt  
3109 Knox Street, Suite 534  
Dallas, Texas 75205

Harle, Inc.  
David S. Harle, President  
22230 SW Taylors Drive  
Tualatin, Oregon 97062-7041

MW Oil Co., Inc.  
Post Office Box 8687  
Denver, Colorado 80201

Ronald C. Agel  
279 Marlborough  
Boston, Mass.

Wytex Oil Co.  
Post Office Box 36157  
Denver, Colorado 80236

Shawn P. and Frances  
Hannifin  
Post Office Box 8687  
Denver, Colorado 80201-  
8687

FFF, Inc.  
Post Office Box 8687  
Denver, Colorado 80201-8687

Fall River Resources, Inc.  
Post Office Box 13456  
Denver, Colorado 80201

Chatfield Co.  
Post Office Box 1903  
Denver, Colorado 80201

Citadel Oil & Gas Corp.  
Post Office Box 3052  
Denver, Colorado 80201

CASE 15341:

**Application of Yates Petroleum Corporation for compulsory pooling and approval of an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Mississippian in the following described spacing and proration units located in the E/2 of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Big Dog-Mississippain Gas Pool. Said units are to dedicated to Applicant's proposed Kochia "AAM" Well No. 1 to be re-entered and re-completed in the Mississippian formation at an unorthodox gas well location 990 feet from the South line and 2310 feet from the East line (Unit O) of said Section 35. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof, actual operating costs and charges for supervision, the 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 4.5 miles east of Lovington, New Mexico.

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