

HOLLAND & HART<sup>LLP</sup>



**Ocean Munds-Dry**  
**Associate**  
omundsdry@hollandhart.com

March 3, 2005

**HAND-DELIVERED**

*Case 13462*

2005 MAR 3 PM 3 17

Mark E. Fesmire, Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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

Dear Mr. Fesmire:

Enclosed in triplicate is an Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates respectfully requests that this matter be placed on the docket for the April 7, 2005 Examiner hearings.

Your attention to this request is appreciated.

Very truly yours,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Attorney for Yates Petroleum Corporation

Enclosures

cc: Robert Bullock

**Holland & Hart<sup>LLP</sup>**

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

**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, LEA COUNTY,  
NEW MEXICO.**

CASE NO. 13462

2005 MAR 3 PM 3 18

**APPLICATION**

Yates Petroleum Corporation ("Yates"), through its undersigned attorneys, hereby makes application for an order pooling all uncommitted interests in all formations from the surface to the stratigraphic equivalent of 200 feet into the lower Mississippian Lime formation under the following acreage in Section 29, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico:

- the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent;
- the SW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins-Atoka Gas Pool and the Undesignated Jenkins-Cisco Pool; and
- the NW/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins Devonian Pool and the Undesignated Jenkins-San Andres Pool.

In support of its application Yates states:

1. Yates is a working interest owner in the S/2 of Section 29 and has the right to drill thereon.

2. Yates proposes to dedicate the above-referenced spacing units and proration units to its proposed Gill BGJ No. 1 Well (API 30-025-37103), to be drilled as a wildcat well at a standard location in the NW/4 SW/4 (Unit L) of said Section 29 at a point 1650 from the South line and 660 feet from the West line to a depth sufficient to test all formations through the lower Mississippian Lime formation.

3. Yates has been unable to reach an agreement with the interest owners in the S/2 of Section 29 identified on Exhibit A to this application.

4. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Yates the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests should be pooled, and Yates should be designated operator of the proposed well.

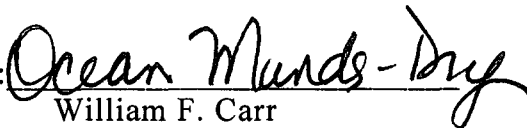
WHEREFORE, Yates requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 7, 2005, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all uncommitted interests in the subject spacing and proration units;
- B. designating Yates operator of the units and the proposed well;
- C. authorizing Yates to recover its costs of drilling, equipping and completing this well;

- D. approving the actual operating charges and costs of supervision while drilling and after completion of this well, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in this project.

Respectfully submitted,

HOLLAND & HART, LLP

By:   
William F. Carr  
Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

**ATTORNEYS FOR YATES PETROLEUM CORP.**

**EXHIBIT A**

**IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.  
(Gill BGJ No. 1 Well)**

Wells Fargo Bank Texas, N.A. Trustee  
Willa Ruth Simmons Trust  
P.O. Box 1959  
Midland, TX 79702

Bonnie Downing  
824 NW 44th Street  
Oklahoma City, OK 73118

Arville O. Glenn, Jr.  
27 Daggett Rim Road  
Boise, ID 83716

CASE 13462

**In the Matter of the Application of Yates Petroleum Corporation for Compulsory Pooling, 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 lower Mississippian Lime formation under the following acreage in Section 29, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent; the SW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins-Atoka Gas Pool and the Undesignated Jenkins-Cisco Pool; and the NW/4 SW/4 (Unit L) to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins Devonian Pool and the Undesignated Jenkins-San Andres Pool. These spacing and proration units are to be dedicated to the Gill BGJ No.1 Well located 1650 feet from the South line and 660 feet from the West line of Section 29 which Yates proposes to drill at a standard location in the lower Mississippian Lime formation. Also to be considered will be the cost of drilling and completion of said well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles east of Crossroads, New Mexico.



March 3, 2005

**CERTIFIED MAIL -- RETURN RECEIPT REQUESTED**

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

Ladies and Gentlemen:

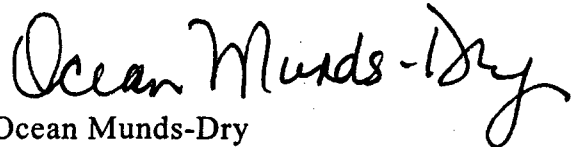
This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests under the following acreage in Section 29, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent; the SW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins-Atoka Gas Pool and the Undesignated Jenkins-Cisco Pool; and the NW/4 SW/4 (Unit L) to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Jenkins Devonian Pool and the Undesignated Jenkins-San Andres Pool. Applicant proposes to dedicate the pooled units to its Gill BGJ No.1 Well to be drilled at a standard gas well location 1650 feet from the South line and 660 feet from the West line of said Section 29.

This application has been set for hearing before a Division Examiner on April 7, 2005. 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 at the Santa Fe Office of the Oil Conservation Division 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.

Unless you declare in this Pre-Hearing Statement your intention to oppose the imposition of a 200% risk penalty against any interest not voluntarily committed to this spacing unit, Yates will request that this penalty be imposed by the order that results from this hearing without the presentation of evidence in support thereof.

Very truly yours,



Ocean Munds-Dry  
Attorney for Yates Petroleum Corp

Enclosure