

September 26, 2006

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 13802

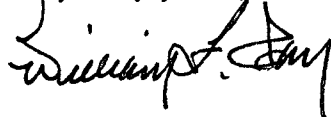
2006 SEP 26 PM 3 04

Re: Application of Yates Petroleum Corporation for Compulsory Pooling, 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 October 26, 2006 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, LEA COUNTY,
NEW MEXICO.**

CASE NO. 13802

APPLICATION

YATES PETROLEUM CORPORATION, ("Yates") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in the W/2 of Section 33, Township 9 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the West ^{X-4}~~4-X~~ Ranch-Mississippian Gas Pool, Undesignated ^{X-4}~~4-X~~ Ranch Morrow Gas Pool; and the Undesignated ^{X-4}~~4-X~~ Ranch-Atoka Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not limited to the Vada-Upper Pennsylvanian Pool, and the SW/4 SW/4 for all formations and or pools developed on 40-acre Spacing, and in support of its application states:

1. Yates Petroleum Corporation is a working interest owner in the W/2 of said Section 33 and has the right to drill thereon.
2. Yates proposes to dedicate the above-referenced spacing or proration units to its Womack "BGW" Well No. 1 (API No. 30-025-37206) to be drilled as a wildcat well at a standard gas well location 810 feet from the South line and 660 feet from the West line (Unit M)

of said Section 33, to an approximate depth of 12,440 feet to test any and all formations from the surface to the base of the Mississippian formation.

3. 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.

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

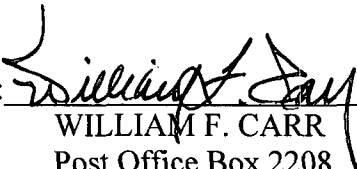
5. In order to permit the Yates to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Yates Petroleum Corporation should be designated the operator of the well to be drilled.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 26, 2006 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 Petroleum Corporation 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 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.

Respectfully submitted,
HOLLAND & HART LLP

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

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

EXHIBIT A

**APPLICATION OF
YATES PETROLEUM CORPORATION.
FOR COMPULSORY POOLING
W/2 OF SECTION 33, TOWNSHIP 9 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.**

A. Lee Pfluger Children's Trust
Post Office Box 1991
San Angelo, Texas 76902

Jo Ann H. Means, Individually
and heir of W. Major Harris and Josephine Harris
501 W. 10th Street, Suite 201
Ft. Worth, Texas 76102

J. David Amundson
Post Office Box 783
Franklin, North Carolina 28734-0783

Shirley Spaulding Executrix of
Estate of Guy Bonham, deceased
1138 Milam Building
San Antonio, Texas 78205

Fred F. Keefer III
13511 Cherry Tree Circle
Hagerstown, Maryland 21742

E. J. Schultz
Rural Route 1
Claysburg, Pennsylvania 16625

Janie Poteet
1305 Memorial Drive
Baytown, Texas 77520-2417

CASE 13802:

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 Mississippian formation in the following described spacing and proration units located in the W/2 of Section 33, Township 9 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the West 4-X Ranch-Mississippian Gas Pool, Undesignated 4-X Ranch Morrow Gas Pool; and the Undesignated 4-X Ranch-Atoka Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not limited to the Vada-Upper Pennsylvanian Pool, and the SW/4 SW/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Womack "BGW" Well No. 1 (API No. 30-025-37206) to be drilled at a standard gas well location 810 feet from the South line and 660 feet from the West line (Unit M) of said Section 33. 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 10 miles west of Crossroads, New Mexico.



September 26, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

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 the compulsory pooling of certain spacing and proration units in the W/2 of Section 33, Township 9 South, Range 34 East, NMPM, Lea County, New Mexico. Said units will be dedicated to Yates Petroleum Corporation's proposed Womack "BGW" Well No. 1 which it proposes to drill at a standard gas well location in the SW/4 SW/4 of said Section 33 to test all formations from the surface to the base of the Mississippian formation.

This application has been set for hearing before a Division Examiner on October 26, 2006. 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 located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, 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

cc: Robert Bullock