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William F. Carr

wcarr@hollandhart.com

March 28, 2003

HAND-DELIVERED

RECEIVED

MAR 28 2003

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division

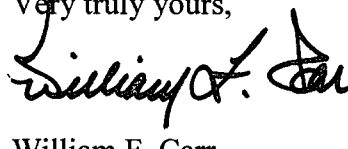
Case 13054

Re: Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy
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 April 24, 2003 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

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MAR 28 2003

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 13057 Oil Conservation Division

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 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 17 South, Range 26 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated East Eagle Creek Atoka-Morrow Gas Pool, the Kennedy Farms-Morrow Gas Pool, the Undesignated Eagle Creek-Strawn Gas Pool and the Undesignated Kennedy Farms-Upper Pennsylvanian Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Three Mile-San Andres Pool, 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 Harriett "BBT" Com Well No. 1 to be drilled at a standard gas well location 660 feet from the North line and 1930 feet from the West line (Unit C) of said Section 33, to an approximate depth of 8,725 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 unleased mineral 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 April 24, 2003 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 17 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

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March 28, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

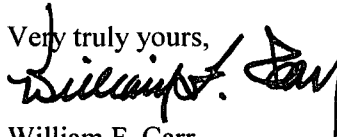
Re: Application of Yates Petroleum Corporation for compulsory pooling, Eddy
County, New Mexico.

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 17 South, Range 26 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Yates Petroleum Corporation's proposed Harriett "BBT" Com Well No. 1 which it proposes to drill at a standard gas well location in the NE/4 NW/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 April 24, 2003. 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, 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,

William F. Carr

cc: Robert Bullock