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William F. Carr

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February 17, 2003

**HAND-DELIVERED**

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

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FEB 17 2003

Oil Conservation Division

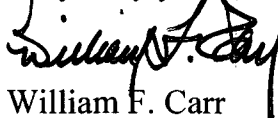
*Case 13020*

Re: Application of Yates Petroleum Corporation for the adoption of Special  
Pool Rule, Lea 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 March 13, 2003 Examiner hearings.

Very truly yours,

  
William F. Carr

Enclosures

cc: Dr. David Boneau  
Yates Petroleum Corporation

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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FEB 17 2003

Oil Conservation Division

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR THE ADOPTION OF SPECIAL POOL  
RULES, LEA COUNTY, NEW MEXICO.

CASE NO. 13020

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order adopting Special Pool Rules and Regulations for the Salt Lake-Delaware Pool, and in support of its application states:

1. The Salt Lake-Delaware Pool was created by Division Order No. R-9685, dated July 1, 1992, as the result of the discovery of oil in the Yates Petroleum Corporation Belco AIA Federal Well No. 1 located 1980 feet from the South and East lines of Section 14, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. This well produces through perforations from 4928 feet to 4956 feet in the Delaware formation. The NW/4 SE/4 of said Section 14 is dedicated to the well.

2. The pool is comprised of the following acreage:

Township 20 South, Range 32 East, NMPM

Section 14: SE/4

3. The Belco AIA Federal Well No. 1 can produce at rates in excess of the authorized depth bracket allowable for wells completed at a depth less than 5000 feet.

4. Yates seeks the adoption of Special Pool Rules and Regulations which provide for oil spacing units comprised of 80 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single section being a legal subdivision of the U. S. Public Lands Surveys with wells

located no closer than 330 feet from the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or inner subdivision inner boundary.

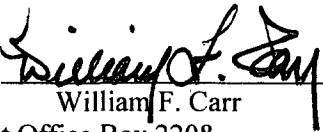
4. Approval of the requested special spacing and well location requirements will result in orderly development of these oil reserves and will result in a development pattern which will effectively and efficiently drain the oil reserves in this pool.

5. Approval of this application will avoid wasteful development practices and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 13, 2003, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART LLP

By:   
William F. Carr

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Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES  
PETROLEUM CORPORATION

CASE 13020:

**Application of Yates Petroleum Corporation for the adoption of special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause seeks adoption of Special Pool Rules and Regulations for the Salt Lake-Delaware Pool located in the SE/4 of Section 14, Township 20 South, Range 32 East, NMPM, including provisions for 80-acre oil spacing. Said pool area is located approximately 1 mile North of Halfway, New Mexico.