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BOULDER • COLORADO SPRINGS
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SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

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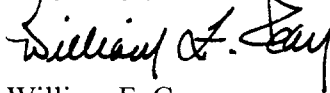
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

***Re: Application of Yates Petroleum Corporation for Pool Contraction, Pool
Creation or, in the alternative, Amendment of the Special Pool Rules for
the Feather-Morrow Oil Pool, 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 February 22, 2001 Examiner hearings.

Very truly yours,



William F. Carr
ATTORNEY FOR YATES PETROLEUM
CORPORATION

WFC/js

Enclosures

cc: Mr. Randy Patterson
Yates Petroleum Corporation

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**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 POOL
CONTRACTION, POOL CREATION OR IN THE
ALTERNATIVE, AMENDMENT OF THE
SPECIAL POOL RULES FOR THE FEATHER-
MORROW OIL POOL, LEA COUNTY,
NEW MEXICO.**

CASE NO. 12596

APPLICATION

YATES PETROLEUM CORPORATION (“Yates”), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order (1) contracting the boundaries of the Feather-Morrow Oil Pool, and (2) creating a new pool for the production of natural gas from the Morrow formation, or, in the alternative, (3) amending the Special Pool Rules for the Feather-Morrow Pool to provide for 160-acre oil well spacing, and in support of this application states:

1. The Feather-Morrow Pool was created by Division Order No. R-6923, dated April 1, 1982, and has been extended from time to time to include the following lands located in Lea County, New Mexico:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 16:	SE/4
Section 21:	E/2, SW/4
Section 28:	NW/4
Section 29:	NE/4

2. The Feather-Morrow Pool is an oil pool which is governed by Special Pool Rules and Regulations which were adopted by the Division by Order No. R-8089, dated

December 4, 1985, effective September 1, 1985 which set the limiting gas-oil ratio for the pool at 10,000 cubic feet of gas for each barrel of oil produced.

3. Yates Petroleum Corporation has drilled the Red Tail "AWR" State Com Well No. 1 in the Feather-Morrow Pool at a standard location 1200 feet from the North line and 990 feet from the West line of Section 28, Township 15 South, Range 32 East, NMPM, Lea County, New Mexico.

4. The initial production test information on the Yates Red Tail "AWR" State Com Well No. 1 shows that it is either a gas well completed in a separate source of supply in the Morrow formation or it is an oil well capable of draining 160-acre in the Morrow formation.

5. Yates therefore seeks an order either:

- A. contracting the Feather-Morrow Pool to exclude the NW/4 of Section 28, Township 15 South, Range 32 East, NMPM and the creation of a new gas pool in the Morrow formation for the Red Tail "AWR" State Com Well No. 1 to be comprised of the W/2 of said Section 28, or , in the alternative,
- B. amending the Special Rules and Regulations for the Feather-Morrow Pool to provide for 160-acre oil spacing and proration units.

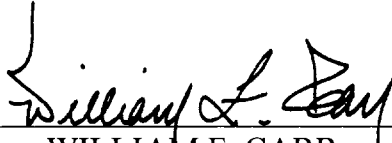
6. Approval of this application will enable operators in the Morrow formation in the area of the Feather-Morrow Pool to produce without waste their fair

share of the reserves under their tracts 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 February 22, 2001, 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 and
CAMPBELL & CARR

By: 
WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE 12596: **Application of Yates Petroleum Corporation for pool contraction, pool creation or, in the alternative, amendment of the Special Pool Rules and Regulations for the Feather-Morrow Oil Pool, Lea County, New Mexico.** Applicant, in the above-styled cause seeks an order contracting the boundaries of the Feather-Morrow Pool by the deletion therefrom of the NW/4 of Section 28, Township 15 South, Range 32 East, NMPM, and the creation of a new gas pool in the Morrow formation comprised of the W/2 of said Section 28 for its Red Tail "AWR" State Com Well No. 1 located 1200 feet from the North line and 990 feet from the West line of Section 28. In the alternative, applicant seeks the amendment of the Special Pool Rules and Regulations for the Feather-Morrow Pool to provide for 160-acre spacing and proration units. Said pool is located approximately 9 miles North northwest of Maljamar, New Mexico.