

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

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

June 5, 2001

HAND-DELIVERED

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

Case 12681

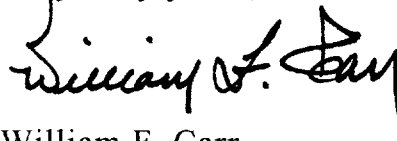
6/5/01 5:10 PM
12681

*Re: Application of Yates Petroleum Corporation for Pool
Creation and the Adoption of Special Pool Rules and
Regulations, 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 June 28, 2001 Examiner Hearing docket.

Very truly yours,



William F. Carr

WFC/keh

Enclosures

cc: Randy Patterson
Yates Petroleum Corporation

**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 CREATION AND THE ADOPTION OF
SPECIAL POOL RULES AND REGULATIONS,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12681

APPLICATION

YATES PETROLEUM CORPORATION (“Yates”), by its undersigned attorneys, hereby make application to the Oil Conservation Division for an order (1) creating a new oil pool for the production of hydrocarbons from the Atoka formation as the result of the discovery of oil in the Yates Big Bear “ATN” Well No. 2 located 1675 feet from the South line and 660 feet from the West line in Unit L of Section 29, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico and (2) promulgating special pool rules and regulations for the pool including provisions for 80-acre spacing and special well location requirements, and in support of this application states:

1. Yates is the operator of the Big Bear “ATN” Well No. 1 which was recently drilled and completed in the Atoka formation and is producing from the perforated interval from 11878 feet to 11882 feet at a current daily rate of approximately 419 barrels of oil and 419 mcf of gas in a new common source of supply in the Atoka formation.

2. As a result of the discovery of hydrocarbons in this well, Yates requests that a new oil pool be created in the Atoka formation. The following described lands are reasonably proven productive of oil and gas in paying quantities from the Atoka formation and should be included in the original definition of the pool:

Township 15 South, Range 35 East, NMPM

Section 29: N/2 SW/4

3. Operating this pool under statewide rules which provide for 40-acre spacing and proration units will result in the drilling of unnecessary wells and inefficient operations.

4. Applicant seeks the adoption of Special Pool Rules and Regulations for this new pool to provide for (A) 80-acre spacing and proration units, (B) wells to be located no closer than 330 feet to the quarter-quarter section line of the dedicated spacing unit, and (C) an optional second well on each unit with no more than one well located in a single quarter-quarter section.

5. Approval of this application will protect the correlative rights of each owner in the pool by affording them an opportunity to produce their just and equitable share of the reserves in the pool, will prevent waste of hydrocarbons and will otherwise be in the best interest of conservation.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before a Division Examiner on June 28, 2001 and, following

notice and hearing as required by law and the rules of the Division, that this application be granted.

Respectfully submitted,

CAMPBELL & CARR
AND
HOLLAND & HART LLP

By: 
WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87501

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE 1268:

Application of Yates Petroleum Corporation for pool creation and the adoption of special pool rules and regulations, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of hydrocarbons from the Atoka formation to include the N/2 SW/4 of Section 29, Township 15 South, Range 35 East, NMPM. Applicant also seeks the promulgation of special pool rules and regulations for this pool including provisions for 80-acre spacing and proration units with wells to be located no closer than 330 feet from the quarter-quarter section line of the dedicated spacing unit and an optional second well on each unit with no more than one well located in a single quarter-quarter section. Said area is located approximately 6 miles west-northwest of Lovington, New Mexico.

NOTIFICATION LIST

**APPLICATION OF YATES PETROLEUM CORPORATION
FOR POOL CREATION
AND THE ADOPTION OF SPECIAL POOL RULES AND REGULATIONS
SECTION 29, TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM**

David H. Arrington Oil & Gas, Inc.
Post Office Box 2071
Midland, Texas 79702

Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Energen Resources Corporation
605 21st Street North
Birmingham, Alabama 35203-2707

Hanley Petroleum, Inc.
415 West Wall Street, Suite 1500
Midland, Texas 79701

Blaine Hess
3 Gaye Drive
Roswell, New Mexico 88201