

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

**IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR SPECIAL POOL RULES FOR THE  
WEST LOST TANK-DELAWARE POOL  
INCLUDING A SPECIAL OIL ALLOWABLE,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 12750**

OCT -9 PM 4:53

RECEIVED

**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 West Lost Tank-Delaware Pool, including a special oil allowable pursuant to Division General Rule 505-D, and in support of this application states:

1. The West Lost Tank-Delaware Pool was established by Division Order No. R-10787, dated May 1, 1997, and has been extended from time to time to include the following acreage in Eddy County, New Mexico:

**Township 21 South, Range 31 East, N.M.P.M.**

Section 33: S/2, NE/4

Section 34: W/2

**Township 22 South, Range 31 East, N.M.P.M.**

Section 3: N/2

Section 4: N/2

2. The West Lost Tank-Delaware Pool is governed by Division Rule 505-A of the General Rules and Regulations of the Oil Conservation Division which

provides a depth bracket allowable for the wells in this pool based upon the top perforation in the wells completed therein of 142 BBLS/D.

3. Yates has drilled the following wells in this pool which can produce at rates in excess of the authorized depth bracket allowable for the pool:

- Lucy "ALC" Well No. 1 located 330 feet from the South and East lines, Unit P, Section 34, Township 21 South, Range 31 East, NMPM;
- Lucy "ALC" Well No. 2 located 1650 feet from the South line and 330 feet from the East line, Unit I, Section 34, Township 21 South, Range 31 East, NMPM; and
- Lucy "ALC" Well No. 3 located 1980 feet from the South and East lines, Unit J, Section 34, Township 21 South, Range 31 East, NMPM.

Continuing to produce these wells at the current authorized rates will result in hydrocarbons ultimately being left in the ground thereby causing waste:

4. Yates Petroleum Corporation seeks the establishment of a Oil Allowable for the pool based on the bottom perforation in these wells in the Delaware formation of 187 BBLS/D.

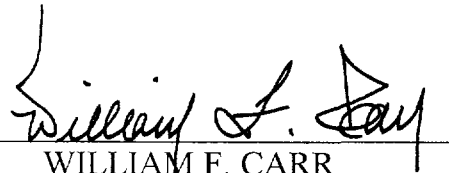
5. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 1,

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  
ATTORNEY FOR YATES  
PETROLEUM CORPORATION

CASE 12750: Application of Yates Petroleum Corporation for a special pool rules and Regulations for the West Lost Tank-Delaware Pool including provisions for a special depth bracket oil allowable, Eddy County, New Mexico. Applicant, in the above-styled cause seeks a special depth bracket allowable, pursuant to Division General Rule 505-D for West Lost Tank-Delaware Pool located in portions of Sections 33 and 34 of Township 21 South, Range 31 East and Sections 4 and 5 of Township 22 South, Range 31 East, NMPM, whereby the pool wide allowable would be based on the Deepest perforation (rather than the shallowest perforation as provided for in General Rules 505-A in the wells completed in the pool. Said pool area is located approximately 17 miles southeast of Halfway, New Mexico.