

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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DENVER TECH CENTER
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TELEPHONE (505) 988-4421
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William F. Carr

wcarr@hollandhart.com

February 20, 2003

HAND-DELIVERED

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

RECEIVED

FEB 18 2003

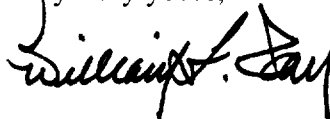
Oil Conservation Division

**Re: Case 13008: Amended Application of Yates Petroleum Corporation for
simultaneous dedication, Chaves County, New Mexico.**

Dear Ms Wrotenbery:

Enclosed in triplicate is the Amended Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates requests that Case No. 13008 currently scheduled for hearing before a Division Examiner on February 20, 2003 be continued and the case be re-advertised and this amended application be placed on the docket for the March 13, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Chuck Moran (w/ enclosures)
Yates Petroleum Corporation

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

RECEIVED

**IN THE MATTER OF THE APPLICATION OF YATES
PETROLEUM CORPORATION FOR SIMULTANEOUS
DEDICATION, CHAVES COUNTY, NEW MEXICO.**

FEB 18 2003

Oil Conservation Division
CASE NO. 13008

AMENDED APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for an order authorizing the simultaneous dedication of the following wells to an existing 320-acre standard gas spacing unit comprised of N/2 of Section 5, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico in the Silurian Devonian, Strawn, Cisco and Wolfcamp formations:

- A. Quiniela AXQ State Well No. 1 to be drilled at a standard gas well location in the NW/4 of Section 5,
- B. Quiniela AXQ State Well No. 2 (**API No. 30-005-63364**) located at a standard gas well location 1980 feet from the North and East lines (Unit G), and
- C. Quiniela AXQ State Well No. 3 to be drilled at a standard gas well location 660 feet from the North line and 1650 feet from the East line of Section 5.

In support of its application, Yates states:

- 1. Yates is the operator of a standard 320-acre spacing unit comprised of the N/2 of Section 5, Township 10 South, Range 26 East, NMPM, Chaves County New Mexico. This spacing unit is currently dedicated in the Quiniela AXQ State Well No. 2 for production from the Wolfcamp formation, Foor Ranch-Wolfcamp Pool, and the Silurian Devonian formation, Undesignated Foor Ranch- Pre-Permian Gas Pool and the Undesignated Southwest Pre-Permian Gas Pool.

2. The N/2 of Section 5 is fault divided so that the existing Quiniela AXQ State Well No. 2 is located in and producing from a fault block that is separate from and not in communication with the remainder of the N/2 of Section 5 in any formation including the Abo Wolfcamp, Cisco, Strawn and Silurian Devonian formations

3. The formations and pools in the N/2 of Section 5 are governed by the acreage and well location requirements of Division Rule 104.C.(2) of the General Rules and Regulations of the Oil Conservation Division which provide in part that:

(A) the initial well on a 320-acre unit shall be located no closer than 660 feet to 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 subdivision inner boundary: and

(B) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section on the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

4. Yates seeks an exception to Rule 104.C (2)(b) to permit it to simultaneously dedicate the N/2 of Section 5 to the Quiniela AXQ State Well Nos. 1, 2 and 3 in all formations. The Quiniela AXQ Well Nos. 1 and 3 will produce the reserves from the N/2 of this section except for the acreage drained by the Quiniela AXQ Well No. 2 that is within the fault block in the N/2 of the section and cannot be accessed with the No. 1 and 3. Although the No. 2 and No. 3 wells are in the same quarter section, because of the geologic separation of the productive formations, they will not be in communication with each other.

5. Approval of the simultaneous dedication of the Quiniela AXQ State Well Nos. 1, 2 and 3 to the 320-acre gas spacing unit comprised of the N/2 of Section 5 will protect

correlative rights by affording Yates the opportunity to efficiently produce the reserves from this spacing unit in the Silurian Devonian, Strawn, Cisco and Wolfcamp formations which otherwise cannot be efficiently produced.

6. Approval of this amended application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

7. Notice of this amended application has been provided to all affected offset owners in accordance with Oil Conservation Division Rules and Regulations.

WHEREFORE, Yates Petroleum Corporation request that this amended application be set for hearing before an Examiner of the Oil Conservation Division on March 13, 2003 and after notice and hearing as required by law, the Division enter its order granting an exception to Division Rule 104.C.(2)(b) and approving the simultaneous dedication of the existing 320-acre spacing unit comprised of the N/2 of Section 5 to the Quiniela AXQ State Well No. 1 located at a standard gas well location in the NW/4 Section 5, the Quiniela AXQ State Well No. 2 located 1980 feet from the North and East lines of Section 5; and the Quiniela AQX State Well No. 3 located 660 feet from the North line and 1650 feet from the East line of Section 5 in the Silurian Devonian, Cisco and Wolfcamp formations.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William H. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION.

EXHIBIT A

CASE 13008

**APPLICATION OF YATES PETROLEUM CORPORATION
FOR SIMULTANEOUS DEDICATION,
CHAVES COUNTY, NEW MEXICO.**

NOTICE LIST

Chesapeake Energy Corporation
P. O. Box 18496
Oklahoma City, Oklahoma 73154

Gothic Production Corporation
6120 S. Yale, Suite 1200
Tulsa Oklahoma 74136

McClellan Oil Corporation
P. O. Box 730
Roswell, New Mexico 88202-0730

The Toles Company
P. O. Box 1300
Roswell, New Mexico 88202-1300

Randy G. Patterson
C/o Yates Petroleum Corporation
105 South Fourth St.
Artesia, New Mexico 88210

VALCO, LLC
P. O. Box 1090
Roswell, New Mexico 88202-1090

EAKO, LLC
P. O. Box 1090
Roswell, New Mexico 88202-1090

CALCO, LLC
P. O. Box 1090
Roswell, New Mexico 88202-1090

Allen Oil Company
P. O. Box 1538
Roswell, New Mexico 88202-1538

Enerloc Resources, Inc.
P. O. Box 1375
Roswell, New Mexico 88202-1375

Carl Engwall, Trustee of the Carl & Ruth Engwall Living Trust
dated 1-6-82
P. O. Box 1782
Roswell, New Mexico 88202-1782

Yates Petroleum Corporation
105 South Fourth St.
Artesia, New Mexico 88210

B. Raymond Evans
49 Travis Road
Tulia, Texas 79088

Elk Oil Company
P. O. Box 310
Roswell, New Mexico 88202-0310

S. P. Johnson, III & Barbara J. Johnson, Trustees of the S. P.
Johnson, III & Barbara J. Johnson Trust
P. O. Box 1641
Roswell, New Mexico 88202-1641

PJC Limited Partnership
1409 S. Sunset
Roswell, New Mexico 88201

Kastman Oil Company
P. O. Box 5930
Lubbock, Texas 79408

Marjorie Cone Kastman, Trustee of the E.P.C. Trust under will of
Edna Parks Crawford
Kastman Oil Company
P. O. Box 5930
Lubbock, Texas 79408

Ira I Elliott
4508 West 14th St.
Lubbock, Texas 79416

A.L. Mangum, Jr.
4504 8th Street
Lubbock, Texas 79416

Tom P. Stephens, Trustee of the Tom P. Stephens Trust
P. O. Box 2546
Fort Worth, Texas 76113-2546

Linda Toles Brown
RT 3, Box 224C
Walters, Oklahoma 73572

Martha Toles Frost
1321 South 3rd Street
Tucumcari, New Mexico 88401

Cynthia Toles
680 East Basse , #234
San Antonio, Texas 78209

John Holland Toles
812 Candlewood Circle
New Braunfels, Texas 78130

H. Edward Toles, III, Agent
900 Jackson St.
Dallas, Texas 75202-4499

Max Coll
P. O. Box EE
Santa Fe, New Mexico 87502

**Township 9 South, Range 26 East, NMPM
Section 32: All**

Black Family Partnership, LTD.
P. O. Box 50820
Midland, Texas 79710

E & S Petroleum, L.L.C.
P. O. Box 2825
Amarillo, Texas 79105-2825

EOG Resources, Inc.
P. O. Box 2267
Midland, Texas 79702

Matador E&P Company
8340 Meadow Road, Suite 150
Dallas, Texas 75231 - 3751

Plains Radio Petroleum Co.
P. O. Box 11351
Midland, Texas 79702

Abo Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

**Township 9 South, Range 26 East, NMPM
Sec. 33: S/2**

Abo Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

**Township 10 South, Range 26 East, NMPM
Section 4: W/2**

Abo Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

Township 10 South, Range 26 East, NMPM
Section 5: S/2

Abo Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

CASE 13008: **Amended Application of Yates Petroleum Corporation for simultaneous dedication, Chaves County, New Mexico.** Applicant in the above-styled cause seeks an exception to Division Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 320-acre spacing and proration unit for production from the Silurian Devonian, Strawn, Cisco and Wolfcamp formations, comprised of the N/2 of Section 5, Township 10 South, Range 26 East, NMPM:

A. Quiniela AXQ State Well No. 1 located at a standard gas well location in the NW/4 of Section 5;

B. Quiniela AXQ State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 5, and

B. Quiniela AXQ State Well No. 3 located at a standard gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 5.

Said area is located approximately 17 miles East of Roswell, New Mexico.

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William F. Carr

wcarr@hollandhart.com

February 20, 2003

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

TO: AFFECTED INTEREST OWNERS:

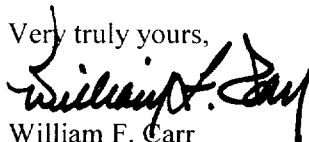
Re: Amended Application of Yates Petroleum Corporation for simultaneous dedication,
Chaves County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking an exception to Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to a 320-acre standard gas spacing and proration unit comprised of the N/2 of Section 5, Township 10 South, Range 26 East, NMPM: the Quiniela AXQ State Well No. 1 at a standard gas well location in the NW/4 of Section 5; the Quiniela AXQ State Well No. 2 at a standard gas well location 1980 feet from the North and East lines; and the Quiniela AXQ State Well No. 3 at a standard gas well location 660 feet from the North line and 1650 feet from the East line of said Section 5 for production from all formations developed on 320-acre spacing, including but not limited to the Silurian Devonian, Strawn, Cisco and Wolfcamp formations.

This amended application has been set for hearing before a Division Examiner on March 13, 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 three days in advance of a scheduled hearing at the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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
ATTORNEY FOR YATES PETROLEUM
CORPORATION

Enc.

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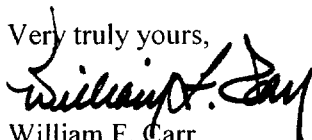
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