

HOLLAND & HART^{LLP}
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SALT LAKE CITY • SANTA FE
WASHINGTON, D. C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

January 28, 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

Case 13008

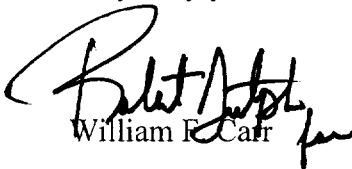
05 JAN 28 PM 3:46
RECEIVED
NEW MEXICO DEPT OF ENERGY

Re: Application of Yates Petroleum Corporation for simultaneous dedication
Chaves 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 a legal advertisement. Yates requests that this application be placed on the docket for the February 20, 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**

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

CASE NO. 13008

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 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. 2 (API No. 30-005-63364) 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 (API No. 30-005-_____) (not yet assigned) located 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. The N/2 of Section 5 is fault divided which results in there being separate sources of supply in the Silurian Devonian, Strawn, Cisco and Wolfcamp formations that are separate from and not in communication with each other or other pay intervals in the in these formations.
2. Yates is the operator of a 320-acre spacing and proration 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 Foor Ranch Wolfcamp, Strawn Pre-Permian and Silurian Devonian Pre-Permian formations.

3. Applicant believes that this application is subject to the following pools: Foor Ranch-Prepermian Gas; Southwest Foor Ranch-Prepermian Gas; Foor Ranch-Wolfcamp Gas; and Pecos Slope-Abo Gas.

4. These formations/pool 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:

(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.

5. 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. 2 and 3 in each of these formations/pools. These locations are in the same quarter section of this spacing unit. Yates seeks permission for only two wells on this 320-acre unit but for geologic reasons desires to locate the infill well in the same quarter section as the initial well.

6. Approval of the simultaneous dedication of the Quiniela AXQ State Well No. 2 and the Quiniela AXQ State Well No. 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 these formations under this spacing unit in the Silurian Devonian, Strawn, Cisco and Wolfcamp formations which otherwise cannot be efficiently produced.

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

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

WHEREFORE, Yates Petroleum Corporation request that this application be set for hearing before an Examiner of the Oil Conservation Division on February 20, 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. 2 at a location 1980 feet from the North and East lines of Section 5; and the Quiniela AQX State Well No. 3 at a standard location 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 F. CARR

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

ATTORNEYS FOR YATES PETROLEUM CORPORATION.

CASE 13008

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. 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 of Section 5.

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

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William F. Carr

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January 30, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED INTEREST OWNERS:

Re: 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 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 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: 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 located 660 feet from the North line and 1650 feet from the East line of said Section 5 in the formations of the Silurian-Devonian, Strawn, Cisco and Wolfcamp formations.

This application has been set for hearing before a Division Examiner on February 20, 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,

HOLLAND & HART^{LLP}

By 

William F. Carr

ATTORNEYS FOR YATES PETROLEUM CORPORATION

Enc.

CASE 13008

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. 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 of Section 5.

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