

VANDIVER & BOWMAN, P. C.

Attorneys at Law

611 West Mahone, Suite E
Artesia, New Mexico 88210-2075
(575) 746-9841

DAVID R. VANDIVER
JEFFREY L. BOWMAN

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FAX
(575) 746-4208

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January 18, 2011

Ms. Florene Davidson
Oil Conservation Division
1220 South Francis Drive
Santa Fe, New Mexico 87505

Case 14597

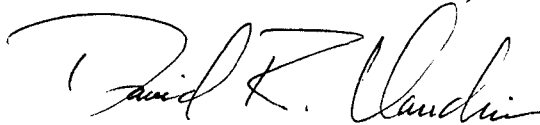
*Re: Application of Yates Petroleum Corporation for
Compulsory Pooling, Eddy County, New Mexico.*

Dear Florene:

Enclosed is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the proposed legal advertisement. The advertisement has also been e-mailed to the Division. Yates Petroleum Corporation requests that this matter be placed on the docket for the February 17, 2011 Examiner hearings.

Very truly yours,

VANDIVER & BOWMAN, P. C.



David R. Vandiver

DRV:ldc

Encl./as stated

cc: Mr. Chuck Moran

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION
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IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 14597

APPLICATION

Yates Petroleum Corporation ("Yates"), through its undersigned attorneys, applies for an order, pursuant to Section 70-2-17 NMSA (1978), pooling all mineral interests from the surface down to the base of the Cisco formation underlying Lots 3, 4, E/2 SW/4, SE/4 (S/2 equivalent) Section 30, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support of its application, states:

1. Yates is an interest owner and the operator of Lots 3, 4, E/2 SW/4, SE/4 of said Section 30, has the right to drill thereon and has standing to bring this pooling application.

2. Yates proposes to recomplete its Dagger Draw 30SE Federal Com. No. 11 Well (formerly the North Dagger Draw Upper Penn Unit No. 131 Well), which is located at an orthodox location 660 feet from the south line and 1,980 feet from the east line (Unit O) of said Section 30, and to test all formations from the surface down to the base of the Cisco formation.

3. Yates seeks to dedicate the following acreage to such well:

(a) Lots 3, 4, E/2 SW/4, SE/4 of Section 30, containing 322.76 acres, more or less, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent;

(b) The SE/4 of Section 30 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and

(c) The SW/4 SE/4 of Section 30 to form a standard 40-acre spacing and proration unit for any formations and/or pools developed on 40-acres spacing within that vertical extent.

4. Yates has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in S/2 of Section 30 for the purposes set forth herein, but certain interest owners have failed or refused to join in dedicating their interests to the proposed recompletion. The owners who have not agreed to pool their interests are identified on Exhibit A to this application.

5. In order to permit Yates to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled and Yates should be designated the operator of the well.

6. The pooling of interests as set forth in this application will afford Yates the opportunity to produce its just and equitable share of oil and gas underlying the subject lands, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 17, 2011, and, after notice and hearing as required by law, the Division enter its order:

A. pooling all mineral interests from the surface down to the base of the Cisco formation underlying Lots 3, 4, E/2 SW/4, SE/4 (S/2) Section 30, Township 19 South, Range 25 East, N.M.P.M.;

B. designating Yates Petroleum Corporation as operator of the well;

C. authorizing Yates Petroleum Corporation to recover its costs of recompleting, testing and equipping the well;

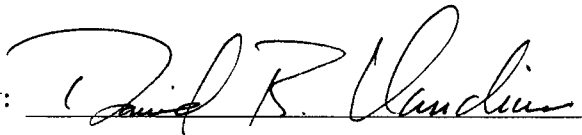
D. approving the actual operating charges and costs of supervision during the recompletion and after the recompletion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;

E. imposing a 200% charge for the risk assumed by Yates Petroleum Corporation in recompleting the well against any working interest owner who does not voluntarily participate in the recompletion of the well; and

F. for such other and further relief as may be proper in the premises.

Respectfully submitted,

VANDIVER & BOWMAN, P.C.

By: 

David R. Vandiver
611 West Mahone, Suite E
Artesia, New Mexico 88210
575-746-9841

Attorneys for Yates Petroleum Corporation

Exhibit A

*Application of Yates Petroleum Corporation for Compulsory Pooling
Lots 3, 4, E/2 SW/4, SE/4 (S/2 equivalent) of Section 30, Township 19 South, Range 25 East,
N.M.P.M., Eddy County, New Mexico
(Dagger Draw 30SE Federal Com. No. 11 Well)*

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705-5421

Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88201-1933

Kenneth G. Cone, Trustee of the Trusts created under the Will and codicil of Kathleen
Cone, deceased, f/b/o children of Kenneth G. Cone
P.O. Box 11310
Midland, Texas 79702

Kenneth G. Cone
P.O. Box 11310
Midland, Texas 79702

Tom R. Cone
P.O. Box 400
Southwest City, Missouri 64863

Bank of Oklahoma, N.A., Successor Trustee of the Trust created under the Will and
Codicil of Kathleen Cone, deceased, f/b/o children of Tom R. Cone
P.O. Box 1588
Tulsa, Oklahoma 74101-1588

Auvenshines's Children's Testamentary Trust
Cathie Cone McCown, Trustee
P.O. Box 507
Dripping Spring, Texas 78620

Cathie Cone McCown
P.O. Box 658
Dripping Spring, Texas 78620

PROPOSED ADVERTISEMENT

CASE NO. 14597 :

Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Cisco formation underlying Lots 3, 4, E/2 SW/4, SE/4 (S/2 equivalent) of Section 30, Township 19 South, Range 25 East, N.M.P.M., and in the following manner: Lots 3, 4, E/2 SW/4, SE/4 to form a standard 322.76-acre spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent; the SE/4 to form a standard 160-acre spacing and proration unit for all pools or formations developed on 160-acre spacing within that vertical extent; and the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Dagger Draw 30SE Federal Com. No. 11 Well (formerly the North Dagger Draw Upper Penn Unit No. 131 Well) located 660 feet from the south line and 1,980 feet from the east line of said Section 30. Also to be considered will be the cost of recompleting, testing and equipping said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a 200% charge for risk involved in recompleting said well. Said well is located approximately 9 miles west of Lakewood, New Mexico.

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