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OIL CONSERVATION DIV.

98 SEP 15 PM 4: 35

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September 15, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87503

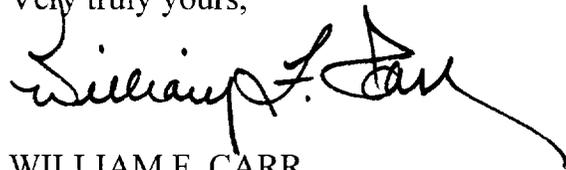
Case 12057

Re: *Application of Yates Petroleum Corporation, for compulsory pooling and an unorthodox well location, 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 legal advertisement. Yates, respectfully requests that this matter be placed on the docket for the October 8, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Robert Bullock (w/enclosures)
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 COMPULSORY POOLING AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIV.
98 SEP 15 PM 4:35

CASE NO. 1257

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing the N/2 SW/4 and in all formations developed on 40-acre spacing underlying the NW/4 SW/4 of Section 14, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support hereof states:

1. Yates is a working interest owner in the S/2 of Section 14, and Yates has the right to drill thereon.
2. Yates proposes to drill its Anderson AST State Com. Well No. 1 as a gas well at an unorthodox location 1980 feet from the South line and 1310 feet from the West line of said Section 14 to an approximate depth of 12,600 feet to test all formations from the surface to the base of the Morrow formation.
3. Yates has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 2.

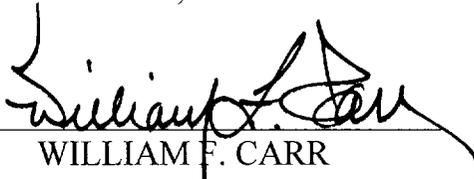
4. Said pooling of interests and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

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 to be drilled.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 1998, and, after notice and hearing as required by law, the Division enter its order (1) approving the drilling of the Anderson AST State Com Well No. 1 at the proposed unorthodox location , and (2) pooling the subject spacing and proration units, including provisions designating Yates operator of the well and spacing units, authorizing Yates to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Yates in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE,
& SHERIDAN, P.A.

By: 

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ATTORNEYS FOR YATES PETROLEUM
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