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November 10, 1998

**HAND-DELIVERED**

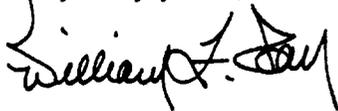
Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87503

Re: *Amended Application of Yates Petroleum Corporation, for compulsory pooling and an unorthodox well location, Eddy 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 legal advertisement. Yates, requests that this application be readvertised and included on the docket for the December 3, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh  
Enclosures

cc: Robert Bullock (w/enclosures)  
Yates Petroleum Corporation

Ernest Carroll, Esq.  
Penwell Energy, Inc.

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

OIL CONSERVATION DIV.  
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IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING AND  
AN UNORTHODOX WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 12084

**AMENDED APPLICATION**

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, § 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 SE/4, in all formations developed on 80-acre spacing the E/2 SE/4 and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 of Section 8, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, and in support hereof states:

1. Yates is a working interest owner in the S/2 of Section 8, and Yates has the right to drill thereon.
2. Yates proposes to drill its Riverside ASS Federal Com Well No. 1 at an unorthodox location 1650 feet from the South line and 660 feet from the East line of said Section 8 to test all formations from the surface to the base of the Morrow formation, Logan Draw-Morrow Gas Pool.
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 8.

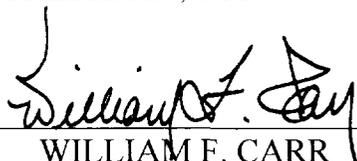
4. Said pooling of interests and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

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 amended application be set for hearing before an Examiner of the Oil Conservation Division on December 3, 1998, and, after notice and hearing as required by law, the Division enter its order (1) approving an unorthodox well location for the Riverside ASS Federal Com. Well No. 1 at a point 1650 feet from the South line and 660 feet from the East line of said Section 8 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 and

Respectfully submitted,

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

By:   
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ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE 12084

Amended Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks 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 SE/4, in all formations developed on 80-acre spacing underlying the E/2 SE/4, and in all formations developed on 40-acre spacing underlying the NE/4 SE/4, from the surface to the base of the Morrow formation, Logan Draw-Morrow Gas Pool, in Section 8, Township 17 South, Range 27 East. Said units are to be dedicated to the proposed Riverside ASS Federal Com Well No. 1 which will be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the East line of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. This area is located approximately 7 miles northeast of Artesia, New Mexico.

OIL CONSERVATION DIV  
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