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January 26, 1999

HAND-DELIVERED

12129

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

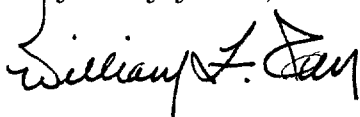
Re: *Application of Yates Petroleum Corporation for Compulsory
Pooling, Eddy County, New Mexico*

99 JAN 26 PM 3:37
OIL CONSERVATION DIV

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 February 18, 1999 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Douglas Hurlbut (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,
EDDY COUNTY, NEW MEXICO.

CASE NO. 12129

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 from the surface to the base of the Morrow formation 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 S/2 SW/4 and in all formations developed on 40-acre spacing underlying the SE/4 SW/4 of Section 33, Township 16 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 33, and Yates has the right to drill thereon.
2. Yates proposes to drill a well at a standard location 660 feet from the South line and 1980 feet from the West line of said Section 33 to test all formations from the surface to the base of the Morrow formation.
3. Yates has obtained a permit to drill the proposed well from the

OIL CONSERVATION DIV.
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Division approving Yates Petroleum Corporation as operator of this well.

4. 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 33.

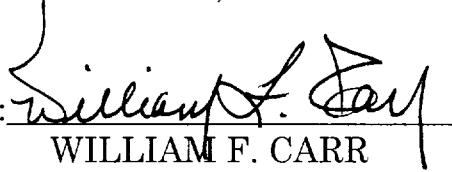
5. Said pooling of interests and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

6. 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 February 18, 1999, and, after notice and hearing as required by law, the Division enter its order 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: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE _____: 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 underlying the following described acreage in Section 33, Township 16 South, Range 27 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, the SW/4 to form a standard 160-acre spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, the S/2 SW/4 to form a standard 80-acre spacing or proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, and the SE/4 SW/4 to form a standard 40-acre spacing or proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 1980 feet from the West line of said Section 33. 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. Said area is located approximately 19 miles northwest of Loco Hills, New Mexico.

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