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June 29, 1999

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

12219

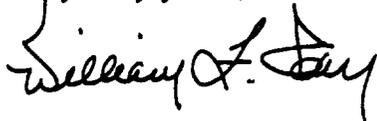
99 JUN 29 AM 11:11
OIL CONSERVATION DIV

*Re: Application of Yates Petroleum Corporation, for compulsory pooling,
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 legal advertisement. Yates, respectfully requests that this matter be placed on the docket for the July 22, 1999 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

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, CHAVES COUNTY, NEW MEXICO.

CASE NO.

12219

99 JUN 29 AM 4: 12

OIL CONSERVATION DIV.

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations from the surface to the base of the Abo formation in Section 20, Township 7 South, Range 25 East, N.M.P.M., Chaves County, New Mexico as follows:

- the SE/4 for all formations and pools developed on 160-acre spacing,
- the N/2 SE/4 for all formations developed on 80-acre spacing, and
- the NE/4 SE/4 for all formations developed on 40-acre spacing.

In support hereof applicant states:

1. Yates is a working interest owner in the SE/4 of Section 20, and Yates has the right to drill thereon.
2. Yates proposes to drill its Reinauer "RC" Federal Com Well No. 3 at a standard location 1980 feet from the South line and 1000 feet from the East line of said Section 20 to test all formations from the surface to the base of the Abo formation, Pecos Slope-Abo Gas Pool.

4. Yates has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the SE/4 of said Section 20.

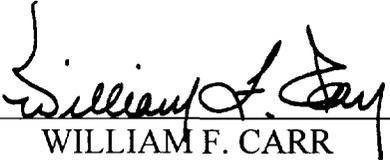
5. The pooling of interests in these spacing units and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

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 July 22, 1999, and, after notice and hearing as required by law, the Division enter its order (1) approving the drilling of the proposed well, and (2) pooling all interests in 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,
AND SHERIDAN, P.A.

By: 
WILLIAM F. CARR

Post Office Box 2208

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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

12219

CASE _____: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the N/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 Abo formation, Pecos Slope-Abo Gas Pool, of Section 20, Township 7 South, Range 25 East. Said units are to be dedicated to the proposed Reinauer "RC" Federal Com Well No. 3 which will be drilled at a standard location 1980 feet from the South line and 1000 feet from the East lines of said Section 20. 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 30 miles northeast of Roswell, New Mexico.

OIL CONSERVATION DIV.
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