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January 12, 2000

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an amended application for compulsory pooling, together with a proposed advertisement, filed on behalf of Harvey E. Yates Company. Please re-set this case for the February 17, 2000 Examiner hearing. Thank you.

Very truly yours,



James Bruce
Attorney for Harvey
E. Yates Company

OIL CONSERVATION DIV.
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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF HARVEY E. YATES
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case No. 2324

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OIL CONSERVATION DIV.

AMENDED APPLICATION

Harvey E. Yates Company applies for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8, and has the right to drill a well thereon.

2. Applicant proposes to drill its Howard DWT Fee Well No. 1, at an orthodox location 2130 feet from the North line and 660 feet from the West line of Section 8, and seeks to dedicate the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8 to the well for all pools or formations developed on 80-acre spacing, including the Undesignated South Humble City-Strawn Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8,

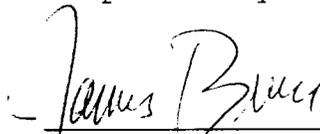
pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the S½NW¼ of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½NW¼ of Section 8, from the surface to the base of the Strawn formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Harvey E. Yates Company

PROPOSED ADVERTISEMENT

Case 12324: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8, Township 17 South, Range 38 East, NMPM, to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated South Humble City-Strawn Pool. The unit is to be dedicated to applicant's Howard DWT Fee Well No. 1, to be located 2130 feet from the north line and 660 feet from the west line (Unit E) of Section 8. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately 3 $\frac{1}{2}$ miles northwest of Knowles, New Mexico.

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