

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
ANTHONY F. MEDEIROS  
  
JACK M. CAMPBELL  
1916-1999

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

January 11, 2000

**HAND-DELIVERED**

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

12338

OL CONSERVATION DIV  
JAN 11 PM 4:55

Re: Application of Yates Drilling Company. for Compulsory Pooling, Eddy  
County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Yates Drilling Company in the above-referenced case as well as a copy of the legal advertisement. Yates Drilling Company requests that this matter be placed on the docket for the February 3, 2000 Examiner hearings.

Very truly yours,



William F. Carr

WFC/md

Enclosures

cc: Mr. Doug Hurlbut  
Yates Drilling company  
105 South Fourth Street  
Artesia, New Mexico 88210

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF YATES DRILLING COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

CASE NO. 12338

00 JAN 11 PM 4:50  
OIL CONSERVATION DIV  
NEW MEXICO

**APPLICATION**

YATES DRILLING COMPANY, 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 formations from the surface to the base of the Morrow formation in the following described spacing and proration units in the W/2 of Section 15, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico:

- A. the W/2 for all formations and/or pools developed on 320-acre spacing and proration units which includes but is not necessarily limited to the Undesignated Empire-Pennsylvanian Gas Pool;
- B. the NW/4 for all formations and/or pools developed on 160-acre spacing and proration units;
- C. the N/2 NW/4 for all formations and/pools developed on 80-acre spacing and proration units; and
- D. The NW/4 NW/4 for all formations and/or pools developed on 40-acre spacing and proration units.

In support of its application, Yates Drilling Company states:

1. Yates Drilling Company is a working interest owner in the W/2 of Section 15 and has the right to drill thereon.

2. Yates Drilling Company proposes to dedicate the above-referenced spacing or proration units to its Spurck "15" State Com Well No. 1 to be drilled at a standard location 660 feet from the North and West lines (Unit D) of said Section 15, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Yates Drilling Company has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on Exhibit A to this application.

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

5. In order to permit the Yates Drilling Company to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Yates Drilling Company should be designated the operator of the well to be drilled.

WHEREFORE, Yates Drilling Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 3, 2000 and, after notice and hearing as required by law, the Division enter its order:

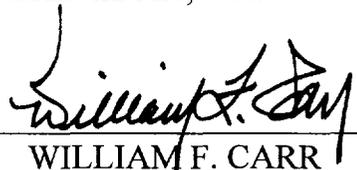
- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Yates Drilling Company operator of these units and the well to be drilled thereon,
- C. authorizing Yates Drilling Company to recover its costs of drilling, equipping

and completing the well,

- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Yates Drilling Company in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

By:   
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WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES DRILLING COMPANY

**EXHIBIT A**

**APPLICATION OF  
YATES DRILLING COMPANY.  
FOR COMPULSORY POOLING  
W/2 OF SECTION 15, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO**

Harvey E. Yates Company  
Post Office Box 1933  
Roswell, New Mexico 88202

Yates Energy Corporation  
Post Office Box 2323  
Roswell, New Mexico 88202

Chad Dickerson  
P.O. Box 30  
Cooper, TX 75432

CASE 12338

Application of Yates Drilling Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, Undesignated Empire-Pennsylvanian Pool, underlying the following described acreage in Section 15, Township 17 South, Range 28 East in the following manner: (a) the W/2 for any formations and/or pools developed on 320-acre spacing, (b) the NW/4 for any formations and/or pools developed on 160-acre spacing, (c) the N/2 NW/4 for any formations and/or pools developed on 80-acre spacing, and (d) the NW/4 NW/4 for any formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Spurck "15" State Com Well No. 1 to be drilled at a standard location in the 660 feet from the North and West Lines (Unit D) of said Section 15. 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 Yates Drilling Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 11 miles west of Local Hills, New Mexico.

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