

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
ROBERT J. SUTPHIN, JR.  

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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: law@westofpecos.com

October 24, 2000

**HAND-DELIVERED**

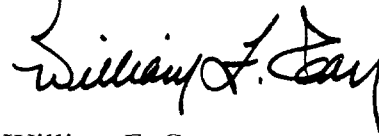
Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

Re: Application of Harvey E. Yates Company, for compulsory pooling, Eddy  
County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Harvey E. Yates Company in the above-referenced case as well as a copy of the legal advertisement. Harvey E. Yates Company requests that this matter be placed on the docket for the November 16, 2000 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Melissa Randle (w/enclosures)  
Harvey E. Yates Company

12545  
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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

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

CASE NO. \_\_\_\_\_

12545

**APPLICATION**

HARVEY E. YATES COMPANY, ("HEYCO"), 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 developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NW/4 , in all formations developed on 80-acre spacing under the N/2 NW/4, and in all formations developed on 40-acre spacing under the SW/4 NW/4 of Section 7, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. HEYCO is a working interest owner in the N/2 of said Section 7 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Turner 7 Federal Deep Well No. 1 which has been drilled to the Morrow formation, McMillan-Morrow Gas Pool, at a standard location 1980 feet from the North line and 660 feet from the West line of said Section 7, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units.

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

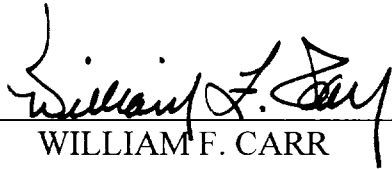
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Harvey E. Yates Company should be designated the operator of the well to be drilled.

WHEREFORE, Harvey E. Yates Company, requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 16, 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 Harvey E. Yates Company operator of these units and the well to be drilled thereon,
- C. authorizing Harvey E. Yates 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 the Applicant 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: 

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

ATTORNEYS FOR HARVEY E. YATES COMPANY

CASE 12545

Application of Harvey E. Yates Company for compulsory pooling, 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 in the N/2, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the N/2 NW/4, and in all formations developed on 40-acre spacing in the SW/4 NW/4 of Section 7 Township 20 South, Range 27 East, NMPM. Said unit is to be dedicated to its Turner 7 Federal Deep Well No. 1 which has been drilled at a standard location 1980 feet from the North line and 660 feet from the West line of said Section 7 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, McMillan-Morrow Gas Pool. 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 Harvey E. Yates Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles southeast of Lakewood, New Mexico.