

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF YATES PETROLEUM CORPORATION, FOR AN ORDER ESTABLISHING A 322.481 ACRE GAS PRORATION UNIT, COMPOSED OF THE S½ OF SECTION 21, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, INSOFAR AS THE FORMATION LYING BETWEEN THE UPPER AND LOWER LIMITS OF THE PENNSYLVANIAN GAS FORMATION IS AFFECTED, AND THE POOLING OF THE INTERESTS THEREIN.

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1. Yates Petroleum Corporation, as operator, entered into an operating agreement and a gas pooling agreement with Len Mayer, T. J. Jackson, A.N. Etz and George Etz, on the 27th day of October, 1960. Said agreements designated the Dayton Townsite Gas Unit No. 2, which covers 322.481 acres, composed of the S½ of Section 21, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, insofar and only insofar as the same covers the formation lying between the upper and lower limits of the Pennsylvanian gas producing formation in said area. Said agreements are effective only as to the gas and associated hydrocarbons produced from operators well, which is now being drilled as the Yates Petroleum Corporation, Bob Gushwa No. 1 well, and located 1650 feet from the South line and 1650 feet from the East line of said Section 21; that a plat of the unit area is hereto attached as Exhibit "A".

2. All but 40 acres of the S½ of said Section 21 has been subdivided into numerous small tracts, both as to surface and mineral interests. The parties to the aforesaid gas pooling agreement are either the owners in fee simple or are the holders and owners of oil and gas leases, covering all the tracts within the limits of said proposed unit area, except for 25.04 acres, not covered by any oil and gas lease, which are owned by following named persons, whose names and addresses are hereinafter set out:

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<u>NAME</u>	<u>ADDRESS</u>
J. N. Hawkins	Box 101 Midland, Texas
J. W. Potter	Box 1027 Carlsbad, New Mexico
Wm. H. Swearingen	Box 93 Santa Fe, New Mexico
Smith B. Crane	C/O Mrs. Myrtle M. Wagner Route 2, Box 267 Sequin, Washington
Frank F. Coon	2121 Summit Avenue Baltimore 6, Maryland
A. F. Escobar	13227 So. San Antonio Drive Norwalk, California
Olive S. Harrison	1214 Moreland Jefferson City, Missouri
Pan American Petroleum	Box 268 Lubbock, Texas

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That copies of this application have been mailed to each of said parties.

3. That the following named parties have executed certain oil and gas leases, which do contain pooling clauses, but the said pooling clauses can be construed so as not to permit the pooling thereof into units as large as 320 acres; that the number of acres covered by said leases total 23.115 acres, the names and addresses of said lessors being described as follows:

<u>NAME</u>	<u>ADDRESS</u>
Mayme Ressinger	731 Forrest Independence, Missouri
J. R. Raymond	Box 473 Oilton, Oklahoma
Isabell Gallegos	101 Mora Avenue Las Vegas, New Mexico
Alice Heck Martin)	C/O Robert Fox ✓
Maze Heck Pinnell :	Dool Building
Wave Heck Hill)	Calexico, California

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The applicant has heretofore forwarded each of said parties a lease amendment, permitting the pooling of their said leases into a gas unit of 320 acres, but that said amendments to said leases have not been received at this time; that copies of this application have been mailed to each of said parties.

WHEREFORE, applicant requests a hearing, in order that the Commission may make such findings of fact and conclusions of law as

shall be required to establish a 322.481 acre gas proration unit composed of the S $\frac{1}{2}$ of Section 21, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico and approving the same as the Dayton Townsite Gas Unit No. 2.

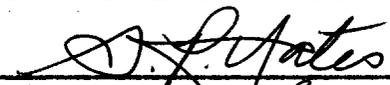
Applicant further requests that the Commission, upon proper findings of fact and conclusions of law, enter its order requiring forced pooling of all royalty and overriding royalty interests of those parties mentioned in paragraph 3 hereof, who have not consented to this pooling amendment of their leases.

Applicant further requests that the Commission, upon proper findings of fact and conclusions of law, enter its order permitting the applicant to produce the gas and associated hydrocarbons from the full unit area, and to hold, in suspense, all proceeds attributable to each of the tracts owned by those persons described in paragraph 2 hereof, until such time as said parties have paid their respective, pro-rata costs of development or, that the applicant be permitted to retain such share of the proceeds from production until such time as each said share of such proceeds shall equal such percentum of such respective shares of development cost as the Commission shall determine to be equitable, or such other and further orders as the Commission shall desire to enter in this case.

Respectfully submitted this 18th day of January, 1961.

YATES PETROLEUM CORPORATION

By



President