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April 9, 1991

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OIL CONSERVATION DIVISION

10295

HAND-DELIVERED

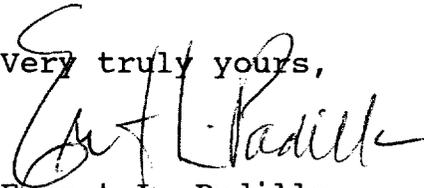
Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Compulsory Pooling Application
Thornbush Federal #2 Well, SW/4SW/4
Section 1, Township 18 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed please find, in triplicate, Yates Energy Corporation's Application for Compulsory Pooling for its Thornbush Federal #2 Well. We request that the above-referenced Application will be docketed for hearing on May 2, 1991.

Very truly yours,



Ernest L. Padilla

ELP/pmc
cc w/encl: Yates Energy Corporation
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APR 1991

BEFORE THE OIL CONSERVATION DIVISION OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF YATES ENERGY CORPORATION FOR)
COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)
_____)

CASE NO. 10295

APPLICATION

COMES NOW, YATES ENERGY CORPORATION, by and through its attorneys, Padilla & Snyder, Attorneys At Law and in support hereof, respectfully states:

1. Applicant has the right to drill its Thornbush Federal #2 Well to test all potentially productive oil and gas bearing zones from the surface to the base of the Delaware Formation at an approximate total depth of 5,600 feet below the surface of the earth, underlying the SW/4SW/4, Section 1, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to form a standard 40-acre oil spacing and proration unit dedicated to a well to be drilled at a standard oil well location.

2. The applicant has dedicated the SW/4SW/4 of said Section 1 to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

3. Applicant should be designated the operator of the well and the proration unit.

4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit, the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil in said unit, all mineral interests, whatever they may be, from the surface to the base of the Delaware Formation underlying the SW/4SW/4 of said Section 1 should be pooled.

5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

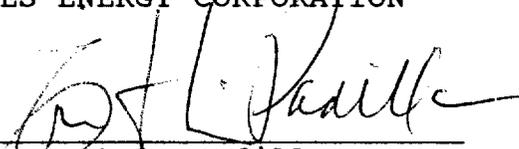
WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing, the Division enter its order pooling all mineral interest, whatever they may be, from the surface to the base of the Delaware Formation underlying the SW/4SW/4 of said Section 1, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to form a 40-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

YATES ENERGY CORPORATION

By: 

Ernest L. Padilla

PADILLA & SNYDER

P. O. Box 2523

Santa Fe, New Mexico 87504-2523

Attorneys for Applicant

347.12