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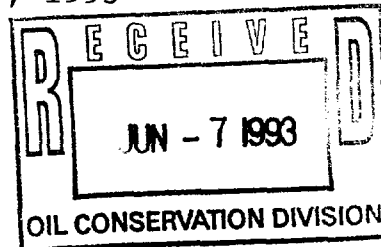
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Florene Davidson
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

June 7, 1993



16757

Re: Application of Yates Petroleum Corporation for
Compulsory Pooling, Eddy County, New Mexico

Dear Florene:

Please find enclosed the original and two copies of an
Application by Yates Petroleum Corporation. Please set this matter
for the July 1, 1993 Examiner Hearing.

Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

Fran Sowers
Fran Sowers, Secretary
to James Bruce

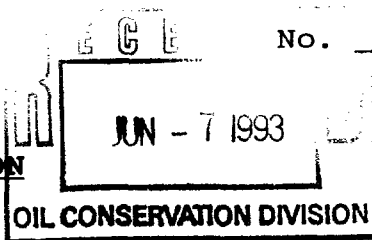
Enclosures

VIA HAND DELIVERY

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

APPLICATION



Yates Petroleum Corporation hereby makes application for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 27, Township 21 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in said Section 27.

2. Applicant proposes to reenter an existing wellbore at an unorthodox location 1,140 feet from the South line and 1,350 feet from the West line of Section 27 (said location was approved by Division Order No. R-9838), and drill to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) All of Section 27 for all pools or formations spaced on 640 acres (including the undesignated Indian Basin-Upper Pennsylvanian Gas Pool); and

(b) The $S\frac{1}{2}$ of Section 27 for all pools or formations spaced on 320 acres (including the undesignated Indian Basin-Morrow Gas Pool).

3. The working interest owners have in good faith sought to join all mineral and leasehold interest owners in Section 27 for the purposes set forth herein.

4. Although an attempt has been made to obtain voluntary agreements from all interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, one interest owner has failed or refused to join in dedicating his acreage. Therefore, Applicant seeks an order pooling all mineral and leasehold interest owners underlying Section 27, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

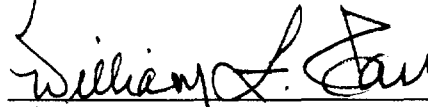
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. The pooling of all interests underlying Section 27, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that the Division grant the relief requested above.

Respectfully submitted,

Campbell, Carr, Berge &
Sheridan, P.A.

A handwritten signature in cursive script, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr
Post Office Box 2208
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(505) 988-4421

Attorneys for Applicant