

March 22, 1989

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

M.S.
Case 9657

Re: Bajillo Draw State No. 4 Well
Township 7 South, Range 23 East, N.M.P.M.
Section 28: SW/4
Chaves County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after inserting the docket number.

Please set this matter for hearing before an Examiner on April 26, 1989.

Thank you.

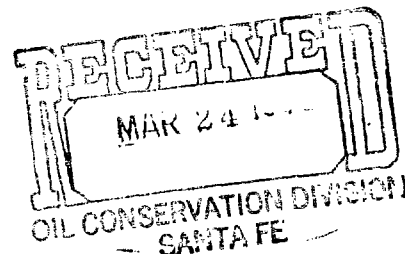
Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson
Chad Dickerson

CD:pvw
Enclosures

cc w/enclosure: Mr. Cy Cowan



BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION :
FOR COMPULSORY POOLING, CHAVES :
COUNTY, NEW MEXICO :
_____ :

CASE NO. 9657

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following described lands in Chaves County, New Mexico:

Township 7 South, Range 23 East, N.M.P.M.

Section 28: SW/4

containing 160 acres, more or less,
and proposes to drill its Bajillo Draw State No. 4 Well at an orthodox location in Unit ~~X~~ to a depth sufficient to test all formations from the surface through the base of the Abo formation.
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2. A standard 160-acre proration unit comprising the SW/4 of said Section 28 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 160-acre spacing.

3. There is an interest owner in the unit who has not agreed to pool his interest.

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

5. 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 and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. 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.

7. 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.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from

the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, in the Abo formation, underlying SW/4 Section 28, Township 7 South, Range 23 East, N.M.P.M., Chaves County, New Mexico, or such lesser portion thereof as may be productive of oil and gas and dedicated to Applicant's well.

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

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

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Attorneys for Applicant