

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. 9699

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 6 South, Range 26 East, N.M.P.M.

Section 15: NW/4

containing 160 acres, more or less,
and proposes to drill its O'Connell "VX" Fed. Com. No. 2 Well at an unorthodox location of 1,980 feet from the north line and 260 feet from the west line (Unit E) of said Section 15 to a depth sufficient to test all formations from the surface through the base of the Abo formation. The above described unorthodox location for this well was approved by Administrative Order NSL-2535 dated June 21, 1988.

2. A standard 160-acre proration unit comprising the NW/4 of said Section 15 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, and a standard 40-acre proration unit comprising SW/4 NW/4 of said Section 15 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 40-acre spacing.

3. There are interest owners in the unit who have not agreed to pool their interests.

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, from the surface down to the base of the Abo formation, underlying NW/4 Section 15, Township 6 South, Range 26 East, N.M.P.M., Chaves County, New Mexico, in all formations which may be developed on 160-acre spacing underlying NW/4 of said Section 15, and in all formations which may be developed on 40-acre spacing underlying SW/4 NW/4 of said Section 15, or such lesser portion 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: 

David R. Vandiver

FIISK, VANDIVER & CATRON
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant