

LAW OFFICES

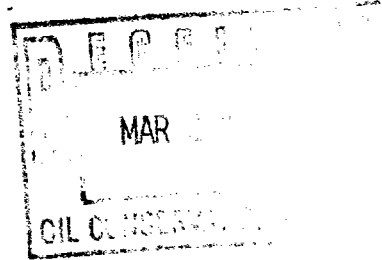
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March 24, 1995



VIA FACSIMILE AND FIRST CLASS MAIL

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
P. O. Box 6429  
Santa Fe, New Mexico 87505-5472

*Case 11263*

Re: Application of Yates Petroleum Corporation  
for Compulsory Pooling, Eddy County, New  
Mexico/Ross EG Fed. Com #14

Dear Mr. LeMay:

I am enclosing herewith Yates Petroleum Corporation's Application as captioned above, in duplicate. We would ask that this be set for hearing on the next available docket. Please return the copy to me for my files.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

*Ernest L. Carroll*  
Ernest L. Carroll

ELC:kth  
Encl.

xc w/encl: Ms. Mecca Mauritsen

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STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 11263

MAR 27

APPLICATION

~~COMES NOW~~ YATES PETROLEUM CORPORATION, by its attorneys,

and hereby makes application pursuant to the provisions of N.M.S.A. §70-2-17, (1978), for an order pooling all mineral interests in the NE/4 of Section 21, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support hereof respectfully states:

1. Applicant has the right to drill its Ross EG Fed. Com #14 Well at an orthodox location 660 feet from the north line and 1980 feet from the east line of Section 21, and drill to a depth of approximately 8300 feet, more or less, to test any and all formations from the surface to the base of the Canyon formation, North Dagger Draw-Upper Pennsylvanian Pool, as an oil well.

2. The applicant has dedicated the NE/4 of said Section 21 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 down

through and including the Canyon formation underlying the NE/4 of said Section 21, should be pooled.

5. That any non-consenting working interest owner who 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.

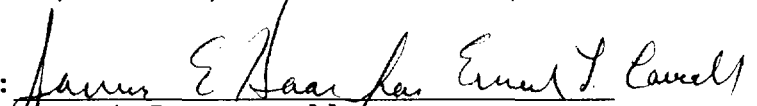
WHEREFORE, applicant prays:

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 through and including the Canyon formation underlying the NE/4 of said Section 21, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, to form a 160-acre proration unit dedicated to applicant's well.

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

LOSEE, CARSON, HAAS & CARROLL, P. A.

By:   
Ernest L. Carroll  
LOSEE, CARSON, HAAS & CARROLL, P.A.  
P. O. Box 1720  
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(505/746-3505)  
Attorneys for Applicant

**PROPOSED ADVERTISEMENT**

Applicant seeks an order pooling all mineral interests from the surface down through and including the Canyon formation underlying the NE/4 of Section 21, Township 19 South, Range 25 East. Said unit is to be dedicated to a well to be drilled at a standard location in the NE/4 of said Section 21 to test any and all formations to the base of the Canyon formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 20 miles southwest of Artesia, New Mexico.