

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

CASE NO. 11691

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the W/2 of Section 6, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant owns or controls approximately 51% of the working interest in the W/2 of said Section 6, and Applicant has the right to drill thereon.
2. Applicant proposes to drill its Cerros Locos AQM Federal Com. No. 1 Well at an orthodox location 2310 feet from the North line and 840 feet from the West line of Section 6, and drill to a depth of approximately 11,700 feet, more or less, to test any and all formations from the surface to the base of the Morrow formation, Sand Tank Morrow Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 6.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on January 9, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Yates Petroleum Corporation operator of the W/2 of said Section 6, and authorizing Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



WILLIAM F. CARR
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Post Office Box 2208
Santa Fe, New Mexico 87504
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ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE 11691:

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant ~~in the above styled cause~~ seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 6, Township 18 South, Range 30 East. Applicant proposes to dedicate this pooled unit to its Cerros Locos AQM Federal Com. No. 1 Well to be drilled at a standard location 2310 feet from the North line and 840 feet from the West line ^(Unit 1) ~~in the W/2~~ of said Section 6 to test any and all formations to the base of Morrow formation, Sand Tank Morrow Pool. 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles Southwest of Loco Hills, New Mexico.

CAMPBELL, CARR, BERGE
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December 18, 1996

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HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

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

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the January 9, 1997 Examiner hearings.

Very truly yours,



PAUL R. OWEN

PRO:mlh

Enclosures

cc: Mr. Robert Bullock (w/enclosures)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210