



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,
LEA COUNTY, NEW MEXICO.

CASE NO. 11714

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the S/2 SE/4 and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 3, Township 24 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Yates owns or represents approximately 62.5% of the working interest in the S/2 of said Section 3, and applicant has the right to drill thereon.

2. Yates proposes to dedicate the above-referenced spacing or proration unit to its Quest "AQS" State Well No. 1 to be drilled as a wildcat well at a standard well location 660 feet from the South line and 1980 feet from the East line of said Section 3 to a depth sufficient to test all formations from the surface to the base of the Morrow formation.

3. Yates has sought and been unable to obtain either voluntary agreement for

pooling or farmout from certain interest owners in the S/2 of said Section 3.

4. Said pooling of interests will prevent waste and will protect correlative rights.

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

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an examiner of the Oil Conservation Division on February 6, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Yates to recover its costs of supervision of the well, including overhead charges, imposing a risk factor for the risk assumed by the Yates in drilling, completing and equipping the well.

Respectfully submitted,

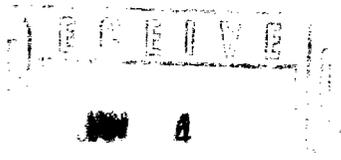
CAMPBELL, CARR, BERGE
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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE 11714:



Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in of Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line of said Section 3. 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 _____ miles _____ of _____, New Mexico.