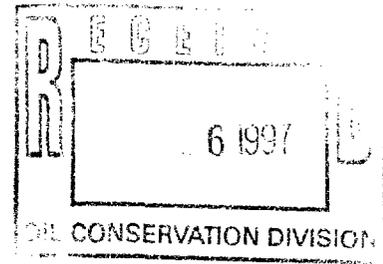


BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
TO REOPEN CASE NO. 11806, ORDER NO.
R-10845, FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO.11806
REOPENED

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application to reopen Case No. 11806 and the resulting Order No. R-10845, pooling all mineral interests from 100 feet below the base of the Loco Hills Sand to the top of the Mississippian formation in the W/2 for formations based on 320-acre spacing, NW/4 for formations based on 160-acre spacing and the SE/4 NW/4 for all formations developed on 40-acre spacing, of Section 1, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support of this Application states:

1. Yates is a working interest in the W/2 of said Section 1 and has the right to drill thereon.
2. On June 16, 1997, Yates applied for an order pooling all mineral interests from 100 feet below the Loco Hills Sand to the base of the Wolfcamp formation in the W/2 for formations developed on 320-acre spacing, the NW/4 for formations developed on 160-acre spacing and the SE/4 NW/4 for all formations developed on 40-acre spacing, of Section 1,

Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Yates proposes to dedicate the above-referenced spacing or proration unit to its Cerritos APT Federal Com Well No. 1 which has been drilled at a standard location 1980 feet from the North and West lines of said Section 1 to a depth sufficient to test any and all formations to the base of the Morrow formation, Sand Tank-Morrow Gas Pool.

3. Applicant made a diligent search for all owners of interests who were entitled to notice of the Application, and provided notice to all interest owners identified.

4. After hearing on July 10, 1997, the Division entered Order No. R-10845, which pooled all mineral interests, whatever they may be, from 100 feet below the base of the Loco Hills Sand to the top of the Mississippian formation underlying certain identified spacing units in the W/2 of Section 1, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and dedicating said units to the Cerritos APT Federal Com Well No. 1.

5. Subsequent to entry of Order No. R-10845, Yates discovered that Gladys Ann Duggan, 2117 Savanna Court, League City, Texas 77573-5033 owns an interest in the subject spacing unit and is entitled to notice of this pooling action. This interest owner was not discovered prior to the July 10, 1997 hearing.

6. Applicant has sought and been unable to obtain an agreement with Ms. Duggan for the voluntary participation of her interest in the Cerritos APT federal Com Well No. 1.

WHEREFORE, Yates Petroleum Corporation requests that Case 11806 be reopened at the Oil Conservation Division Examiner hearings scheduled for September 18, 1997, and,

after notice and as required by law, the Division re-enter its order pooling the lands, including provisions for 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,

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