

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION : CASE NO. 12683
FOR COMPULSORY POOLING, CHAVES :
COUNTY, NEW MEXICO :
_____ :

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys
undersigned, and in support of its application for compulsory pooling, respectfully states:

1. Applicant has the right to drill its Coronet "TI" No. 3 Well to a depth of 5,735' to test the Ordovician Formation and intermediate formations at a location of 1980' FNL and 1,980' FEL of Section 3, Township 8 South, Range 26 East, N.M.P.M., Chaves County, New Mexico.

2. The applicant has dedicated the E/2 of said section 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 to the base of the Ordovician formation, at the approximate depth of 5,735', underlying the E/2 of Section 3, should be pooled; forming a standard 320-acre or 160-acre gas spacing and proration unit, as the case may be, for any and

all formations and/or pools developed on the 320-acre or 160-acre spacing within said vertical extent.

5. Prior to the filing of this application, Applicant has drilled 3 wells in the E/2 of Section 3, the Coronet "TI" No. 1 located 660' FNL and 660' FEL of Section 3, the Coronet "TI" No. 2 located 1980' FNL and 1000' FEL of Section 3 and the Percentage "APR" No. 1 located 660' FSL and 1110' FEL of Section 3. Each of these wells are presently producing from differing formations located above the Ordovician formation.

6. The interests Applicant seeks to force pool for the drilling of the Coronet "TI" No. 3 were not force pooled for the drilling of the Coronet "TI" No. 1, the Coronet "TI" No. 2 and the Percentage "APR" No. 1 and are uncommitted interest owners in these wells.

7. Applicant seeks to force pool the uncommitted interest owners in each of the three previously drilled wells with respect to all operations conducted from the date of entry of an order by the Oil Conservation Division ordering the pooling of such interests.

8. Applicant seeks the adoption of a suitable joint operating agreement for all future operations to be conducted upon the E/2 of Section 3.

9. 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.

10. 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 through the Ordovician Formation to an approximate depth of 5,735', underlying the E/2 of Section 3 to form a standard 320-acre or 160-acre gas proration unit, depending upon the formation from which production is obtained, dedicated to applicant's well.
- C. 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 Ordovician formation, at the approximate depth of 5,735' underlying the E/2 of Section 3 to form a standard 320-acre or 160-acre gas proration unit depending upon the formation from which production is obtained dedicated to the Coronet "TI" No. 1, the Coronet "TI" No. 2 and the Percentage "APR" No. 1 for all operations conducted after entry of the Division's order.
- D. 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;
- E. That Applicant 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;

- F. That a suitable joint operating agreement for all operations conducted after the entry of the Division's order upon the E/2 of Section 3.
- G. And for such other relief as may be just in the premises.

Respectfully submitted,

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