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October 5, 1992

Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

10574

Re: *John "AGU" No. 7 Well*
Township 20 South, Range 24 East, NMPM
Section 14: N/2
Eddy County, New Mexico

Gentlemen:

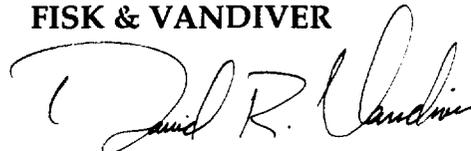
Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope **after inserting the docket number.**

Please set this matter for hearing before an Examiner on October 29, 1992.

Thank you.

Very truly yours,

FISK & VANDIVER



David R. Vandiver

DRV:pvw
Enclosures

cc w/enclosure: Yates Petroleum Corporation

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

**IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORA- :
TION FOR COMPULSORY POOLING, : CASE NO. 10574
EDDY COUNTY, NEW MEXICO :**

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following lands in Eddy County, New Mexico:

Township 20 South, Range 24 East, N.M.P.M.

Section 14: N/2

containing 320 acres, more or less,

and proposes to drill its John "AGU" No. 7 Well at an orthodox location 1,980 feet from the north line and 660 feet from the west line (Unit E) of said Section 14 to a depth sufficient to test all formations from the surface through the base of the Canyon formation, at approximately 8,200 feet. Said lands are within the South Dagger Draw–Upper Pennsylvanian Associated Pool.

2. A standard 320-acre proration unit comprising N/2 of said Section 14, or such lesser portion thereof as is reasonably shown to be productive of oil and gas, should be dedicated to such well for all formations which may be developed on 320-acre spacing; a standard 160-acre proration unit comprising the NW/4 of said Section 14, or such lesser portion thereof as is reasonably shown to be productive of oil and gas, should be dedicated to such well for all formations which may be developed on 160-acre spacing; and a standard 40-acre proration unit comprising SW/4 NW/4 of said Section 14, or such lesser portion thereof as is reasonably

shown to be productive of oil and gas, should be dedicated to such well for all formations which may be developed on 40-acre spacing.

3. There is an interest owner in the unit who has not agreed to pool his interest.

4. Applicant should be designated the operator of the well and the proration unit.

5. 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 and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. That any non-consenting working interest owner that 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.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to the non-consenting working interest owner.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

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 to the base of the Canyon formation, underlying N/2 Section 14, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, as to all formations which may be developed on 320-acre spacing; in all formations which may be developed on 160-acre spacing underlying NW/4 of said Section 14; and in all formations which may be developed on 40-acre spacing underlying SW/4 NW/4 of said Section 14, or such lesser portion as may be productive of oil and gas and dedicated to Applicant's well.

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

YATES PETROLEUM CORPORATION

By: 
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