

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

IN THE MATTER OF THE APPLICATION :  
OF NEARBURG PRODUCING COMPANY FOR :  
COMPULSORY POOLING, EDDY COUNTY, : CASE NO. 10788  
NEW MEXICO. : Order No. R-9964

**APPLICATION FOR HEARING**


COMES NOW YATES PETROLEUM CORPORATION ("Yates") by its attorneys, Losee, Carson, Haas & Carroll, P. A., and hereby applies for a hearing de novo before the New Mexico State Oil Conservation Commission ("OCC") pursuant to Rule 1220 of the Oil Conservation Division's ("OCD") Rules and Regulations on all issues raised by Nearburg Producing Company's ("Nearburg") Application to pool all mineral interests from the surface to the base of the Cisco-Canyon (Upper Pennsylvanian) formation underlying the E/2 of Section 2, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and in opposition thereto shows the following:

1. On September 21, 1993, the OCD entered its Order No. R-9964 pooling all mineral interest within the Cisco-Canyon (Upper Pennsylvanian) formation only underlying the E/2 of Section 2, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, forming a non-standard 344.66-acre spacing and proration unit for any Upper Pennsylvanian pools which presently includes the Undesignated McKittrick Hills-Upper Pennsylvanian Gas Pool and Undesignated Indian Basin-Upper Pennsylvanian Associated Pool, dedicating said unit to the applicant's Big Walt "2" State Well No. 2 to be drilled at a standard location for the Indian Basin-Upper Pennsylvanian Associated Pool 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 2. Said Order designates Nearburg as the operator of the subject well and unit.

2. Yates challenges the pooling thereof, and as its reasons therefore would state that the Division's Order in this case and in Case No. 10790 (Order No. R-9965) when taken together will cause the drilling of unnecessary wells in Section 2 and thus promote economic waste. Alternatively, Yates would request that a non-standard proration unit of 160 acres for both the Morrow and Cisco Canyon formations be approved for Section 2, thus alleviating the need for pooling.

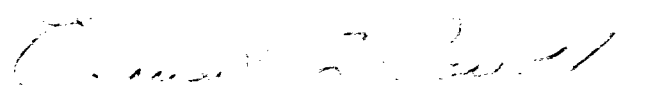
WHEREFORE, Yates respectfully requests that this matter be set for hearing before the OCC and upon such hearing an order be entered denying the Application of Nearburg to pool all mineral interests from the surface to the base of the Cisco-Canyon (Upper Pennsylvanian) formation underlying the E/2 of Section 2, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and for such other relief as may be just in the premises.

LOSEE, CARSON, HAAS & CARROLL, P.A.

By:   
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Attorneys for Yates Petroleum Corporation

I hereby certify that I caused to be mailed a true and correct copy of the foregoing to all counsel of record this October 19, 1993.

  
Ernest L. Carroll