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September 26, 1989

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SEP 26 1989

HAND-DELIVERED

OIL CONSERVATION DIVISION

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

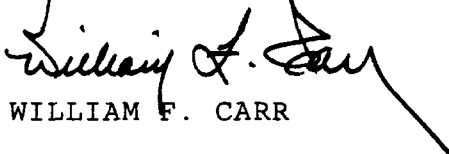
Case 9787

Re: In the Matter of the Application of Harvey E. Yates
Company, for Compulsory Pooling and Directional Drilling,
Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the above-referenced application of
Harvey E. Yates Company. Harvey E. Yates Company respectfully
requests that this matter be placed on the docket for the Examiner
hearings scheduled on October 18, 1989.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Harvey E. Yates
Post Office Box 1933
Roswell, New Mexico 88201

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SECTION _____

TOWNSHIP _____

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SEP 26 1989

BEFORE THE

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF HARVEY E. YATES COMPANY, FOR
COMPULSORY POOLING, AND DIRECTIONAL
DRILLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 9787

APPLICATION

HARVEY E. YATES COMPANY, by and through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests from the surface to the base of the Strawn formation in and under the W/2 of Section 14, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents approximately 50% of the working interest in and under the W/2 of Section 14.

2. Pursuant to Division Rule 11, Applicant proposes to directionally drill a well from a surface location of approximately 1980 feet from the West line and 760 feet from the South line of Section 11, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, to a standard bottom hole location within 100 feet of a point 2180 feet from the North line and 1880 feet from the West line of Section 14, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico with the intent of testing the Strawn formation, Burton Flat East Strawn Pool, at an approximate

depth of 11,000 feet true vertical depth.

3. Applicant proposes to dedicate to the well a standard proration unit comprised of the W/2 of said Section 14.

4. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the W/2 of said Section 14 except for TXO Production Corp. the owner of a 50% working interest.

5. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. The directional drilling of this well will enable the applicant to produce the reserves which underlie the above-referenced proration unit in the most economical and efficient manner.

7. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

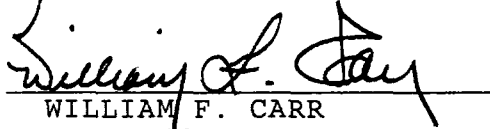
WHEREFORE, Applicant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on October 18, 1989, and that after notice and hearing as required by law, the Division approve the directional drilling of the subject well, enter its Order pooling the W/2 of Section 14, 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, and making such other and further provisions as may be proper.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:



WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR HARVEY E. YATES
COMPANY