

**PADILLA & SNYDER**  
ATTORNEYS AT LAW  
200 W. MARCY, SUITE 212  
P.O. BOX 2523  
SANTA FE, NEW MEXICO 87504-2523

ERNEST L. PADILLA  
MARY JO SNYDER

FAX 988-7592  
AREA CODE 505

(505) 988-7577

January 3, 1990

HAND DELIVERED

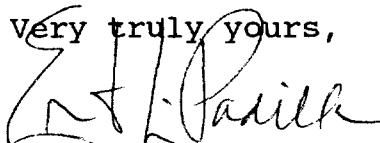
Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Force Pooling Application  
Cocklebur Federal #2  
Section 1-18S-31E  
Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed please find, in triplicate, Yates Energy Corporation's Application for Compulsory Pooling for its Cocklebur Federal #2.

Very truly yours,

  
Ernest L. Padilla

ELP:pmc  
Enclosure as stated  
cc w/encl: Yates Energy Corporation

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OIL CONSERVATION DIV.  
SANTA FE

9856

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OIL CONSERVATION DIV.  
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF YATES ENERGY CORPORATION FOR )  
COMPULSORY POOLING, EDDY COUNTY, )  
NEW MEXICO )  
\_\_\_\_\_ )

CASE NO. 9856

APPLICATION

COMES NOW, YATES ENERGY CORPORATION, by and through its attorneys, Padilla & Snyder, Attorneys At Law and in support hereof, respectfully states:

1. Applicant has the right to drill its Cocklebur Federal #2 Well to test the Bone Spring Formation as an oil well, which is to be located at a standard location in the NW/4SE/4, Section 1, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the NW/4SE/4 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 to the base of the Bone Spring Formation underlying the NW/4SE/4 of said Section 1 should be pooled.

5. 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.

6. 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 that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing, the Division enter its order pooling all mineral interest, whatever they may be, from the surface to the base of the Bone Spring Formation underlying the NW/4 SE/4 of said Section 1, Township 18 South, Range 31 East,

N.M.P.M., Eddy County, New Mexico, to form a 40-acre spacing unit dedicated to applicant's well.

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

YATES ENERGY CORPORATION

By:   
Ernest L. Padilla

PADILLA & SNYDER  
P. O. Box 2523  
Santa Fe, New Mexico 87504-2523

Attorneys for Applicant