

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF YATES ENERGY CORPORATION FOR ) CASE NO. \_\_\_\_\_  
COMPULSORY POOLING, EDDY COUNTY, )  
NEW MEXICO )  
\_\_\_\_\_ )

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 Prickly Pear Federal #1 Well to test the San Andres Formation as an oil well, which is to be located at a standard location in the NE/4NW/4 Section 12, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the NE/4NW/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 San Andres Formation underlying the NE/4NW/4 of said Section 12 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 San Andres Formation underlying the NE/4 NW/4 of said Section 12 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

PADILLA & SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 216

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

(505) 988-7577

ERNEST L. PADILLA  
MARY JO SNYDER

FAX 988-7592  
AREA CODE 505

June 4, 1990

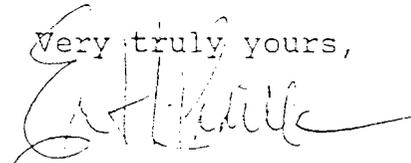
CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL NON-CONSENTING WORKING INTEREST OWNERS (See attached list)

RE: Notice of Application For Compulsory Pooling, Prickly Pear Federal #1 Well, Eddy County, New Mexico

PURSUANT to the Rules and Regulations of the General Rules of the Oil Conservation Division of New Mexico, notice is hereby given of the above-referenced application. You may protest the enclosed application by appearing at the hearing of this application which will be heard on June 27, 1990, beginning at the hour of 8:15 a.m., at the offices of the Oil Conservation Division, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico.

Very truly yours,



Ernest L. Padilla

ELP:pnc

Enclosure: Copy of Application

List of Non-Consenting Working Interest Owners

347.2

PARTIES FOR NOTICE PURPOSES:

Yates Energy Corporation  
P. O. Box 2323  
Roswell, New Mexico 88202

Harvey E. Yates Company  
Explorers Petroleum Corporation  
Spiral, Inc.  
Post Office Box 1933  
Roswell, New Mexico 88202

Chevron U.S.A., Inc.  
Post Office Box 1150  
Midland, Texas 79702

W. T. Wynn  
1603 West Dengar  
Midland, Texas 79705

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge)      2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  Spiral, Inc. P. O. Box 1933 Roswell, NM 88202	4. Article Number <b>P438 031 651</b>
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 1990	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-665 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
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3. Article Addressed to:  Explorers Petroleum Corporation P. O. Box 1933 Roswell, NM 88202	4. Article Number <b>P438 031 650</b>
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
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3. Article Addressed to:  Harvey E. Yates Company P. O. Box 1933 Roswell, NM 88202	4. Article Number <b>P438 031 649</b>
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
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6. Signature - Agent X	
7. Date of Delivery 1990	

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3. Article Addressed to:  Chevron U.S.A. Inc. P. O. Box 1150 Midland, TX 79702	4. Article Number 438 031 647
Type of Service: <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery JUN 8 1990	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge)      2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  W. T. Wynn 1603 West Dengar Midland, TX 79705	4. Article Number 438 031 645
Type of Service: <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 6-6-90	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9978

APPLICATION OF

Yates Energy Corporation

RECEIVED

JUN 22 1990

OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This prehearing statement is submitted by Ernest L. Padilla, Esq.  
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Energy Corporation

Post Office Box 2323

Roswell, New Mexico 88202

(505) 623-4935

name, address, phone and  
contact person

OPPOSITION OR OTHER PARTY

name, address, phone and  
contact person

ATTORNEY

Ernest L. Padilla

Post Office Box 2523

Santa Fe, New Mexico 87504

(505) 988-7577

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Application for Compulsory Pooling, Prickly Pear Federal #1, Eddy County, New Mexico. This application seeks to pool approximately ten percent (10%) of the working interests who have not consented to drilling the proposed well.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

None known at this time.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Sharon R. Hamilton (Landman)	10 minutes	3 or 4
Bill Baker (Geologist)	20 minutes	3 or 4

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
None known at this time.		

**PROCEDURAL MATTERS**

(Please identify any procedural matters which  
need to be resolved prior to the hearing)

  
\_\_\_\_\_  
Signature

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**PADILLA & SNYDER**

ATTORNEYS AT LAW

200 W. MARCY, SUITE 216

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

(505) 988-7577

ERNEST L. PADILLA  
MARY JO SNYDER

FAX 988-7592  
AREA CODE 505

June 4, 1990

**RECEIVED**

JUN 04 1990

OIL CONSERVATION DIV.  
SANTA FE

9978

HAND DELIVERED

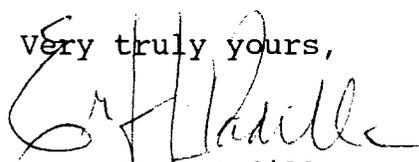
Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Compulsory Pooling Application  
Prickly Pear Federal #1  
Section 12, Township 18 South, Range 31 East,  
N.M.P.M., Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed please find, in triplicate, Yates Energy Corporation's Application for Compulsory Pooling for its Prickly Pear Federal #1.

Very truly yours,

  
Ernest L. Padilla

ELP: pmc  
cc w/encl: Yates Energy Corporation

347.2

RECEIVED

JUN 04 1963

OIL CONSERVATION DIV.  
SANTA FE

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2. The applicant has dedicated the NE/4NW/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 San Andres Formation underlying the NE/4NW/4 of said Section 12 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 San Andres Formation underlying the NE/4 NW/4 of said Section 12 Township 18 South, Range 31 East,

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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

IRIS (REDACTED)

MAR 04 1963

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YATES ENERGY CORPORATION

By:   
Ernest L. Padilla

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

Attorneys for Applicant

COUNTY *Eddy*

POOL *Tamano - San Andres*

TOWNSHIP *17 South*

RANGE *31 East*

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: *SE<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> Sec. 35 (R-2697, 5-1-64)*

Ext: *SW<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub> Sec. 36 (R-27609-1-64)*

*1/4*



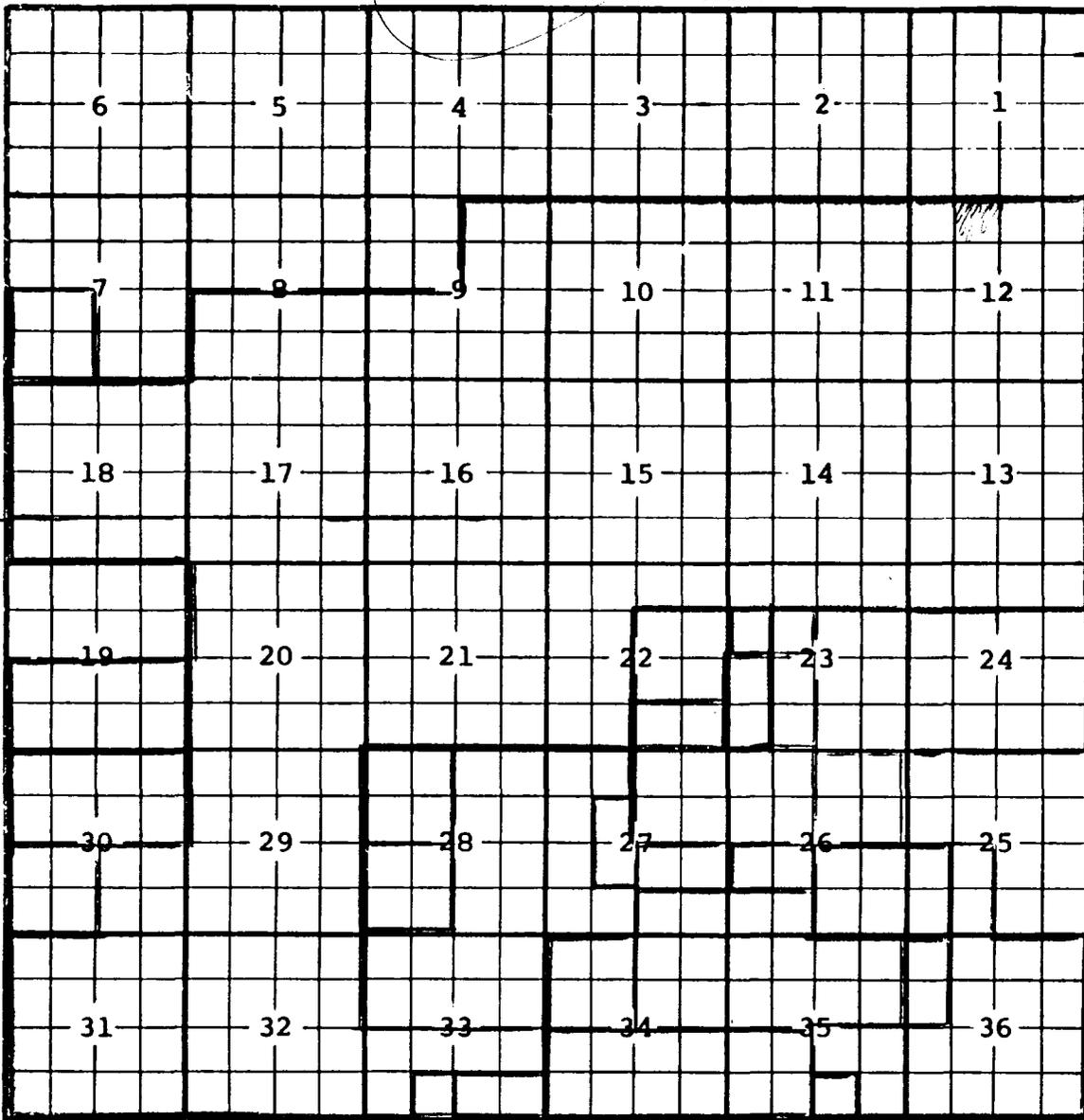
COUNTY Eddy

POOL Shugart (Y-SR-Q-G)

TOWNSHIP 18 South

RANGE 31 East

NMPM



Vertical limits redefined R-986, 4-29-57

Description:  $\frac{S}{2}$  Sec. 34;  $\frac{SW}{4}$  Sec. 35

Ext:  $\frac{S}{2}$   $\frac{SW}{4}$  Sec. 26;  $\frac{S}{2}$   $\frac{SE}{4}$  Sec. 27;  $\frac{NE}{4}$  Sec. 34;  $\frac{N}{2}$  Sec. 35 (R-1017, 6-28-57)

-  $\frac{N}{2}$   $\frac{SW}{4}$  Sec. 26 (R-1089, 11-27-57) -  $\frac{W}{2}$   $\frac{NW}{4}$  Sec. 36 (R-1238, 9-1-58) -  $\frac{W}{2}$   $\frac{SW}{4}$  Sec. 25;

$\frac{SE}{4}$  Sec. 26 (R-1397, 6-1-59) -  $\frac{NW}{4}$  Sec. 34 (R-1466, 9-1-59) -  $\frac{S}{2}$   $\frac{SE}{4}$  Sec. 33 (R-1681, 6-1-60)

-  $\frac{SE}{4}$   $\frac{SW}{4}$  Sec. 33;  $\frac{SW}{4}$   $\frac{SE}{4}$  Sec. 35 (R-1857, 2-1-61) - Horizontal limits extended

& redefined:  $\frac{S}{2}$  Sec. 8;  $\frac{S}{2}$   $\frac{NE}{4}$  Sec. 9; All Sec. 10 thru 18; All Sec. 20 & 21;

$\frac{W}{2}$   $\frac{N}{2}$   $\frac{NE}{4}$  Sec. 22;  $\frac{N}{2}$   $\frac{N}{2}$  Sec. 23;  $\frac{N}{2}$   $\frac{N}{2}$  Sec. 24;  $\frac{SW}{4}$  Sec. 25;  $\frac{S}{2}$  Sec. 26;

$\frac{SE}{4}$  Sec. 27; All Sec. 29;  $\frac{SE}{4}$  Sec. 30; All Sec. 31 & 32;  $\frac{S}{2}$  Sec. 33;

All Sec. 34, 35 & 36 (R-2128, 11-29-61) -  $\frac{SW}{4}$  Sec. 28;  $\frac{SW}{4}$  Sec. 30 (R-2172, 2-1-62)

-  $\frac{NW}{4}$  Sec. 28 (R-2292, 8-1-62) -  $\frac{N}{2}$  Sec. 30 (R-2410, 2-1-63) -  $\frac{S}{2}$  Sec. 19 (R-2578, 11-1-63)

-  $\frac{SE}{4}$   $\frac{NW}{4}$  &  $\frac{NE}{4}$   $\frac{SW}{4}$  Sec. 27 (R-2870, 3-1-65) -  $\frac{N}{2}$   $\frac{NW}{4}$ ,  $\frac{SW}{4}$   $\frac{NW}{4}$ ,  $\frac{NW}{4}$   $\frac{SW}{4}$  &

$\frac{S}{2}$   $\frac{SW}{4}$  Sec. 27;  $\frac{E}{2}$  Sec. 28;  $\frac{N}{2}$  Sec. 33 (R-2985, 11-1-65) -  $\frac{SW}{4}$   $\frac{NW}{4}$  Sec. 23 (R-3843, 10-1-69)

-  $\frac{S}{2}$   $\frac{NE}{4}$  &  $\frac{N}{2}$   $\frac{SE}{4}$  Sec. 22 (R-3979, 7-1-69) -  $\frac{S}{2}$   $\frac{SE}{4}$  Sec. 22 (R-4194, 4-7-71)

$\frac{W}{2}$   $\frac{SW}{4}$  Sec. 22 (R-4194, 4-7-71) -  $\frac{SE}{4}$   $\frac{NW}{4}$  Sec. 22 (R-4194, 4-7-71)

COUNTY *Lea*

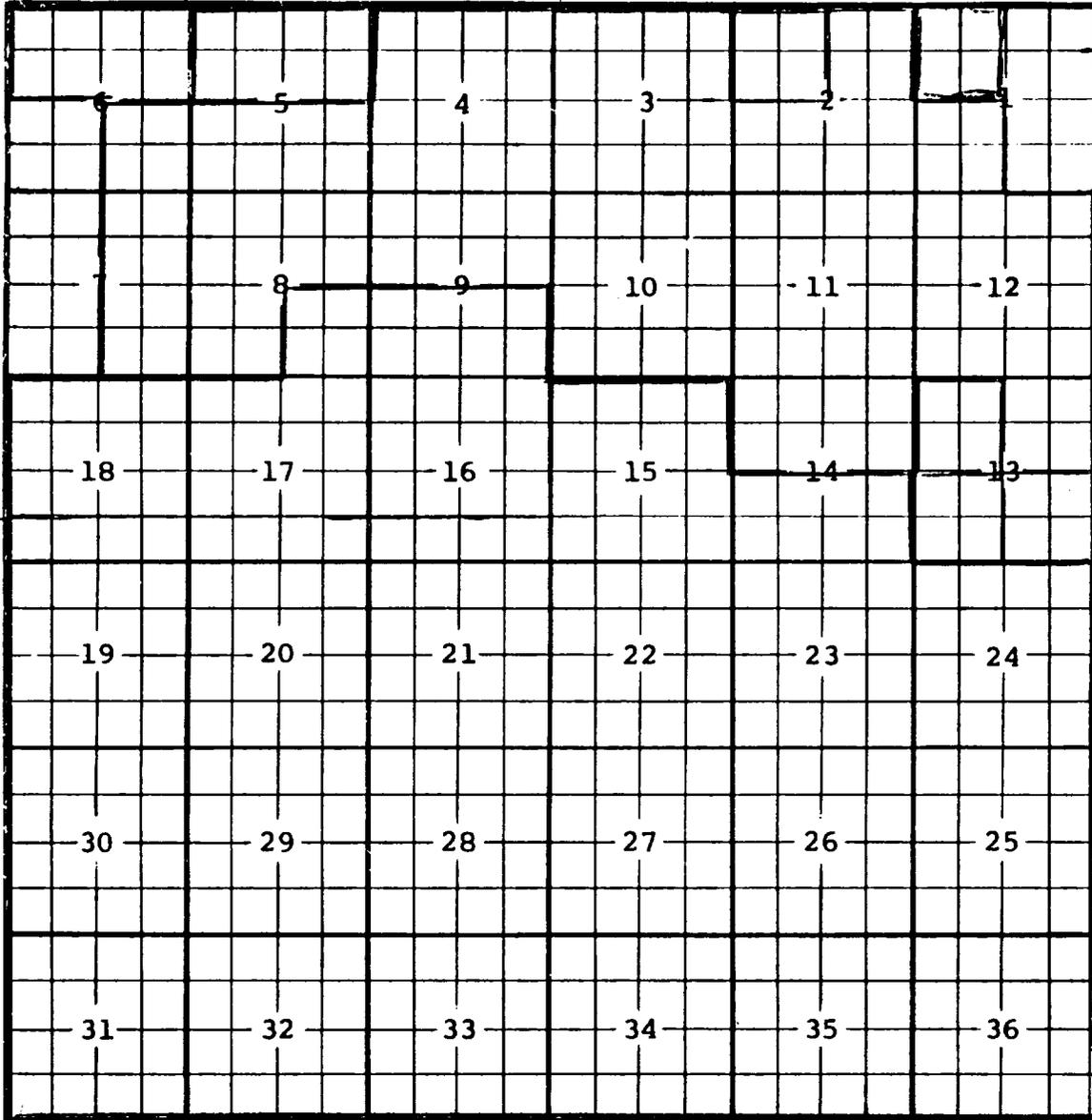
POOL *Majamar*

(G-SA)

TOWNSHIP *17 South*

RANGE *32 East*

NMPM



Description:  $\frac{SE}{4}$  Sec 8;  $\frac{S}{2}$  Sec 9;  $\frac{S}{2}$  Sec 14; All Secs. 15 thru 36

Ext:  $\frac{SE}{4}$  Sec 13 (R-1397, 6-1-59) -  $\frac{NE}{4}$  &  $\frac{SW}{4}$  Sec 13 (R-1488, 10-1-59)

-  $\frac{SW}{4}$  Sec 1;  $\frac{NE}{4}$  &  $\frac{S}{2}$  Sec 2; All Secs. 3 & 4;  $\frac{S}{2}$  Sec 5;  $\frac{SE}{4}$  Sec 6;  $\frac{E}{2}$  Sec 7;

$\frac{N}{2}$  &  $\frac{SW}{4}$  Sec 8;  $\frac{N}{2}$  Sec 9; All Sec 10, 11, & 12;  $\frac{NW}{4}$  Sec 13;  $\frac{N}{2}$  Sec 14 (R-1907, 4-1-61)

-  $\frac{NW}{4}$  Sec 2 (R-1981, 6-1-61) -  $\frac{N}{2}$  Sec 5 (R-2469, 5-1-63) -  $\frac{N}{2}$  Sec 6 (R-2569, 10-1-63)

Ext: Sec 1 NW/4

