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January 2, 1991

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

RECEIVED
JAN 2 1991
OIL CONSERVATION DIVISION

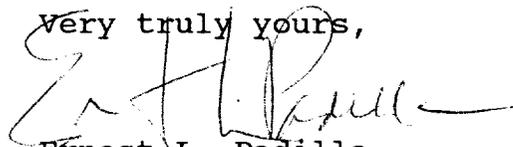
Re: Compulsory Pooling Application
Prickly Pear Federal #2 Well, SW/4NW/4
Section 12, Township 18 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed please find, in triplicate, Yates Energy Corporation's Application for Compulsory Pooling for its Prickly Pear Federal #2 Well. We request that the above-referenced Application will be docketed for hearing on January 24, 1991.

We attempted delivery on December 31, 1990 at approximately 3:30 p.m. and discovered that State offices had closed. We hope that our inability to deliver the enclosed application on December 31st will not prejudice docketing of our case for January 24, 1991.

Very truly yours,



Ernest L. Padilla

ELP/pmc
cc w/encl: Yates Energy Corporation

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. 10219

RECEIVED

APPLICATION

OIL CONSERVATION DIVISION

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 #2 well to test the Delaware Formation at an approximate total depth of 5500 feet below the surface of the earth, underlying the SW/4NW/4 of Section 12, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico to form a standard 40-acre oil spacing and proration unit dedicated to a well to be drilled at a standard oil well location.

2. The Applicant has dedicated the SW/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 proration unit.

4. To avoid the drilling of unnecessary wells, to protect the correlative rights and to afford 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 Delaware Formation underlying the SW/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.

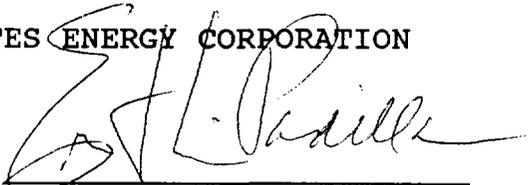
WHEREFORE, applicant prays that:

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 interests, whatever they may be, from the surface to the base of the Delaware Formation underlying the SW/4NW/4 of said Section 12, Township 18 South, Range 31 East, NMPM, 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
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Attorneys for Applicant

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