

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION :
FOR COMPULSORY POOLING, EDDY :
COUNTY, NEW MEXICO :
_____ :

CASE NO. 9701

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following described lands in Eddy County, New Mexico:

Township 20 South, Range 24 East, N.M.P.M.

Section 22: E/2

containing 320 acres, more or less,
and proposes to drill its Carl "VZ" Com. No. 1 Well at a point 1,980 feet from the south line and 660 feet from the east line (Unit I) of said Section 22 to a depth sufficient to test all formations from the surface through the base of the Morrow formation.

2. A standard 320-acre proration unit comprising the E/2 of said Section 22 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 320-acre spacing.

3. There is an interest owner in the unit who has not agreed to pool his interest.

4. Applicant should be designated the operator of the well and the proration unit.

5. 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 and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. 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.

7. 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.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the surface down to the base of the Morrow formation, underlying E/2 Section 22, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, in all formations which may be developed on 320-acre spacing, or such lesser portion as may be productive of oil and gas and dedicated to Applicant's well.

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

YATES PETROLEUM CORPORATION

By: 

David R. Vandiver

FISK, VANDIVER & CATRON
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant