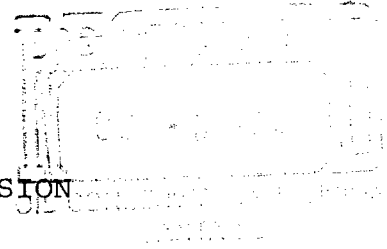


BEFORE THE OIL CONSERVATION DIVISION  
STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION  
OF HARVEY E. YATES COMPANY  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO

No. 8372

APPLICATION

Applicant, Harvey E. Yates Company, by and through its undersigned attorneys, and in support of this application alleges and states as follows:

1. That Applicant is operator and owner within the meaning of Section 70-2-17(c), N.M.S.A., 1978 Compilation, and as such seeks to force-pool all of the oil and gas mineral interests from the surface down to and including the base of the Mississippian formation underlying the N/2 of Section 24, Township 14 South, Range 35 East, N.M.P.M., Lea County, New Mexico (said lands).

2. That Applicant proposes to drill a well at a standard location on said lands to a depth sufficient to test the Mississippian formation.

3. That the Applicant will dedicate said lands to the well and desires to be designated as the operator.

4. That the Applicant has not obtained the consent of all of the working interest and/or royalty owners in the proposed spacing and proration unit.

5. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld

from production its share of the reasonable well costs attributable to such deeper formations, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. That Applicant should be authorized to withhold from production a reasonable supervision charge, attributable to each non-consenting working interest owner's proportionate share, during the drilling and production states of the well.

7. That to avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in the proposed pooling and proration unit the opportunity to recover or receive without unnecessary expense its just and fair share of the hydrocarbons in the unit, said lands should be pooled as proposed herein.

WHEREFORE, Applicant respectfully requests:

1. That this application be set for hearing before an examiner of the Division at the next available Division hearing date and that notice of said hearing be given as required by law.

2. That upon hearing the Division enter its order pooling all oil and gas mineral interests on said lands.

3. And for such other relief as the Division may deem appropriate in the premises.

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