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January 29, 1991

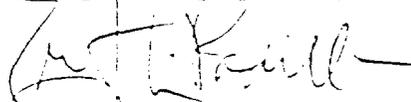
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL WORKING INTEREST OWNERS (See attached list)

RE: Notice of Yates Energy Corporation's
Application for Compulsory Pooling,
Cocklebur 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 February 21, 1991, 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:pmc

Enclosure: Copy of Application
List of Working Interest Owners

347.8

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 Cocklebur Federal #1 Well to test all potentially productive oil and gas bearing zones from the surface to the base of the Delaware Formation at an apporximate total depth of 5,600 feet below the surface of the earth, underlying the SW/4SE/4, Section 1, Township 18 South, Range 31 East, N.M.P.M., 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/4SE/4 of said Section 1 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 Delaware Formation underlying the SW/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 Delaware Formation underlying the SW/4SE/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

347.8/4

WORKING INTEREST OWNERS

Heyco Employees, Ltd.
P. O. Box 1933
Roswell, New Mexico 88202

Explorers Petroleum Corporation
P. O. Box 1933
Roswell, New Mexico 88202

Spiral, Inc.
P. O. Box 1933
Roswell, New Mexico 88202

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702

347.8-9

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.

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Article Addressed to: Neyco Employees Ltd. P.O. Box 1933 Roswell, NM 88202		4. Article Number P327 278 566
Signature - Addressee		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
6. Signature - Agent X <i>Shan L. H.</i>		Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery 1-31-91		8. Addressee's Address (ONLY if requested and fee paid)

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3. Article Addressed to: Explorers Petroleum Corp. P.O. Box 1933 Roswell, NM 88202		4. Article Number P327 278 567
5. Signature - Addressee X		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
6. Signature - Agent X <i>Shan L. H.</i>		Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery		8. Addressee's Address (ONLY if requested and fee paid)

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
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1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Chevron, USA Inc. P.O. Box 1150 Midland, TX 79702	4. Article Number P327278565
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" 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 - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) RECEIVED
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery JAN 31 1991	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

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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 P327278564
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" 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 - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery 1-31-91	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT