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May 22, 2007

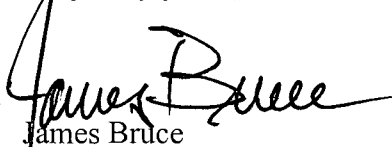
Case 13936

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Harvey E. Yates Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the June 21, 2007 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Harvey E. Yates Company

Parties Being Pooled

ConocoPhillips Company
Suite 2100
717 Texas Avenue
Houston, Texas 77002

Stelaron Inc.
Suite 301
320 South Polk
Amarillo, Texas 79101

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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF HARVEY E. YATES
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 13936

APPLICATION

Harvey E. Yates Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W $\frac{1}{2}$ of Section 12, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 12, and has the right to drill or re-enter a well thereon.
2. Applicant proposes to re-enter the Taylor Deep 12 Fed. Com. Well No. 5, located in the NW $\frac{1}{4}$ WW $\frac{1}{4}$ of Section 12, to test the Morrow formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 12 to the well to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Northwest Young-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 12 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W $\frac{1}{2}$ of Section 12, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 12 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 12, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Harvey E. Yates Company

PROPOSED ADVERTISEMENT

Case No. 13936: **Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 12, Township 18 South, Range 31 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Northwest Young-Morrow Gas Pool. The unit is to be dedicated to the Taylor Deep 12 Fed. Com. Well No. 1, to be re-entered at an orthodox location in the NW/4NW/4 of Section 12. Also to be considered will be the cost of re-entering and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in re-entering and completing the well. The unit is located approximately 10 miles east-southeast of Loco Hills, New Mexico.

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