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August 21, 2007

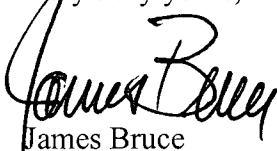
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 13999*

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 September 20, 2007 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Harvey E. Yates Company

Parties Being Pooled

HARVEY E. YATES COMPANY  
EXPLORERS PETROLEUM CORP.  
SPIRAL, INC.  
HEYCO EMPLOYERS, LTD.  
P. O. Box 983  
Farmington, New Mexico 88424-1983

REDCLIFF RESOURCES, L. C.  
Attn: Kathy Macha  
P. O. Box 4848  
Wichita Falls, Texas 76308-4848

DEVON ENERGY PROD. CO. LP  
20 N. Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260

ST. MARY LAND & EXPLORATION CO.  
Attn: Scott Hammond  
580 Westlake Park Blvd., #600  
Houston, TX 77079

XTO ENERGY INC.  
Attn: NOJV Mgr.  
810 Houston St., Suite 2000  
Fort Worth, Texas 76102

THE GROSS FAMILY LTD. PRT.  
P. O. Box 358  
Roswell, NM 88202  
Roswell, NM 88202

CURRY & THORNTON  
905 Fort Worth Club Bldg.  
Fort Worth, TX 76102-4911

LARRY ARNOLD  
P. O. Box 2253  
Hobbs, NM 88240

CLAYTON BARNHILL  
P. O. Box 1354  
Roswell, NM 88202-1354

SEALY H. CAVIN  
P. O. Box 1125  
Roswell, NM 88202-1125

JOHN N. BENEDICT  
P. O. Box 1378  
Boerne, TX 78006 \*\*not correct

SCOTT EXPLORATION  
215 W. Third  
Roswell, NM 88201  
Attn: Lori Lynn Scott

PRIME ENERGY ASSET & INCOME FUNDS  
Income Fund LP AA-3  
Income Fund LP AA-4  
9821 Katy Freeway, #1050  
Houston, Texas 77024-6009  
Attn: Glinda B. Collins

OCCIDENTAL PERMIAN LTD.  
Attn: Leslyn Wallace  
P. O. Box 50250  
Midland, Texas 79710-0250

PATRICIA ANN BRUNSON  
P. O. Box 1353  
Springdale, Arkansas 72764-1353

ARLOMA CORPORATION  
Attn: Jerry James  
231 Third Street  
Marietta, Ohio 45750

THE ALLAR COMPANY  
P. O. Box 1567  
Graham, TX 76450

KOLOB, LLC  
4579 Wander Lane  
Holladay, UT 84117  
Attn: Larry Lunt

CHESAPEAKE EXPLORATION LTD.  
P. O. Box 18496  
Oklahoma City, OK 73154-0496

MORDKA ENTERPRISES, INC.  
1800 North Grady  
Tucson, AZ 85715

HAMMERSMITH REALTY, INC.  
45 Beaverbrook Crescent  
St. Albert - Alberta, Canada

PRM 96, LLC  
3922 Bach Blvd  
Roswell, NM 88201

ORION, LLC  
4579 Wander Lane  
Holladay, UT 84117  
Attn: Larry Lunt

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13999

APPLICATION

Harvey E. Yates Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , and NE $\frac{1}{4}$  (the N $\frac{1}{2}$ ) of Section 18, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$  of Section 18, and has the right to drill a well thereon.
2. Applicant proposes to drill the Walker 18 Fed. Com. Well No. 1, at an orthodox location in Lot 2 of Section 18, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
  - (a) Lots 1, 2, and E $\frac{1}{2}$ NW $\frac{1}{4}$  (the NW $\frac{1}{4}$ ) of Section 18 to form a standard 161.89 acre gas and spacing and proration unit for all pools or formations developed on 160-acre spacing within that vertical extent; and
  - (b) The N $\frac{1}{2}$  of Section 18 to the well to form a standard 321.89 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 N $\frac{1}{2}$  of Section 18 for the purposes set forth herein.

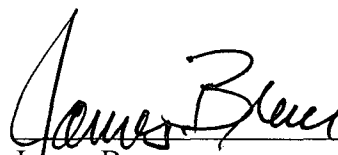
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 18, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 18 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 N½ of Section 18, 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,

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

Attorney for Harvey E. Yates Company