

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11184

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the S/2 of Section 5, for formations developed on 320-acre spacing, in the SW/4 of Section 5 for all formations developed on 160-acre spacing, in the N/2 SW/4 for all formations developed on 80-acre spacing and in the NE/4 SW/4 for all formations developed on 40-acre spacing in Township 18 South, Range 27 East, N.M.P.M., and for an unorthodox well location, Eddy County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the S/2 of Section 5, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Humble Chalk Bluff ANA Fed. Com No. 1 Well which is located at an unorthodox location in the S/2 of said Section 5 at a point 2055 feet from the South line and 1980 feet

from the West line. Applicant proposes to reenter this well and test any and all formations from the surface to the base of the Morrow formation, Red Lake-Pennsylvanian Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 5.

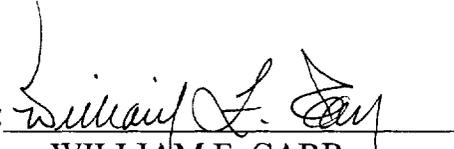
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 1995 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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