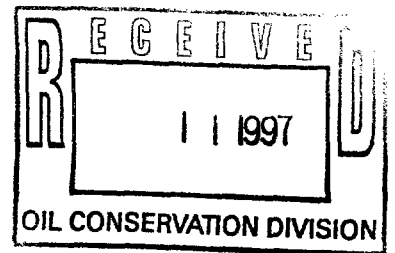


BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 11840

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), 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 all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing the S/2 NE/4 and in all formations developed on 40-acre spacing underlying the SE/4 NE/4 of Section 20, Township 7 South, Range 26 East, N.M.P.M., Chaves County, New Mexico, and in support hereof states:

1. Yates is a working interest owner in the E/2 of Section 20, and Yates has the right to drill thereon.

2. Yates proposes to drill a well its Bean Com Well No. 2 at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 20 to test all formations from the surface to the base of the Pennsylvanian formation, Undesignated Leslie Spring-Pennsylvanian Gas Pool.

4. Yates has sought and been unable to obtain either a voluntary agreement for

pooling or farmout from certain interest owners in the E/2 of said Section 20.

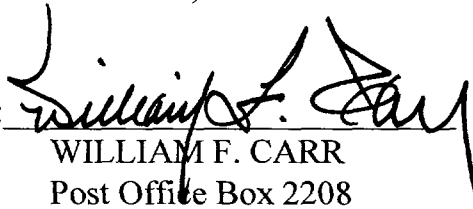
5. Said pooling of interests and the drilling of the proposed well will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

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

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 4, 1997, and, after notice and hearing as required by law, the Division enter its order (1) approving the drilling of the proposed well, and (2) pooling the subject spacing and proration units, including provisions designating Yates operator of the well and spacing units, authorizing Yates to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Yates in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE,
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION