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December 19, 2000

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

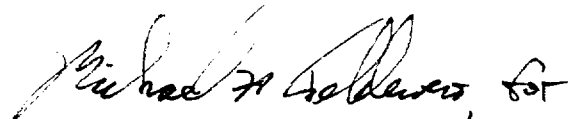
*Case 12570*

Re: Application of Harvey E. Yates Company, for compulsory pooling,  
Eddy County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Harvey E. Yates Company in the above-referenced case as well as a copy of the legal advertisement. Harvey E. Yates Company requests that this matter be placed on the docket for the January 11, 2001 Examiner hearings.

Very truly yours,

  
William F. Carr

Enclosures

cc: Melissa Randle (w/enclosures)  
Harvey E. Yates Company

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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF HARVEY E. YATES COMPANY,  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV.  
RECEIVED 20 MAR 5:07 PM  
CASE NO. 12570

**APPLICATION**

HARVEY E. YATES COMPANY, ("HEYCO"), 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 in the S/2 which includes but is not necessarily limited to the Undesignated North Shugart-Morrow Gas Pool, the Undesignated Cedar Lake-Morrow Gas Pool and the Undesignated Loco Hills-Atoka Gas Pool; in all formations developed on 160-acre spacing in the SE/4; and in all formations developed on 40-acre spacing under the SE/4 SE/4 which includes but is not necessarily limited to the, Undesignated Grayburg-Jackson Pool (Seven Rivers-Queen-Grayburg-San Andres), Undesignated Power Grayburg-San Andres Pool, Undesignated Cedar Lake-Abo Pool, Undesignated North Shugart-Bone Spring Pool, Undesignated Cedar Lake-Cisco Pool, and Undesignated Cedar Lake-Atoka Pool all in of Section 31 Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. HEYCO is a working interest owner in the S/2 of said Section 31 and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Power Deep "31" Federal Com Well No. 1 which has been drilled to the Morrow formation, McMillan-Morrow Gas Pool, at a standard location 660 feet from the South and East lines of said Section 31 to an approximate depth of 11,850 feet to test any and all formations from the surface to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on Exhibit A hereto.

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 Harvey E. Yates Company should be designated the operator of the well to be drilled.

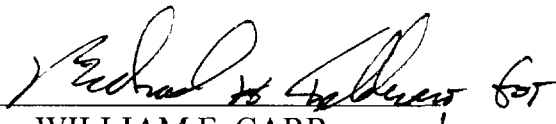
WHEREFORE, Harvey E. Yates Company, requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 11, 2001, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Harvey E. Yates Company operator of these units and the well to be drilled thereon,

- C. authorizing Harvey E. Yates Company to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

By:  for

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR HARVEY E. YATES COMPANY

**EXHIBIT A**

APPLICATION OF HARVEY E. YATES COMPANY  
FOR COMPULSORY POOLING  
S/2, Section 31, Township 17 South, Range 31 East, NMPM  
Eddy County, New Mexico.

Burlington Resources Oil & Gas Co.  
3300 North "A" Street, Building 6  
Midland, Texas 79705-5406  
Attn: Bob Kay

Devon Energy Production Co., L.P.  
20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260  
Attn: Ken Gray

EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79702

OXY USA, Inc.  
Post Office Box 50250  
Midland, Texas 79710

Yates Energy Corporation  
Post Office Box 2323  
Roswell, New Mexico 88202

Yates-McMinn, Ltd.  
Post Office Box 1608  
Albuquerque, New Mexico 87103

CASE 12570:

**Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2 which includes but is not necessarily limited to the Undesignated North Shugart-Morrow Gas Pool, the Undesignated Cedar Lake-Morrow Gas Pool and the Undesignated Loco Hills-Atoka Gas Pool; in all formations developed on 160-acre spacing in the SE/4; and in all formations developed on 40-acre spacing under the SE/4 SE/4 which includes but is not necessarily limited to the, Undesignated Grayburg-Jackson Pool (Seven Rivers-Queen-Grayburg-San Andres), Undesignated Power Grayburg-San Andres Pool, Undesignated Cedar Lake-Abo Pool, Undesignated North Shugart-Bone Spring Pool, Undesignated Cedar Lake-Cisco Pool, and Undesignated Cedar Lake-Atoka Pool all in of Section 31 Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. Said units are to be dedicated to its Power Deep "31" Federal Com Well No. 1 to be drilled at a standard location 660 feet from the South and East lines of said Section 31 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Harvey E. Yates Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4½ miles east/southeast of Loco Hills, New Mexico.