BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF YATES ENERGY CORPORATION FOR COMPULSORY POOLING EDDY COUNTY, NEW MEXICO

CASE NO. 10295

AFFIDAVIT

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

ERNEST L. PADILLA, attorney in fact and authorized representative of Yates Energy Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted in good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

Ernest L. Padilla

SUBSCRIBED AND SWORN to before me this 30 day of April, 1991.

My commission expires:

95

Notary Public

PARTIES FOR NOTICE PURPOSES:

Explorers Petroleum Corporation Post Office Box 1933 Roswell, New Mexico 88202

Spiral, Inc. Post Office Box 1933 Roswell, New Mexico 88202

Chevron U.S.A., Inc. Post Office Box 1150 Midland, Texas 79702

HEYCO Employees, Ltd. Post Office Box 1933 Roswell, New Mexico 88202

PADILLA & SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 216

P.O. BOX 2523

ERNEST L. PADILLA MARY JO SNYDER

SANTA FE, NEW MEXICO 87504-2523

FAX 988-7592 AREA CODE 505

(505) 988-7577

April 9, 1991

CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO:

ALL NON-CONSENTING WORKING INTEREST OWNERS

(See attached list)

RE:

Notice of Application For Compulsory Pooling of Thornbush Federal #2 Well, Eddy County, New Mexico

Pursuant to the Rules and Regulations of the General Rules of the Oil Conservation Division of New Mexico, notice is hereby given of the above-referenced application. You may protest the enclosed application by appearing at the hearing of this application which will be heard on May 2, 1991, beginning at the hour of 8:15 a.m., at the offices of the Oil Conservation Division, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico.

Very truly yours,

Ernest L. Padilla

ELP:pmc

Enclosures: Copy of Application

List of Non-Consenting Working Interest Owners

BEFORE THE OIL CONSERVATION DIVISION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES ENERGY CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO)	CASE NO.
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APPLICATION

COMES NOW, YATES ENERGY CORPORATION, by and through its attorneys, Padilla & Snyder, Attorneys At Law and in support hereof, respectfully states:

- 1. Applicant has the right to drill its Thornbush Federal #2 Well to test all potentially productive oil and gas bearing zones from the surface to the base of the Delaware Formation at an approximate total depth of 5,600 feet below the surface of the earth, underlying the SW/4SW/4, Section 1, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to form a standard 40-acre oil spacing and proration unit dedicated to a well to be drilled at a standard oil well location.
- 2. The applicant has dedicated the SW/4SW/4 of said Section 1 to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

- 3. Applicant should be designated the operator of the well and the proration unit.
- 4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit, the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil in said unit, all mineral interests, whatever they may be, from the surface to the base of the Delaware Formation underlying the SW/4SW/4 of said Section 1 should be pooled.
- 5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.
- 6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

- B. Upon hearing, the Division enter its order pooling all mineral interest, whatever they may be, from the surface to the base of the Delaware Formation underlying the SW/4SW/4 of said Section 1, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to form a 40-acre spacing unit dedicated to applicant's well.
- C. And for such other relief as may be just in the premises.

YATES ENERGY CORPORATION

By:

Ernest L. Padilla PADILLA & SNYDER P. O. Box 2523

Santa Fe, New Mexico 87504-2523

Attorneys for Applicant

PARTIES FOR NOTICE PURPOSES:

Explorers Petroleum Corporation Post Office Box 1933 Roswell, New Mexico 88202

Spiral, Inc. Post Office Box 1933 Roswell, New Mexico 88202

Chevron U.S.A., Inc. Post Office Box 1150 Midland, Texas 79702

HEYCO Employees, Ltd. Post Office Box 1933 Roswell, New Mexico 88202

SENDER: Complete items 1 and 2 when additional 3 and 4. t your address in the "RETURN TO" Space on the rever of from being returned to you. The return receipt fee will gend the date of delivery. For additional tees the following tees and check box(es) for additional service(s) request Show to whom delivered, date, and addressee's an addressee's addressee's an addressee's addres	rse side. Failure to do this will prevent this provide you the name of the person delivered services are available. Consult postmastel ted.
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* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

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