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March 27, 1992

VIA FACSIMILE AND FIRST CLASS MAIL

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Case 10472

Re: Application of Yates Petroleum Corporation for  
Compulsory Pooling, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for compulsory pooling in Eddy County, New Mexico.

As you will note, this application is made for the same half-section and proration unit as the application in Case No. 10467 for the Chalk "AKH" No. 23 Well filed previously. Yates' purpose in filing is to provide at the hearing alternative locations. The prior application, Case No. 10467, was for an unorthodox location. This application is for an orthodox location. At this time there appears to be some dispute between the parties to be pooled as to which location would be better. By filing the two applications, Yates hopes to present alternative locations, and that prior to the hearing to gain a consensus as to the location of the well. At this time we do not have such a consensus, and are therefore asking that this application and the application in Case No. 10467 be advertised as alternative applications for hearing.

We ask that this case be set for hearing before an examiner on April 16, 1992, along with No. 10467, and that we be furnished a copy of the docket for said hearing.

Yours truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:kth  
Enclosures  
xc: Randy Patterson

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

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

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CASE NO. 10-172

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys,  
and in support hereof respectfully states:

1. Applicant has the right to drill its Chalk "AKH" Federal No. 3 Well in the Morrow formation as a gas well, which is to be located at a point 660 feet from the North line and 1980 feet from the East line of Section 27, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the N/2 of said section 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 un-

necessary expense his just and fair share of the gas in said unit, all mineral interests, whatever they may be, from 5,000 feet below the surface down through and including the Morrow formation underlying the N/2 of said Section 27, should be pooled.

5. That any non-consenting working interest owner who 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:

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

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from 5,000 feet below the surface down through and including the Morrow formation underlying the N/2 of said Section 27, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, to form a 320-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

**YATES PETROLEUM CORPORATION**

By:   
Ernest L. Carroll

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Attorneys for Applicant

**CASE \_\_\_\_\_:**

**Application of Yates Petroleum  
Corporation, for compulsory pooling,  
Eddy County, New Mexico.**

*Artesia*

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the

Said unit is to be dedicated to its existing Chalk "AKH" Federal Well No. 3 located 660 feet from the North line and 1980 feet from the East line (Unit \_\_\_\_ ) of Section 27.

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 applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately