

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

IN THE MATTER OF THE APPLICATION :  
OF YATES PETROLEUM CORPORATION FOR :  
COMPULSORY POOLING, EDDY COUNTY, : CASE NO. 10790  
NEW MEXICO. : Order No. R-9965

**APPLICATION FOR HEARING**

COMES NOW YATES PETROLEUM CORPORATION ("Yates") by its attorneys, Losee, Carson, Haas & Carroll, P. A., and hereby applies for a hearing de novo before the New Mexico State Oil Conservation Commission ("OCC") pursuant to Rule 1220 of the Oil Conservation Division's ("OCD") Rules and Regulations on all issues raised by Yates's Application to pool all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and in support thereof shows the following:

1. On September 21, 1993, the OCD entered its Order No. R-9965 pooling all mineral interest within the Morrow formation only underlying the S/2 of Section 2, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, forming a standard 320-acre spacing and proration unit for any Morrow pools which currently only includes the Undesignated McKittrick Hills-Morrow Gas Pool, dedicating said unit to the applicant's Androcles "AND" State Com Well No. 1 to be drilled at a standard location 1980 feet from the South line and 2130 feet from the East line (Unit J) of Section 2. Said Order designates Yates as the operator of the subject well and unit.

2. Yates challenges the pooling thereof, and as its reasons therefore would state that the Division's Order in this case and in Case No. 10788 (Order No. R-9964) when taken together will cause the drilling

of unnecessary wells in Section 2 and thus promote economic waste. Alternatively, Yates would request that a non-standard proration unit of 160 acres for both the Morrow and Cisco Canyon formations be approved for Section 2, thus alleviating the need for pooling.

WHEREFORE, Yates respectfully requests that this matter be set for hearing before the OCC and upon such hearing an order be entered granting the Application of Yates to pool all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and for such other relief as may be just in the premises.

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

By: 

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Attorneys for Yates Petroleum Corporation

I hereby certify that I caused to be mailed a true and correct copy of the foregoing to all counsel of record this October 19, 1993.

  
Ernest L. Carroll

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. 10790

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by and through its attorneys, Losee, Carson, Haas & Carroll, P. A. and in support hereof, respectfully states:

1. Applicant has the right to drill its Androcles "AND" State Com #1 Well in the Morrow Formation as a gas well, which is to be located at a point 1,980 feet from the south line and 1,980 feet from the east line of Section 2, Township 22 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the South half 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 unnecessary expense his just and fair share of the gas in said unit, all mineral interests, whatever they may be, from the surface through the Morrow Formation underlying the South half of said Section 2 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 through the Morrow Formation underlying the South half of said Section 2, Township 22 South, Range 24 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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