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November 9, 1993

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

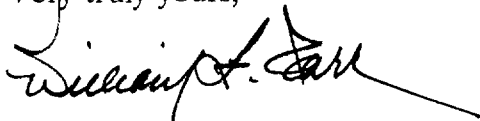
10815

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

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the December 2, 1993 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Randy Patterson (w/enclosures)
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

CASE 10875:

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the S/2 of Section 10, Township 20 South, Range 24 East. Said unit is to be dedicated to a well drilled at a standard location 660 feet from the South and East lines in the S/2 of said Section 10 to test any and all formations to the base of the Canyon formation, South Dagger Draw-Upper Pennsylvanian Pool. 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 area is located approximately ____ miles _____ of _____, New Mexico.

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,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10875

APPLICATION

YATES PETROLEUM CORPORATION, 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 from the surface to the base of the Canyon formation in the S/2 of Section 10, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant owns or represents over 41.6% of the working interest in the S/2 of said Section 10, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Ocotillo ACI Federal Com. Well No. 2 which is currently drilling, pursuant to an Authority for Expenditure approved by 100% of the working interests in this spacing unit, at a standard location in the S/2 of said Section 10, to a depth sufficient to test any and all formations from the surface to the base of the Cisco Canyon, South Dagger Draw-Upper Pennsylvanian Pool. Since the NE/4 of Section 10 is dedicated to a producing well in the North Dagger Draw-Upper Pennsylvanian Gas Pool, the only standard 320-acre spacing unit in this Section is for the Ocotillo ACI Federal Com. No. 2 Well is a S/2 spacing unit.

3. Although Santa Fe Energy Operating Partners, L.P., a working interest owner in the S/2 of Section 10, signed an AFE for the Ocotillo ACI Federal Com. No. 2 Well, it has refused to execute a Communitization Agreement for this acreage and has, instead, filed an application seeking the compulsory pooling of the W/2 of this Section.

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 Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant 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

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,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10895

APPLICATION

YATES PETROLEUM CORPORATION, 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 from the surface to the base of the Canyon formation in the S/2 of Section 10, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant owns or represents over 41.6% of the working interest in the S/2 of said Section 10, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Ocotillo ACI Federal Com. Well No. 2 which is currently drilling, pursuant to an Authority for Expenditure approved by 100% of the working interests in this spacing unit, at a standard location in the S/2 of said Section 10, to a depth sufficient to test any and all formations from the surface to the base of the Cisco Canyon, South Dagger Draw-Upper Pennsylvanian Pool. Since the NE/4 of Section 10 is dedicated to a producing well in the North Dagger Draw-Upper Pennsylvanian Gas Pool, the only standard 320-acre spacing unit in this Section is for the Ocotillo ACI Federal Com. No. 2 Well is a S/2 spacing unit.

3. Although Santa Fe Energy Operating Partners, L.P., a working interest owner in the S/2 of Section 10, signed an AFE for the Ocotillo ACI Federal Com. No. 2 Well, it has refused to execute a Communitization Agreement for this acreage and has, instead, filed an application seeking the compulsory pooling of the W/2 of this Section.

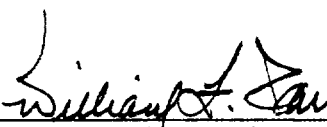
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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