

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 :
_____ :

CASE NO.

9700

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JUN 20 1989

OIL CONSERVATION DIV.
SANTA FE

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following described lands in Eddy County, New Mexico:

Township 20 South, Range 24 East, N.M.P.M.

Section 2: Lots 1, 2, 3, 4, S/2 N/2 (N/2)

containing 319.04 acres, more or less,

and proposes to drill its Catclaw "AGM" State Com. No. 1 Well at an orthodox location 660 feet from the north line and 1,980 feet from the west line (Unit C) of said Section 2 to a depth sufficient to test all formations from the surface through the base of the Morrow formation, at approximately 9,600 feet.

2. A standard 320-acre proration unit comprising the N/2 of said Section 2 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 320-acre spacing; and a standard 160-acre proration unit comprising NW/4 of said Section 2 should be dedicated to such well or to such lesser portion

thereof as is reasonably shown to be productive of oil and gas from any formation developed on 160-acre spacing.

3. There are interest owners in the unit who have not agreed to pool their interests.

4. Applicant should be designated the operator of the well and the proration unit.

5. 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 and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. 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.

7. 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.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from

the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

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 the surface down to the base of the Morrow formation, underlying N/2 Section 2, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in all formations which may be developed on 160-acre spacing underlying NW/4 said Section 2, or such lesser portion as may be productive of oil and gas and dedicated to Applicant's well.

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

YATES PETROLEUM CORPORATION

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