

LAW OFFICES

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

ERNEST L. CARROLL
JOEL M. CARSON
DEAN B. CROSS
JAMES E. HAAS
A. J. LOSEE
MARY LYNN BOGLE

300 YATES PETROLEUM BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88211-0239

OIL CONSERVATION DIVISION

94 JAN 4 AM 9 05

TELEPHONE
(505) 746-3505
TELECOPY
(505) 746-6316

January 3, 1994

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

10905

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.

We ask that this case be set for hearing before an Examiner as
soon as possible, 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: Janet Richardson

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. 10905

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APPLICATION

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

1. Applicant has the right to drill its Boyd "X" State No. 3 Well in the Canyon formation as an oil well, which is to be located at a point 1980 feet from the South line and 1980 feet from the East line of Section 29, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the SE/4 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 oil in said unit, all mineral interests, whatever they may be, from the surface down

through and including the Canyon formation underlying the SE/4 of said Section 29, 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.

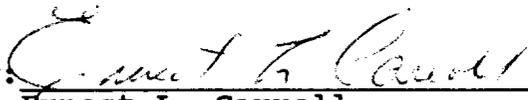
WHEREFORE, applicant prays:

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 the surface down through and including the Canyon formation underlying the SE/4 of said Section 29, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, to form a 160-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

LOSEE, CARSON, HAAS & CARROLL, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210
(505/746-3505)

Attorneys for Applicant

PROPOSED ADVERTISEMENT

16905

Applicant seeks an order pooling all mineral interests from the surface down through and including the Canyon formation underlying the SE/4 of Section 29, Township 19 South, Range 25 East. Said unit is to be dedicated to a well to be drilled at a standard location in the SE/4 of said Section 29 to test any and all formations to the base of the Canyon formation. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 8 miles west of Lakewood.

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