

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.

JAN 21 1991

CASE NO. 10911

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 in the E/2 of Section 31, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

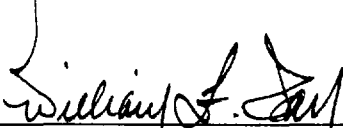
1. Applicant owns or represents over 50% of the working interest in the E/2 of Section 31, and Applicant has the right to drill thereon.
2. Applicant proposes to reenter the Fasken Exxon AOF Federal Com No. 1 Well which is located at an orthodox location 1980 feet from the South and East lines of Section 31, and drill to a depth of approximately 9470 feet, more or less, to test any and all formations from the surface to the base of the Morrow formation, Undesignated Red Lake-Pennsylvanian Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the E/2 of said Section 31.
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 February 17, 1994 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Yates Petroleum Corporation operator of the E/2 of said Section 31, and authorizing 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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& SHERIDAN, P.A.

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