

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR A :  
NON-STANDARD UNIT, OR IN THE ALTER- :  
NATIVE, FOR COMPULSORY POOLING, EDDY :  
COUNTY, NEW MEXICO :  
\_\_\_\_\_ :

CASE NO. 2309

APPLICATION

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

1. Applicant is the operator of the Delaware formation, underlying:

Township 20 South, Range 27 East, N.M.P.M.

Section 30: NE/4 NE/4

containing 40 acres, more or less,  
and has drilled its Sitdell "ZG" State No. 1 Well as an oil well at a point located 330 feet from the north line and 330 feet from the east line of said Section 30, with an anticipated standard 40-acre oil proration unit.

2. Applicant is also the operator of the Delaware formation underlying S/2 NE/4 of said Section 30.

3. In the drilling of its Sitdell "ZG" State No. 1 Well as an oil well, Applicant encountered gas, and it has become necessary that Applicant dedicate a standard 160-acre gas proration unit to the well.

4. Cities Service Oil and Gas Corporation is the operator of the NW/4 NE/4 Section 30, and has not agreed to pool its interest.

5. A non-standard 120-acre gas proration unit comprising the NE/4 NE/4, S/2 NE/4 of said Section 30, should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas or, in the alternative, 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, its just and fair share of the gas in said unit, all mineral interests, whatever they may be, from the surface through the Delaware formation, underlying the NW/4 NE/4 of said Section 30 should be pooled.

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

7. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its 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.

8. 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.

9. The approval of this application will afford applicant the opportunity to produce its just and equitable share of 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 authorizing a non-standard 120-acre gas proration unit consisting of the NE/4 NE/4, S/2 NE/4 of said Section 30 or, in the alternative, pooling all mineral interests, whatever they may be, from the surface through the Delaware formation, underlying NW/4 NE/4 of said Section 30, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, to form a 160-acre gas spacing unit dedicated to applicant's well.

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

YATES PETROLEUM CORPORATION

By:   
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