

BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF HARVEY E. YATES COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

RECEIVED

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OIL CONSERVATION DIVISION

NO. 8373

APPLICATION

Applicant, Harvey E. Yates Company, by and through its undersigned attorneys, and in support of this application alleges and states as follows:

1. That Applicant is operator and owner within the meaning of Section 70-2-17(c), N.M.S.A., 1978 Compilation, and as such seeks to force-pool all of the oil and gas mineral interests from the base of the Bone Springs formation down to and including the base of the Morrow formation underlying the N/2 of Section 11, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. (Said lands).

2. That Applicant proposes to re-enter a well which has previously been drilled at a standard location in the NE/4 of said lands to a depth sufficient to test the Morrow formation.

3. That the Applicant will dedicate said lands to the well and desires to be designated as the operator.

4. That the Applicant has obtained the consent of the working interest and royalty owners in the proposed proration unit except for Marathon Oil Company which has consented to the drilling of the well to the base of the Bone Springs Formation only.

5. That any non-consenting working interest owner that does not pay its share of estimated well costs, from the base of the Bone

Springs Formation to the base of the Morrow Formation (deeper formations), should have withheld from production its share of the reasonable well costs attributable to such deeper formations, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. That Applicant should be authorized to withhold from production a reasonable supervision charge, attributable to each non-consenting working interest owner's proportionate share, during the drilling and production stages of the well as to such deeper formations.

7. That to avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in the proposed pooling and proration unit the opportunity to recover or receive without unnecessary expense its just and fair share of the hydrocarbons in the unit, said lands should be pooled as proposed herein.

WHEREFORE, Applicant respectfully requests:

1. That this application be set for hearing before an examiner of the Division at the next available Division hearing date and that notice of said hearing be given as required by law.

2. That upon hearing the Division enter its order pooling all oil and gas mineral interests on said lands.

3. And for such other relief as the Division may deem appropriate in the premises.

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Attorneys for Applicant

By: Ernest L. Padilla

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF HARVEY E. YATES COMPANY FOR :
COMPULSORY POOLING, EDDY COUNTY, : CASE NO. 8373
NEW MEXICO :
_____ :

AMENDED APPLICATION

COMES NOW Harvey E. Yates Company, by its attorneys,
and in support hereof, respectfully states:

1. Applicant is the operator of the NE/4 Section 11,
and Marathon Oil Company is the operator of the NW/4 Section 11,
more fully described below.

2. Applicant proposes to attempt to re-enter the
Coastal States - Hudson Federal No. 1 Well heretofore drilled 660
feet from the north line and 1,980 feet from the east line of
Section 11, Township 18 South, Range 31 East, N.M.P.M., Eddy
County, New Mexico, to permit a Bone Springs completion, and to
thereafter deepen the well approximately 1,000 feet below its
original total depth, to a depth sufficient to test all forma-
tions from the surface to the base of the Morrow formation, not
to exceed 12,500 feet beneath the surface.

3. If such re-entry proves impractical or impossible,
Applicant intends to drill a new well at a lawful location in the
N/2 of said Section 11, and to thereafter drill the well to a

depth sufficient to test all zones from the surface to the base of the Morrow formation, underlying said N/2 Section 11.

4. Applicant intends to dedicate the N/2 of said Section 11 to this well, and there is an interest owner in the proration unit who has not agreed to pool its interest. The party who has not agreed to pool its interest is Marathon Oil Company, and its address is P. O. Box 552, Midland, Texas, 79702.

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

6. 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 base of the Morrow formation, underlying the N/2 Section 11, should be pooled.

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.

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 through the base of the Morrow formation underlying the N/2 Section 11, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to form a 320-acre spacing unit dedicated to Applicant's well.

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

HARVEY E. YATES COMPANY

By: 
Chad Dickerson

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