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HAND-DELIVERED

May 12, 1987

Mr. William J. Lemay, Director
Oil Conservation Division
State of New Mexico
Energy and Minerals Department
P.O. Box 2088
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RECEIVED

MAY 12 1987

OIL CONSERVATION DIVISION

RE: Application of Harvey E. Yates Company
for Revocation of Prior Orders R-7240
and R-8190 and for Compulsory Pooling,
Lea County, New Mexico

Dear Mr. Lemay:

Enclosed is an original and two copies of the above described Application to be filed on behalf of Harvey E. Yates Company. We would appreciate having this matter set for hearing on the June 3, 1987 examiner hearing docket.

Your truly,


ROBERT H. STRAND

RHS/sj

Enc.

cc: Mr. Bob Bell
Harvey E. Yates Company

RECEIVED
MAY 12 1987
OIL CONSERVATION DIVISION
BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF HARVEY E. YATES
COMPANY FOR REVOCATION OF PRIOR
ORDERS R-7240 AND R-8190 AND FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO.: 8-1

APPLICATION

COMES NOW HARVEY E. YATES COMPANY ("Applicant") by
its attorney, and in support of this application states:

1. On March 29, 1987, the Division entered it's
Order #R-7240 in Case No. 7808, pooling all mineral interests
in the Pennsylvanian formation underlying the S/2 SE/4 of
Section 8, Township 16S, Range 37E, NMPM, Northeast Lovington
Pennsylvanian Pool, Lea County, New Mexico, to form a standard
80 acre oil well spacing and proration unit to be dedicated to
a well drilled at an unorthodox location of 330 ft. from the
South line and 660 feet from the East line of said Section 8.
Said Order also designated Applicant as operator of such well
and pooled unit, and provided for a risk charge in the amount
of 200% of the prorata share of reasonable well costs
attributable each non-consenting working interest owner.

2. In conformance with such Order, Applicant drilled
its East Lovington No. 8-1 Well and completed the same as an

oil well in the Northeast Lovington Pennsylvanian Pool. Such well has become uneconomic to produce, and Applicant is currently in the process of plugging and abandoning such well.

3. The total revenue from such well has been insufficient to pay the 200% risk charge attributable to the non-consent working interest owners whose interest was pooled under such Order.

4. On March 31, 1986, the Division entered it's Order #R-8190 in Case No. 8826 pooling all mineral interests in the NE Lovington Pennsylvanian Pool underlying the N/2 SE/4 of said Section 8, to form a standard 80 acre oil well spacing and proration unit in said pool to be dedicated to a well to be drilled at a standard location thereon. Such Order also designated Applicant as operator of such well and pooled unit and further provided for a risk charge in the amount of 200% of the prorata share of reasonable well costs attributable to each non-consent working interest owner.

5. In conformance with such Order, Applicant drilled and completed it's East Lovington No. 8-2 Well as an oil well in the Northeast Lovington Pennsylvanian Pool underlying the N/2 SE/4 of Section 8.

6. The revenue from this well to date has nearly been sufficient to pay out such 200% of prorata share of reasonable well costs attributable to each non-consenting working interest owner, and Applicant contemplates that such

payout will occur in the near future.

7. The non-consenting working interest owners under each of the above described pooled units are identical, and their interests under the entire SE/4 of said Section 8 are the same, and consist of unleased mineral interests as set out below:

<u>Name and Address</u>	<u>Mineral Interest</u>
Irving A. Pfeil address unknown Houston, Texas (1930)	1/128
Ruby Dacey Cousins, a widow 1705 Hunter Ave. Mobile, Ala	1/128
A.H. Duncan Humbolt, Iowa (1930)	1/128
Ray M. Dunnett, Trustee (Deeded out of M.H. Overlees and Mandells Overlees, husband and wife) c/o Operators Royalty and Producing Co. Tulsa, Okla (1930)	1/128
Mary J. Jennings Miami, Arizona (1930)	1/256
W.B. Law address unknown Deed returned to: Monarch Investment Co. Roswell, NM (1930)	1/128
Eva M. Ward 3935 College Ave. Kansas City, MO. (1935)	1/160
H.M. Parks c/o George F. Senner P.O. Box 1235 Miami, Arizona 85538	1/768

C.W. Parks
c/o George F. Senner
P.O. Box 1235
Miami, Arizona 85539 1/768

J.D. Parks
c/o George F. Senner
P.O. Box 1235
Miami, Arizona 85539 1/768

8. Applicant has made diligent effort to locate such uncommitted mineral interest owners in preparation for both cases No. 7808 and No. 8826, described above, and has continued to make such efforts to locate such persons, but has been unsuccessful. Such persons have been sent notice at their last known address of this application and the proposed Hearing date of June 3, 1987, in accordance with the rules of the Division.

9. Applicant now seeks revocation of provisions of Order No. R-7240 relating to the pooling of the S/2 SE/4 of Section 8, and revocation of Order No. R-8190 in its entirety.

10. Applicant further seeks an Order pooling all mineral interests in the Northeast Lovington Pennsylvanian Pool underlying the E/2 SE/4 of said Section 8 to form a standard 80 acre oil spacing and proration unit to be dedicated to the existing East Lovington No. 8-2 Well situated thereon, and further pooling all mineral interests in the Northeast Lovington Pennsylvanian Pool underlying the W/2 SE/4 of said Section 8, to form a standard 80 acre oil spacing and proration unit to be dedicated to a new oil well to be drilled

at a standard oil well location thereon.

11. The uncommitted mineral interest owners listed above will not be adversely affected by granting of this Application, in that their identity and interests are uniform under the entire SE/4 of said Section 8, and in that Applicant is requesting as a part of this Application, that the risk penalty assigned to the prior pooled unit consisting of the N/2 SE/4 of Section 8 shall remain in effect until total revenue from the East Lovington No. 8-2 well attributable to each non-consenting mineral interest owner equals 200% of the reasonable well costs.

12. The only parties who might be adversely affected by granting of this Application are certain royalty interest owners under existing leases, whose mineral interest varies slightly under the E/2 SE/4 and the W/2 SE/4 of said Section 8. These parties have, however, executed written consent to the formation of the proposed new proration units consisting of the E/2 SE/4 and the W/2 SE/4 of Section 8.

13. Granting of this Application will promote conservation, prevent waste and protect correlative rights.

WHEREFORE Applicant requests that this matter be set for Examiner Hearing and that the Division enter it's Order:

1. Revoking the provisions of Order No. R-7240 relating to pooling of the S/2 SE/4 of Section 8, and revoking Order No. R-8190 in it's entirety.


2. Pooling all mineral interests in the Northeast Lovington Pennsylvanian Pool underlying the E/2 SE/4 of said section 8 to form a standard 80 acre oil spacing and proration unit to be dedicated to the existing East Lovington No. 8-2 Well situated thereon, and further pooling all mineral interests in the Northeast Lovington Pennsylvanian Pool underlying the W/2 SE/4 of said Section 8, to be dedicated to a new oil well to be drilled at a standard location thereon.

3. Providing that Applicant be designated as operator of the proposed pooled units consisting of the E/2 SE/4 and the W/2 SE/4 of Section 8.

4. Containing provisions giving each non-consenting working interest owner the opportunity to pay his share of estimated well costs, providing for reasonable supervision costs for each pooled unit, and providing for an appropriate charge for the risk involved in drilling of the new well on the proposed pooled unit consisting of the W/2 SE/4 of said Section 8, and providing for a risk penalty equal to 200% of the prorata share of reasonable well costs attributable to each non-consenting working interest owner for the existing East Lovington No. 8-2 Well, with such penalty to continue only until payout of such amount.

Respectfully submitted,

ATWOOD, MALONE, MANN & TURNER, P.A.

BY: 

ROBERT H. STRAND

P.O. Drawer 700

Roswell, New Mexico 88201

Attorneys for Applicant