

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12870
ORDER NO. R-11779**

**APPLICATION OF YATES PETROLEUM CORPORATION FOR APPROVAL OF
A UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on May 30, 2002 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of June, 2002, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation, seeks approval of its Big Hat State Unit Agreement for all oil and gas in all formations underlying the following described 3,261.32 acres, more or less, of state lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Irregular Sections 2 and 3: All
Sections 10 and 11: All

(3) No interested party appeared at the hearing or otherwise objected to the proposed unit agreement.

(4) The operator should submit to the Division Director for approval all subsequent: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area.

(5) Approval of the proposed unit agreement will promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Big Hat State Unit Agreement executed by Yates Petroleum Corporation is hereby approved for all oil and gas in all formations underlying the following described 3,261.32 acres, more or less, of state lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Irregular Sections 2 and 3: All
Sections 10 and 11: All

(2) The plan contained in the unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands for the State of New Mexico. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

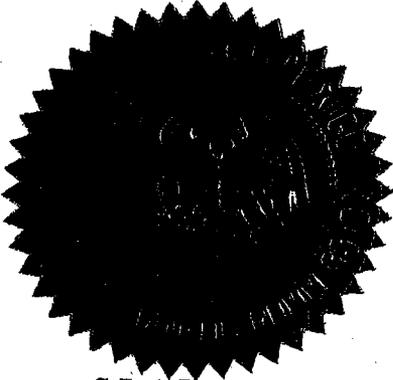
(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Case No. 12870
Order No. R-11779
Page 3

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director



SEAL