

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:

REOPENED
CASE NO. 11806
ORDER NO. R-10845-A

**APPLICATION OF YATES PETROLEUM CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 18, 1997 in Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of September, 1997, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-10845, dated July 16, 1997, the New Mexico Oil Conservation Division ("Division") authorized the compulsory pooling of all mineral interests, whatever they may be, from 100 feet below the base of the Loco Hills Sand to the top of the Mississippian formation underlying the following described acreage in Section 1, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, and in the following manner:

(a) the W/2 to form a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Sand Tank-Morrow Gas Pool;

(b) the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and,

(c) the SE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed

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on 40-acre spacing within said vertical extent.

Said units are to be dedicated to the applicant's proposed Cerritos "APT" Federal Com. Well No. 1 (API No. 30-015-29690) to be drilled and completed at a standard location that is considered to be "standard" for all three sized units 1980 feet from the North and West lines (Unit F) of said Section 1. Said Order No. R-10845 included provisions that: (i) named Yates Petroleum Corporation ("Yates"), the applicant in Case 11806, the operator of the subject well and units; (ii) assessed a 200% risk penalty factor for the drilling of said well; (iii) allotted \$5,400.00 per month while drilling and \$540.00 per month while producing as reasonable overhead charges; and, (iv) provided for Yates Petroleum Corporation to commence the drilling of the proposed well on or before October 15, 1997.

(3) By application dated August 26, 1997, Yates requested this matter be reopened before a Division Hearing Examiner. However, prior to the hearing, the applicant requested this matter be dismissed.

(4) Dismissal of this case should therefore be granted.

IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation to reopen Division Case 11806, as described in Finding Paragraph No. (2) above, shall be dismissed at this time.

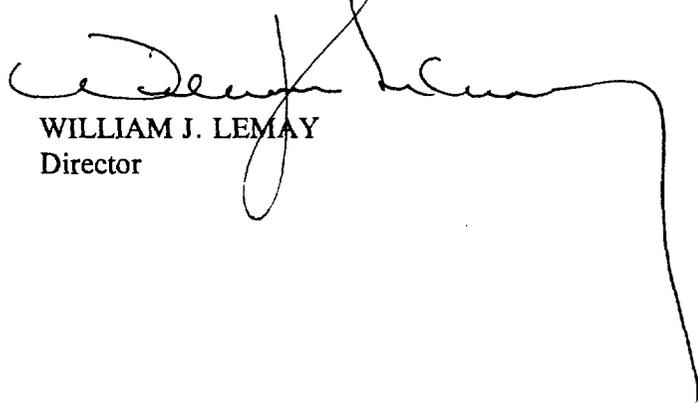
(2) All provisions of said Division Order No. R-10845 shall remain in full force and effect until further notice.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director