

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. 10641
ORDER NO. R-9075-A-1

**APPLICATION OF YATES DRILLING COMPANY
FOR EXPANSION OF A UNIT AREA AND TO AMEND
DIVISION ORDER NO. R-9075-A, CHAVES COUNTY,
NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 17, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of January, 1993 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) At the time of the hearing, this case was consolidated with Division Case No. 10642 for the purpose of testimony.

(3) By Division Order No. R-9075-A, issued in Case No. 9823 and dated December 14, 1989, the Division approved the Yates Drilling Company Cactus Queen (Voluntary) Unit Agreement for the purpose of establishing a secondary recovery project in the Queen formation underlying the NE/4 SW/4, S/2 SW/4 and W/2 SE/4 of Section 27 and the NW/4 NE/4 and N/2 NW/4 of Section 34, Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico.

(4) The applicant, Yates Drilling Company, now seeks to expand said Cactus Queen (Voluntary) Unit Area by including therein an additional 320 acres, more or less, of Federal lands comprising the SW/4 NE/4, S/2 NW/4, SW/4, and NW/4 SE/4 of said Section 34. Said expanded unit would be comprised of the NE/4 SW/4, S/2 SW/4, and W/2 SE/4 of said Section 27 and the W/2 NE/4, W/2 and NW/4 SE/4 of said Section 34, containing 640 acres, more or less, of state (120 acres or 18.75%) and federal (520 acres or 81.25%) lands.

(5) The applicant's Exhibit Nos. 3 and 4 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(6) The proposed expansion will prevent waste and protect correlative rights, will tend to conserve oil and gas and should be approved.

(7) The terms and conditions of Division Order No. R-9075-A should apply to the expanded unit to the extent not inconsistent with this order.

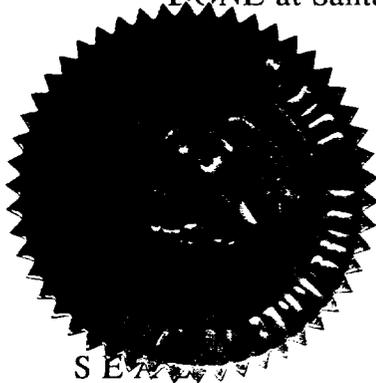
IT IS THEREFORE ORDERED THAT:

(1) The Yates Drilling Company's Cactus Queen (Voluntary) Unit Agreement and Area as approved by Division Order No. R-9075-A is hereby expanded to include several tracts of federal lands, comprising 320 acres, more or less, and consisting of the SW/4 NE/4, S/2 NW/4, SW/4, and NW/4 SE/4 of Section 34, Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico, so that the unit area, as expanded, will contain 640 acres, more or less, of state (120 acres or 18.75%) and federal (520 acres or 81.25%) lands and comprise the NE/4 SW/4, S/2 SW/4 and W/2 SE/4 of Section 27 and the W/2 NE/4, W/2 and NW/4 SE/4 of Section 34, all in Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico.

(2) The expanded unit and unit area shall be subject to the terms and requirements contained in Order No. R-9075-A and shall become effective as provided in the unit agreement.

(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

A handwritten signature in cursive script, appearing to read "William J. Lemay", is written over the typed name. A long, thin vertical line extends downwards from the end of the signature.

WILLIAM J. LEMAY
Director