

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING

505/623-6601

ROSWELL, NEW MEXICO 88201

May 7, 1980

Case 6904

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Approval
of McDonald Unit Agreement
T-13S, R-36E, N.M.P.M.
Sec. 33: S/2
Sec. 34: SW/4
T-14S, R-36E, N.M.P.M.
Sec. 3: W/2
Sec. 4: All
Lea County, New Mexico

Gentlemen:

Enclosed for filing please find an original and two executed copies of the above referenced application. The proposed Unit Agreement has been attached to each as Exhibit "A". This application was previously called in by telephone and is set for hearing on the May 21, 1980 Docket.

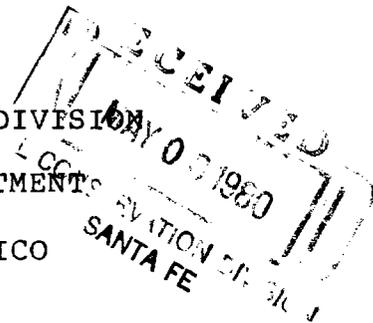
Sincerely yours,

Robert H. Strand
Attorney

RHS/cj
Enclosures



BEFORE THE OIL CONSERVATION DIVISION
ENERGY AND MINERALS DEPARTMENT
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION :
OF HARVEY E. YATES COMPANY :
FOR APPROVAL OF THE McDONALD :
UNIT AGREEMENT, LEA COUNTY, :
NEW MEXICO :

Case No. 5404

APPLICATION

COMES NOW HARVEY E. YATES COMPANY by its attorney and respectfully states:

1. Applicant seeks approval of the proposed unit agreement for development and operation of the McDonald Unit, Lea County, New Mexico. A copy of said proposed unit agreement is attached hereto as Exhibit A.

2. The proposed unit area and unitized formations covered by said unit agreement is as follows:

Township 13 South, Range 36 East, N.M.P.M.
Section 33: S/2
34: SW/4

Township 14 South, Range 36 East, N.M.P.M.
Section 3: W/2
4: All

Containing 1,440.22 acres more or less, from the surface to all depths,

3. The Mineral ownership within the proposed unit area is as follows:

100% Fee

4. Applicant is informed and believes, and upon such information and belief, states that the proposed unit area covers all or substantially all of the geological feature involved, and

that in the event of a discovery of oil and gas thereon, that said unit agreement will permit the producing area to be developed or operated in the interest of conservation and the prevention of waste of unitized substances.

5. Applicant is designated as the unit operator in said unit agreement, and, as such, is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas subject to all applicable laws and regulations.

6. Said unit agreement provides for the drilling of an initial test well to a depth sufficient to test the Mississippian formation, but applicant is not obligated to drill said well in any event to a depth in excess of 14,500 feet.

7. Applicant believes that in the event oil or gas is discovered in paying quantities on lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said unit agreement, to the end that maximum recovery will be obtained of unitized substances, and that said unit agreement will promote conservation and the prevention of waste as contemplated by the statutes of the State of New Mexico and the rules and regulations of the division.

8. Upon an order being entered by the division approving said unit agreement, and after circulation to the interest owners, an executed copy will be filed with the division.

WHEREFORE, applicant respectfully requests:

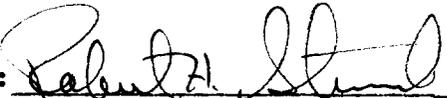
A. That this application be set for a hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon such hearing, the division enter its order approving said unit agreement as being in the interest of conservation and the prevention of waste.

C. For such further relief as the division deems just and proper.

DATED this 28th day of April, 1980.

HARVEY E. YATES COMPANY

By: 
Robert H. Strand
Attorney for Applicant
P. O. Box 1933
Roswell, New Mexico 88201

OCD-1 #26