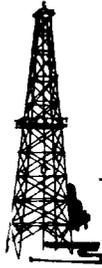


**HEYCO**

PETROLEUM PRODUCERS



**HARVEY E. YATES COMPANY**

P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING

505/623-6601

ROSWELL, NEW MEXICO 88201

May 22, 1980

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

Attention: Mr. Richard Stamets

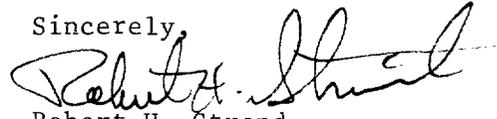
*Case 6923*

Re: Application for Unit  
Approval  
Cayton-Austin Unit  
Lea County, New Mexico

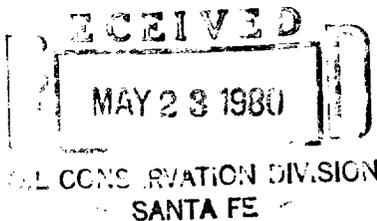
Dear Mr. Stamets:

Enclosed please find an original and two copies of our application for approval of the above referenced unit. I previously requested by telephone that this matter be set for hearing on the June 4, 1980 docket. Thank you.

Sincerely,

  
Robert H. Strand  
Attorney

RHS/cj  
Enclosures



BEFORE THE OIL CONSERVATION DIVISION

ENERGY AND MINERALS DEPARTMENT  
OF THE STATE OF NEW MEXICO

RECEIVED  
OCT 23 1960  
OIL CONSERVATION DIVISION  
SANTA FE

IN THE MATTER OF THE APPLICATION :  
OF HARVEY E. YATES COMPANY :  
FOR APPROVAL OF THE CAYTON-AUSTIN : Case No. 6923  
UNIT AGREEMENT, :  
LEA COUNTY, NEW MEXICO :

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 Cayton-Austin 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 14 South, Range 36 East, N.M.P.M.

Section 9: All  
Section 10: W/2

Containing 960.00 acres more or less, from the surface to all depths,

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

State of New Mexico	16.666667%
Fee	83.333333%

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 approval of the same by the (Commissioner of Public Lands of State of New Mexico), an approved 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 22nd day of May, 1980.

HARVEY E. YATES COMPANY

By: 

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

OCD-1 #21