

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. 10294
Order No. R-9527

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 30, 1991, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 14th day of June, 1991, 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) Division Cases Nos. 10293 and 10294 were consolidated at the time of the hearing for purposes of testimony.

(3) The applicant, Yates Petroleum Corporation, (Yates), seeks approval of the Eidson Ranch Exploratory Unit Agreement for all oil and gas in any and all formations underlying the following described 2,990.08 acres, more or less, of State, Federal and Fee lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 4: All

Section 5: All

Section 6: All

(4) At the hearing, applicant's witness testified that Unit tracts 7 and 8 in Section 5 consisting of a total of 360 acres will not be included in the Unit. The applicant should be asked to submit revised attachments to the unit agreement with the non-signing tracts omitted.

The witness testified that 87.96% of the working interest owners had committed their interests to the unit.

(5) Witness for the applicant testified that the Bureau of Land Management has reviewed the unit area and agreed that it is a logical area. The agreement has been submitted to the State Land Office for approval. With the exclusion of unit tracts 7 and 8, the unit will initially consist entirely of State land.

(6) Yates plans to drill a test well at a location 1980 feet from the South line and 660 feet from the East line of Section 5. The well would be drilled to approximately 13,800 feet to test the Atoka and Morrow formations.

(7) Geologic information was submitted to show that both the Morrow and Atoka sandstones are well developed in the area with hydrocarbon accumulations possible. Additional potentially productive zones include the Queen, Wolfcamp, Cisco, Canyon and Strawn, according to testimony by applicant's witness.

(8) No interested party appeared and objected to the proposed unit.

(9) All plans of development and operation and creations, expansion, or contractions of participating areas or expansions or contractions of the unit area, should be submitted to the Director of the Division for approval.

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

IT IS THEREFORE ORDERED THAT:

(1) The Eidson Ranch Exploratory Unit Agreement is hereby approved for all oil and gas in any and all formations underlying the following described 2,630.08 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 4: All

Section 5: Lots 1 through 7, S/2

Section 6: All

(2) Yates Petroleum Corporation, operator of the unit, shall submit revised attachments to the unit agreement within 30 days to identify the non-signing tracts in Section 5 which have been excluded from the unit as it was initially proposed. Finding No. (3) of this order describes the Unit area as initially proposed.

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

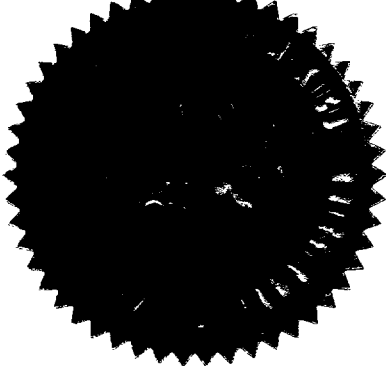
(4) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Division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

(5) All plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(6) This order shall become effective upon the approval of said unit agreement by the Director of the appropriate agency of the United States Department of the Interior and the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; the last unit operator shall notify the Division immediately in writing of such termination.

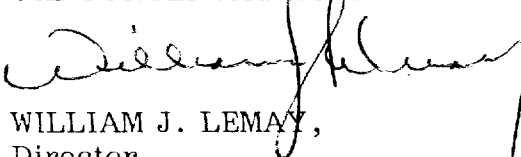
(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



dr/

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY,
Director