

**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. 12676
ORDER NO. R-11607**

**APPLICATION OF YATES PETROLEUM CORPORATION FOR APPROVAL OF
A UNIT AGREEMENT, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 14, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of June, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation, seeks approval of the Luke Federal State Unit Agreement for all oil and gas in any and all formations underlying the following described 2,561.12-acres, more or less, of State and Federal lands in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Sections 2 and 3: All
Sections 9 and 10: All

(3) No interested party appeared at the hearing or otherwise objected to the proposed unit.

(4) All plans of expansion or contraction, or of development and operation of the

unit area, and of creation, expansion or contraction of participating areas, should be submitted to the Director for approval.

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

IT IS THEREFORE ORDERED THAT:

(1) The Luke Federal State Unit Agreement is hereby approved for all oil and gas, in any and all formations, underlying the following described 2,561.12-acres, more or less, of State and Federal lands in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Sections 2 and 3: All
Sections 9 and 10: All

(2) The plan contained in the unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in the 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 unit and production of oil and gas therefrom.

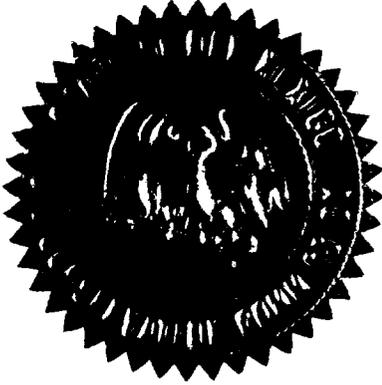
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with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

(4) All plans of expansion or contraction, or of development and operation of the unit area, and of creation, expansion or contraction of participating areas, shall be submitted to the Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands for the State of New Mexico, and the Responsible Officer of the appropriate agency of the United States Department of the Interior. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Lori Wrotenbery".

LORI WROTENBERY
Director