

CASE 5634: Appl. of YATES
PETROLEUM CORP. for a UNIT AGREE-
MENT, Chaves County

CASE NO.

56 34

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

Unit Name DUNKEN DOME UNIT (EXPLORATORY)
 Operator Yates Petroleum Corporation
 County Chaves

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	SEPARATION FEE	SEPARATION CLAUSE	TERM
APPROVED	5634	3-3-76	7,601.14	7,245.99	-0-	355.15	Yes	2 yrs.
Commissioner	OCC ORDER NO. <u>5172</u>							
3-3-76	3-3-76							

UNIT AREA

TOWNSHIP 17 SOUTH, RANGE 17 EAST, N.M.P.M.
Sections 1, 12, 13 and 24

TOWNSHIP 17 SOUTH, RANGE 18 EAST, N.M.P.M.
Section 7 (excepting the SE/4NE/4,
Sections 17, 18, 19, 20, 29, 30 and 31

TERMINATED
 10-17-78

Unit Name DUNKEN DOME UNIT (EXPLORATORY)
 Operator Yates Petroleum Corporation
 County Chaves

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	K-5769 ✓	C.S.	1 12	17S 17S	17E 17E	Lots 1, 4, S/2NW/4, SW/4, W/2SE/4 N/2	2-19-76	720.80		Yates Pet. Corporation
2	K-5819 ✓	C.S.	18	17S	18E	Lots 1, 2, 3, 4, E/2W/2, SE/4	2-19-76	474.30		Yates Pet. Corporation
3	K-5951 ✓	C.S.	17 19	17S 17S	18E 18E	All Lots 1, 2, 3, 4, E/2, E/2W/2	2-19-76	1,272.16		Yates Pet. Corporation
4	K-5999 ✓	C.S.	12 7	17S 17S	17E 18E	S/2 Lots 1, 2, 3, 4, W/2NE/4, E/2W/2, SE/4	2-19-76	873.82		Yates Pet. Corporation
5	K-6136-1 ✓	C.S.	13 24	17S 17S	17E 17E	All All	2-19-76	1,280.00		Yates Pet. Corporation
6	K-6140 ✓	C.S.	20 29	17S 17S	18E 18E	E/2NE/4, SW/4NE/4, E/2NW/4, N/2SW/4, SE/4SW/4, E/2SE/4 All	2-19-76	1,040.00		Yates Pet. Corporation
7	LG-734 ✓	C.S.	20	17S	18E	NW/4NE/4, W/2NW/4, SW/4SW/4, W/2SE/4	2-19-76	240.00		Yates Pet. Corporation
8	K-6143 ✓	C.S.	30 31	17S 17S	18E 18E	Lot 1, 2, NE/4, E/2NW/4, E/2SW/4, SE/4 Lots 1, 2, 3, 4, E/2, E/2W/2	2-19-76	1,184.91		Yates Pet. Corporation
9	K-6256 ✓	C.S.	18	17S	18E	NE/4NE/4, S/2NE/4	2-19-76	120.00		Yates Pet. Corporation
10	L-3895-3 ✓	C.S.	18	17S	18E	NW/4NE/4	NOT COMMITTED		40.00	Continental Oil Co.

TERMINATED
 10-26-78
 eff. 10-17-78

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpora-) CASE
tion for a unit agreement, Chaves) 5634
County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Joel M. Carson, Esq.
LOSEE AND CARSON, P.A.
Attorneys at Law
300 Amercian Home Bldg.
Artesia, New Mexico

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I N D E X

Page

RAY BECK

Direct Examination by Mr. Carson

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EXHIBIT INDEX

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Applicant's Exhibit No. One, Land Plat

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Applicant's Exhibit No. Two, Map

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Page 3

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2 MR. CARR: Case 5634, application of Yates Petroleum
3 Corporation for a unit agreement, Chaves County, New Mexico.

4 MR. STAMETS: Call for appearances in the case?

5 MR. CARSON: My name is Joel Carson, Losee and Carson,
6 P.A., Artesia, New Mexico and I represent the applicant and
7 I will have one witness, Mr. Beck.

8 MR. STAMETS: If he will stand and be sworn, please.

9 (THEREUPON, the witness was duly sworn.)

10

11

RAY BECK

12

called as a witness, having been first duly sworn, was

13

examined and testified as follows:

14

15

DIRECT EXAMINATION

16

BY MR. CARSON:

17

Q Would you state your name, occupation and employment?

18

A My name is Ray Beck, I'm employed by Yates Petroleum

19

Corporation in Artesia, New Mexico as Petroleum Geologist.

20

Q Have you previously testified before this Commission

21

Mr. Beck?

22

A Yes, I have.

23

Q And your qualifications have been accepted?

24

A Yes, they have.

25

MR. STAMETS: The witness is considered qualified.

1971

1 Q (Mr. Carson continuing.) Mr. Beck, would you tell
2 the Commission the purpose of this application.

3 MR. CARSON: Let me withdraw that question a minute.
4 Mr. Hearing Officer, we need to have two modifications made in
5 our application, which I would like to move to have done in
6 this hearing. One of them is that we seem to have misspelled
7 Dunken. It is spelled D-u-n-k-e-n, rather than D-u-n-c-a-n.

8 MR. STAMETS: D-u-n-k-e-n?

9 MR. CARSON: Yes, as in the Dunken Store.

10 The second one is that this proposed unit agreement
11 covers seven thousand, six hundred and one, point fourteen
12 acres, rather than seven thousand, six hundred and forty-one.

13 MR. STAMETS: Those don't appear to be significant
14 changes, Mr. Carson, and the application will be so amended.

15 Q (Mr. Carson continuing.) Mr. Beck, would you state
16 the purpose of this application?

17 A Yates Petroleum Corporation requests approval of
18 its Dunken Dome Unit agreement covering approximately seven
19 thousand, six hundred and one acres of State land in Township 17
20 South, Ranges 17 and 18 East, Chaves County, near the town-
21 site of Dunken, New Mexico.

22 Q Mr. Beck, I hand you what has been marked as
23 Applicant's Exhibit Number One and ask if that was prepared
24 by you or under your supervision?

25 A Yes, it was.

1 Q Would you explain that exhibit to the Hearing
2 Officer?

3 A Exhibit One is a land plat showing the proposed Unit
4 outline and the proposed location of Yates No. 1 Dunken FS Well
5 in Section 7.

6 Q I hand you what has been marked as Applicant's
7 Exhibit Number Two and ask if that exhibit was prepared by you
8 or under your supervision?

9 A Yes, it was.

10 Q Would you explain to the Hearing Officer what that
11 exhibit represents?

12 A Exhibit Number Two is a map resulting from photo-
13 geologic analysis covering the area around the proposed Unit,
14 the outcropping surface rocks or Permian-San Andres, the PSA
15 that is on the map in various places, in scattered places
16 quaternary alluvial, in other deposits covered San Andres.
17 As the map shows the San Andres beds are regionally dipped to
18 the east and southeast. However, largely within the Unit
19 outline are two anticlinal anomalies labeled CH-24 and CH-25
20 which show dips to the west and northwest on their western
21 flanks. The proposed location for the Dunken State FS is very
22 near the apex of the CH-24 surface anticline.

23 The Texas Petroleum No. 1 Wilson cable tool hole
24 in Section 29, of 17, 18 near the south end of the Unit
25 was drilled on the southern half of CH-24 which is split in

1 two anomalies by a fault that trends northwest about three-
2 quarters of a mile north of the Wilson Well, labeled with the
3 letter F.

4 The Wilson Well encountered numerous shows in the
5 San Andres and Yeso and according to New Mexico Bureau of
6 Mines Bulletin No. 9, the well encountered one million cubic
7 feet of gas per day from either the base of the Yeso or upper
8 Abo. The well was bottomed in the Fusselman, which yielded
9 water, ending any further operations.

10 The well was commenced in about 1925 and was finished
11 in about 1927.

12 East of the Unit the Sunray No. 1 New Mexico State
13 AV in Section 22 of Township 17 South, Range 18 East was
14 drilled to fifty-nine hundred and thirteen feet in the
15 Pre-Cambrian. The commercial sample log on this well shows
16 porosity and oil staining from the Yeso, Montoya and
17 Ellenburger.

18 Q Mr. Beck, would you generally tell the Hearing
19 Officer about the other wells that have been drilled in this
20 general area?

21 A. Outside of the map and up to about ten miles away
22 from the proposed Dunken Well, other scattered wells have
23 encountered shows and porosity in the San Andres, the Yeso,
24 the Permian sands, the Penn sands, the Fusselman, Montoya,
25 Ellenburger and Bliss. And some wells that have been drill-

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2 yielded water, sometimes being gas cut.

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4 correlative rights and help effectuate conservation and maximum
5 recovery of oil and gas from this area?

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8 this witness.

9 MR. STAMETS: Do you have a copy of the unit agree-
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11 MR. CARSON: Yes, we do. Do you need three copies
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13 MR. STAMETS: Eventually. One copy will be just
14 fine at the present time.

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18 the State Land Office. There is only one working interest
19 owner in the Unit right now and that's the applicant. If more
20 come in we will enter into a standard form agreement.

21 MR. STAMETS: And you have two tracts of Fee
22 acreage, the rest is all State land?

23 MR. CARSON: I believe that is correct. Yes, sir,
24 I believe that is correct.

25 MR. STAMETS: Has the Fee acreage indicated that they

1 will sign up?

2 THE WITNESS: Yes, and I understand that the Land
3 Department is working on that right now.

4 MR. CARSON: Continental Oil Company who is listed
5 as Number Ten and Eleven on the exhibit attached to the
6 back of the unit operating agreement has contributed one half
7 of their acreage but they have not joined in the agreement.

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9 witness? He may be excused.

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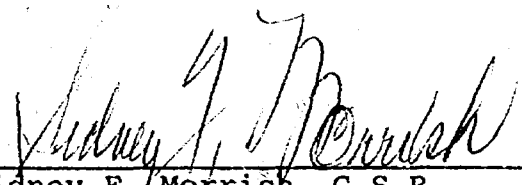
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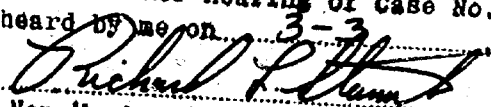
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Phone (505) 982-9212

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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5634
heard by me on 3-3-1976

Richard P. Ham, Examiner
New Mexico Oil Conservation Commission

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Sidney F. Morrish, C.S.R.

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heard by me on 3-19 19 76
Richard K. Stamm, Examiner
New Mexico Oil Conservation Commission

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5634
Order No. R-5172

APPLICATION OF YATES PETROLEUM CORPORATION
FOR APPROVAL OF THE DUNKEN DOME UNIT
AGREEMENT, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on March 3, 1976, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 10th day of March, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks approval of the Dunken Dome Unit Agreement covering 7,601.14 acres, more or less, of State and Fee lands described as follows:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 17 EAST, NMPM
Sections 1, 12, 13, and 24: All

TOWNSHIP 17 SOUTH, RANGE 18 EAST, NMPM
Section 7: S/2, NW/4, W/2 NE/4 and NE/4 NE/4
Sections 17 through 20: All
Section 29: All
Section 30: N/2, SE/4, and E/2 SW/4
Section 31: All

(3) That 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:

(1) That the Dunken Dome Unit Agreement is hereby approved.

-2-

Case No. 5634
Order No. R-5172

(2) That 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

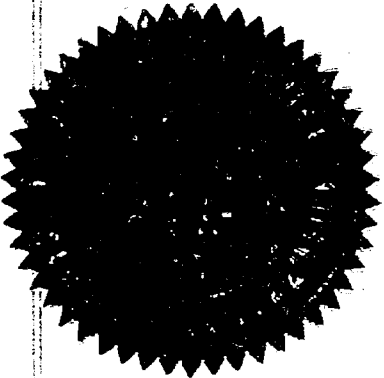
(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file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

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



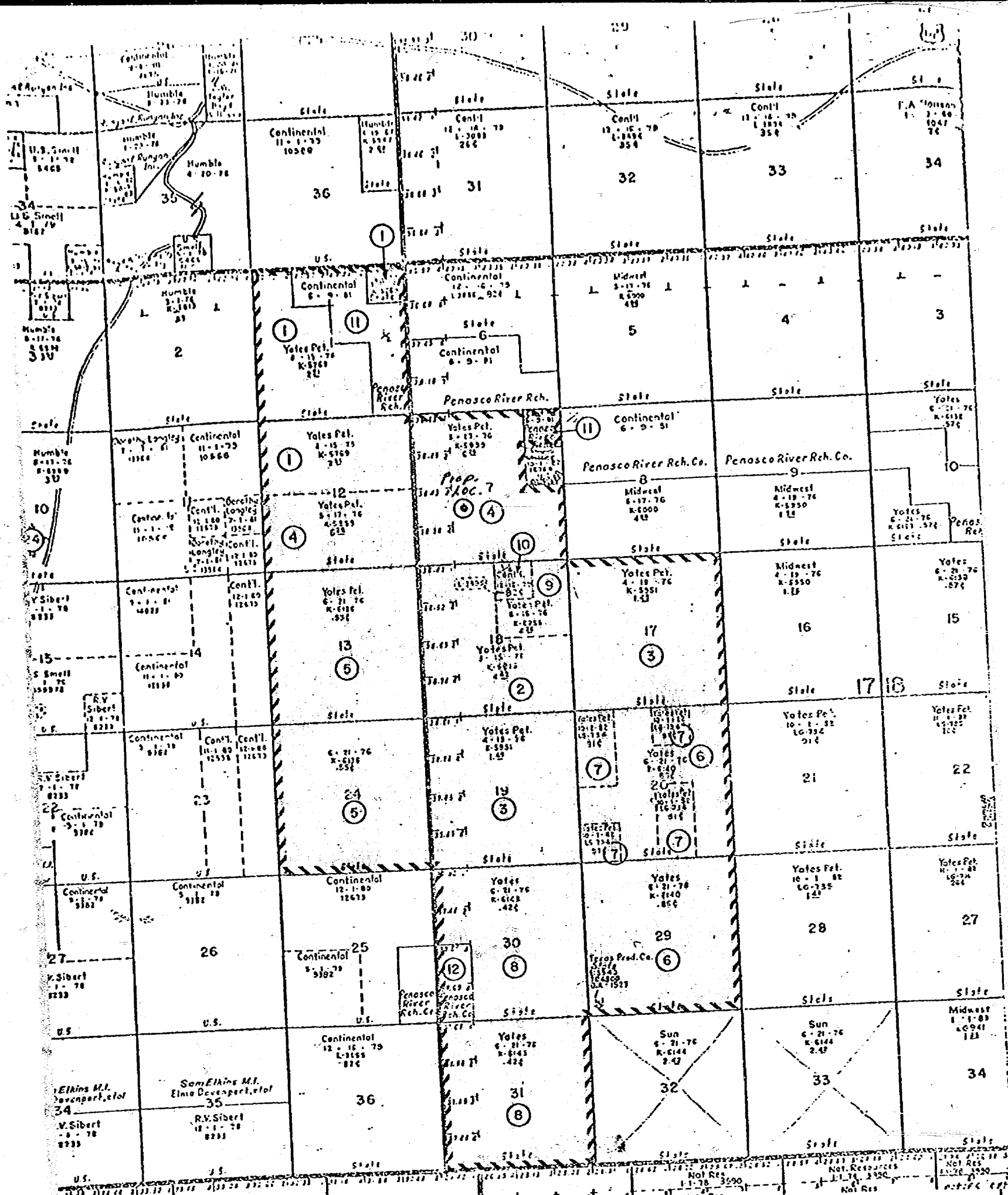
Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

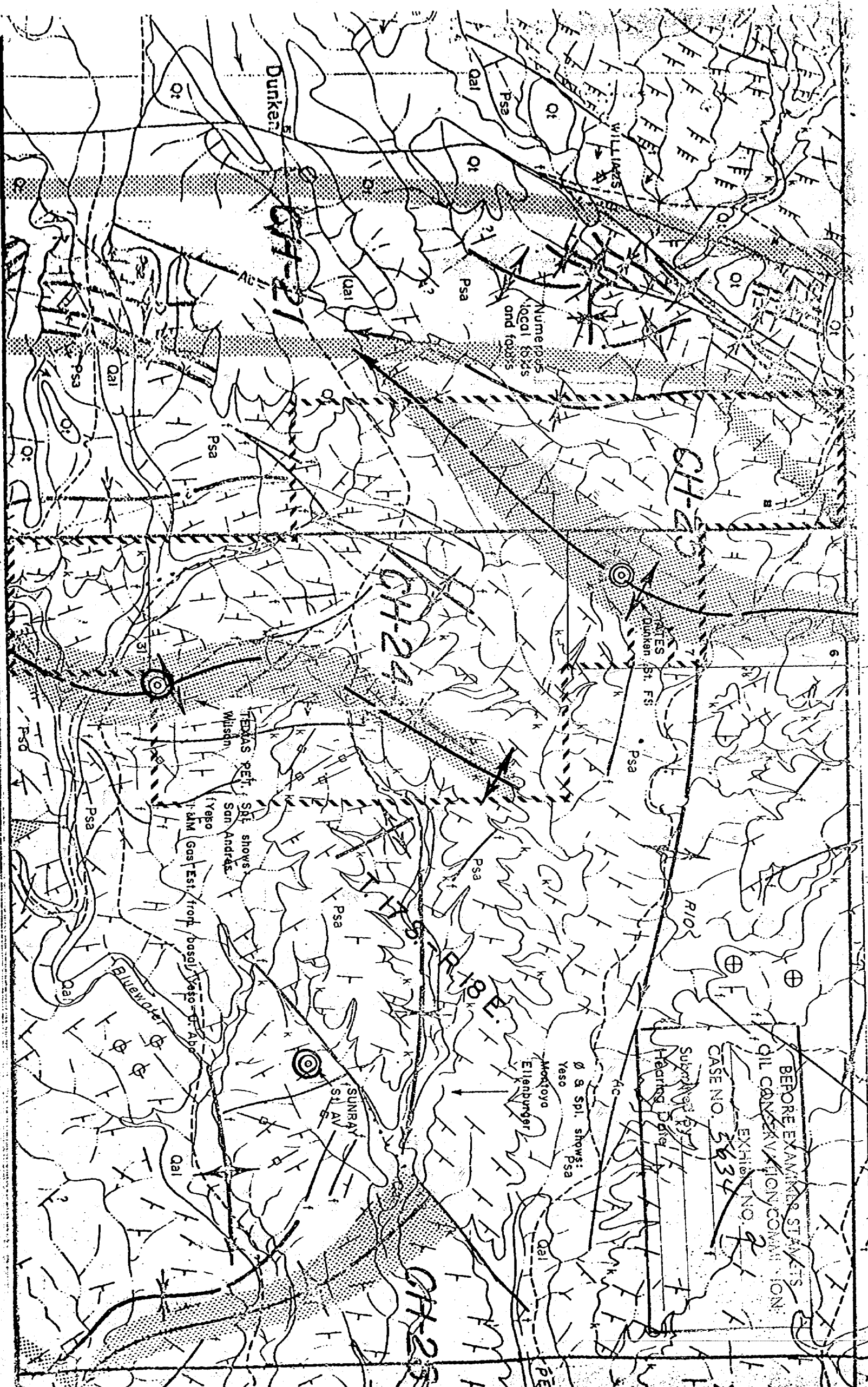
S E A L

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BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 5634
Submitted by
Hearing Date 12

EXHIBIT No. 1
YATES PETROLEUM CORPORATION
DUNKEN DOME UNIT
CHAVES COUNTY, NEW MEXICO
DATED 2-2-76



BEFORE EXAMINER STATES
QIL CONVEYANCE COMMISSION
EXHIBIT NO. 2
CASE NO. 5634

Surveyed by
Hearing Date

Q & Spl. shows:
Yeso
Psa

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

DUNCAN DOHE UNIT AREA
CHAVES COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 2nd day of February 1976
by and between the parties subscribing, ratifying or consenting hereto,
and herein referred to as the "parties hereto,"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty
or other oil or gas interests in the unit area subject to this agree-
ment; and

WHEREAS, the Commissioner of Public Lands of the State of
New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 28,
Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951, (Chap. 7,
Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve
the development or operation of State lands under agreements made by
lessees of State land jointly or severally with other lessees where
such agreements provide for the unit operation or development of part
of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of
New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap.
162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953
Annotated) to amend with the approval of lessee, evidenced by the
lessee's execution of such agreement or otherwise, any oil and gas
lease embracing State lands so that the length of the term of said
lease may coincide with the term of such agreements for the unit opera-
tion and development of part or all of any oil or gas pool, field or
area; and

WHEREAS, the Oil Conservation Commission of the State of
New Mexico (hereinafter referred to as the "Commission") is authorized

by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Duncan Dome Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

Township 17 South, Range 17 East, N.M.P.M.
Sections 1, 12, 13 and 24

Township 17 South, Range 18 East, N.M.P.M.
Sections 7 (excepting the SE $\frac{1}{4}$ NE $\frac{1}{4}$), 17, 18, 19, 20, 29, 30 and 31
Containing 7,601.14 acres, more or less,
Chaves County, New Mexico

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit B attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

All land committed to this agreement shall constitute land

2. UNITIZED SUBSTANCES. All oil, gas natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR. YATES PETROLEUM CORPORATION whose address is 207 South 4th Street, Artesia, N.M. 88210 is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances; and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is selected, to be used for the purpose of conducting unit operations hereunder.

Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and

duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY. The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Bliss formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 5,900 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the

Drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N. M. Statutes 1953 Annotated of intention to cancel on account of any

alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized

land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the

unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the

interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to

apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceeding.

20. NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld.

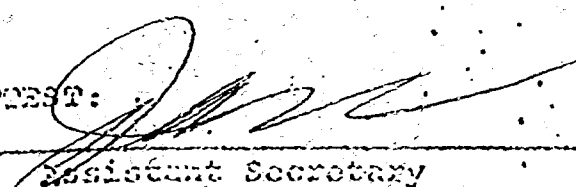
Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to be separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

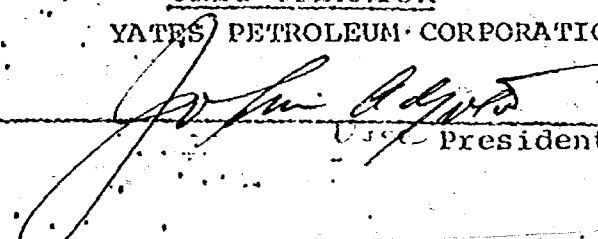
IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

ATTEST:


Assistant Secretary

By

UNIT OPERATOR
YATES PETROLEUM CORPORATION


President

Date:

2/19/76

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 19th day of February, 1976, by John A. Yates, Vice President of YATES PETROLEUM CORPORATION, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

3/28/76

Sandra S. Owen
Notary Public

ACKNOWLEDGEMENT PAGE TO UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION
OF THE DUNCAN DOME UNIT AREA, CHAVES COUNTY, NEW MEXICO

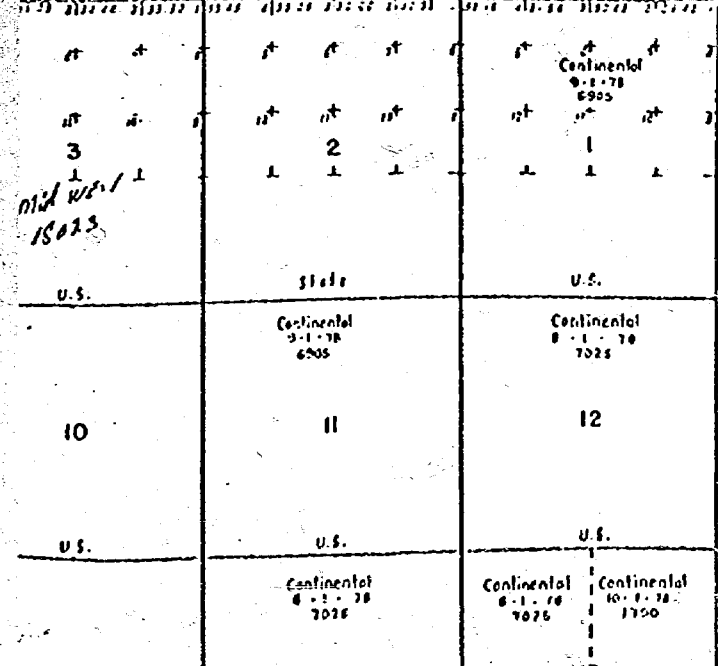
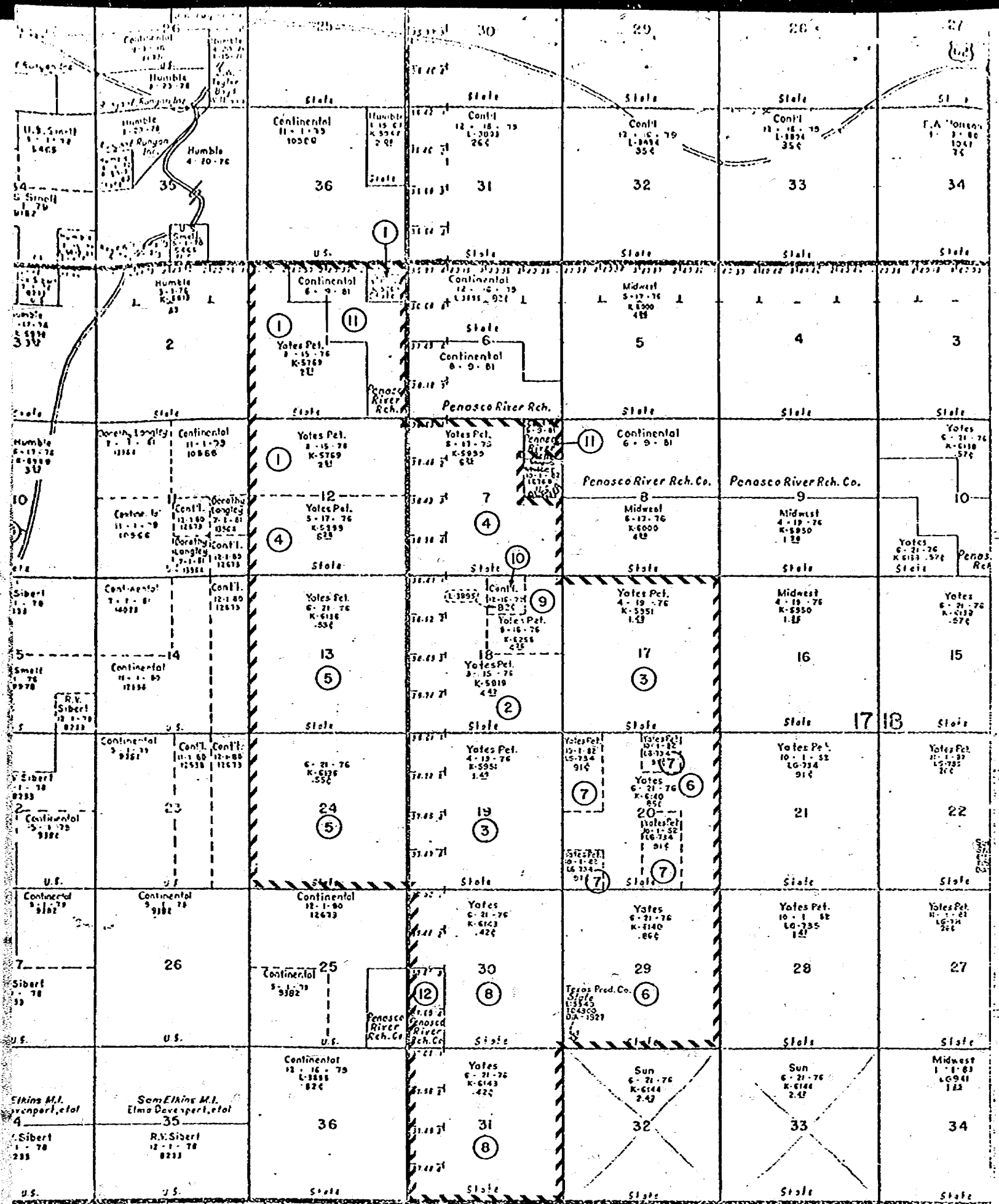


EXHIBIT "A"

YATES PETROLEUM CORPORATION

DUNCAN DOME UNIT

CHAVES COUNTY, NEW MEXICO

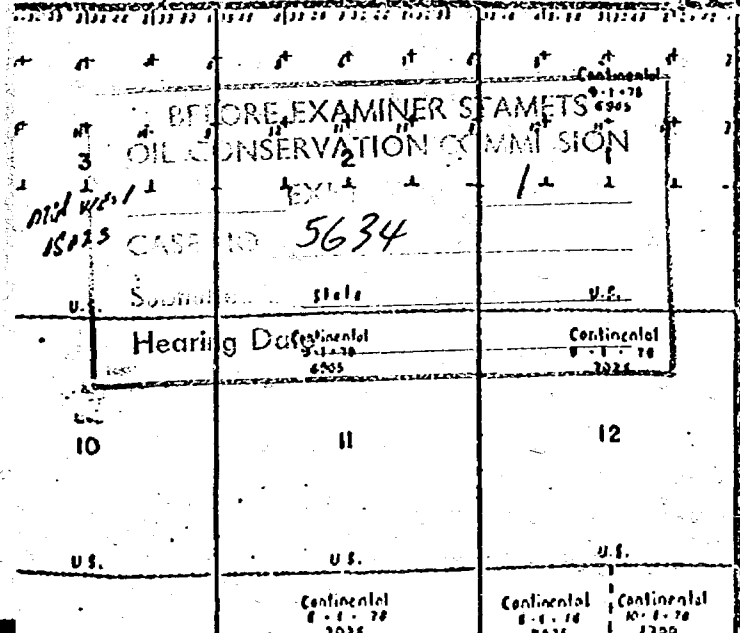
DATED 2-2-76

DUNCAN DOME UNIT, CHAVES COUNTY, NEW MEXICO
Schedule of Tract Numbers, Ownership and Participation

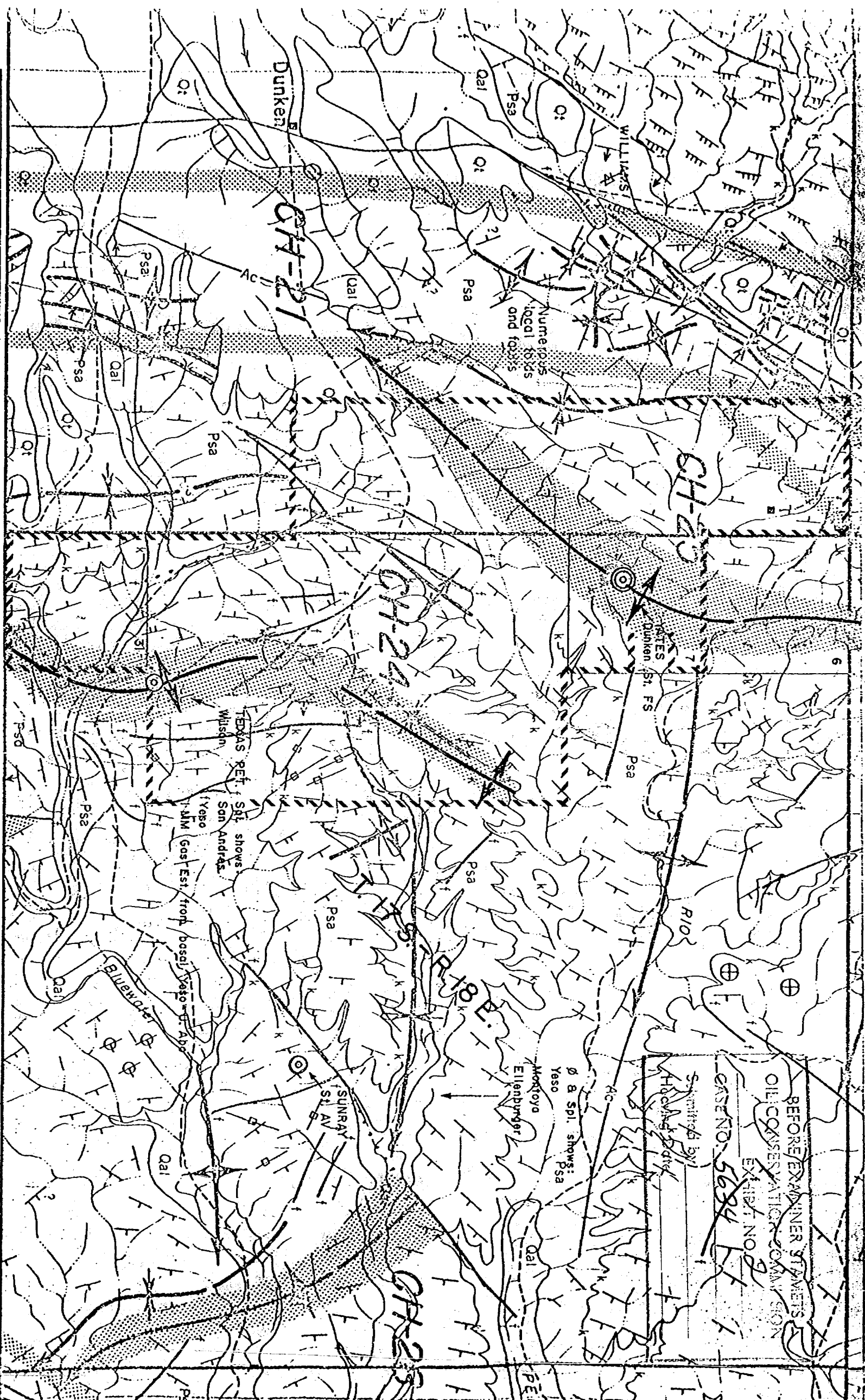
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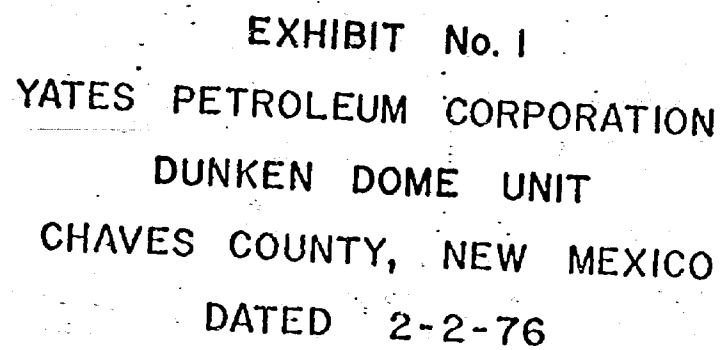
TRACT NO.	DESCRIPTION	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	OVERRIDE OR PRO-DUTION PAYMENT AND PERCENTAGE	WORKING INTEREST OWNER - PERCENTAGE
1	T17S-R17E Sec. 1: Lots 1, 4, S½NW¼, SW¼, W½SE¼ Sec. 12: N½	720.80	K-5769 3-14-76	State 12½%	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
2	T17S-R18E Sec. 18: Lots 1, 2, 3, 4, E½M½, SE¼	474.30	K-5819 3-14-76	State 12½%	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
3	T17S-R18E Sec. 17: A11 Sec. 19: Lots 1, 2, 3, 4, E½, E½M½	1,272.16	K-5951 4-18-76	State 12½%	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
4	T17S-R17E Sec. 12: S¼ T17S-R18E Sec. 7: Lots 1, 2, 3, 4, W½NE¼, E½M½, SE¼	873.82	K-5999 5-16-76	State 12½%	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
5	T17S-R17E Sec. 13: A11 Sec. 24: A11	1,280.00	K-6136-1 6-20-76	State 12½%	Yates Petroleum Corp.	None	Yates Pet. Corp. - 100%
6	T17S-R18E Sec. 20: E½NE¼, SW½NE¼, E½NW¼, N½SW¼, SE½SW¼, E½SE¼ Sec. 29: A11	1,040.00	K-6140 6-20-76	State 12½%	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
7	T17S-R18E Sec. 20: NW½NE¼, W½NW¼, SW½SW¼, W½SE¼	240.00	LG-734 9-30-82	State 12½%	Yates Petroleum Corp.	None	Yates Pet. Corp. - 100%

TRACT NO.	DESCRIPTION	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	OVERRIDE OR PRO-DUCTION PAYMENT AND PERCENTAGE	WORKING INTEREST OWNER - PERCENTAGE
8	T17S-R18E Sec. 30: Lot 1,2, NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ Sec. 31: Lots 1,2,3,4, E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$	1,184.91	K-6143 6-20-76	State 12 $\frac{1}{2}$ %	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
9	T17S-R18E Sec. 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$	120.00	K-6256 8-15-76	State 12 $\frac{1}{2}$ %	Yates Pet. Corp.	None	Yates Pet. Corp. - 100%
10	T17S-R18E Sec. 18: NW $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	L-3895-3 12-16-79	State 12 $\frac{1}{2}$ %	Continental Oil Co.	None	Continental Oil Co. - 100%
TOTAL: 7,245.99 acres State of New Mexico Lands							
11	T17S-R17E Sec. 1: Lots 2,3,S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ T17S-R18E Sec. 7: NE $\frac{1}{4}$ NE $\frac{1}{4}$	280.00	Fee 6-9-81	12 $\frac{1}{2}$ %	Continental Oil Co.	None	Continental Oil Co. - 100%
12	T17S-R18E Sec. 30: Lots 3,4	75.15	Fee	None	Unleased	None	None
TOTAL: 355.15 acres Fee Lands							
Recapitulation							
		7,245.99 Acres State Lands,	95.33% of Unit Area				
		355.15 Acres Fee Lands,	4.67% of Unit Area				
		Total: 7,601.14 Acres All Lands,	100.00% of Unit Area				

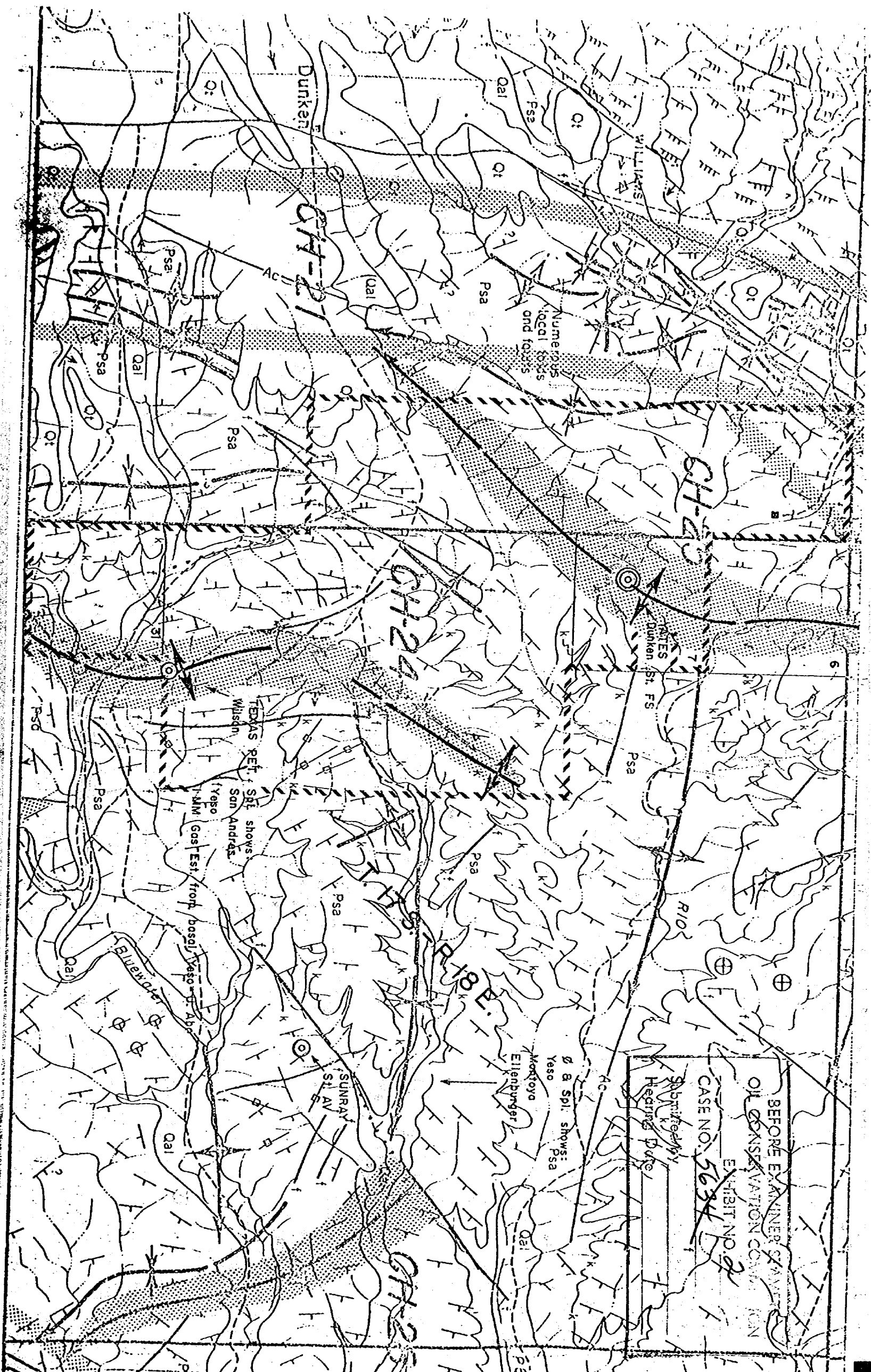


YATES PETROLEUM CORPORATION
DUNKEN DOME UNIT
CHAVES COUNTY, NEW MEXICO
DATED 2-2-76





35771	EXHIBIT NO. 1	U.S.
Continental 9-1-70 6505	5634	Continental 9-1-70 7023
CASE NO.		
Submitted by	11	12
Hearing Date		



Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Starz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit H of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the perforated interval from approximately 3852 to 3858 feet in its Ingram Federal Well No. 2 located in Unit I of Section 5, Township 8 South, Range 31 East, Tom Tom-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Fair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit H of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Queen Formation through the open-hole interval from approximately 3800 to 3875 feet in his State JC "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 36 East, Langille-Mattix Pool, Lea County, New Mexico.

CASE 5642: Application of Penroc Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCW-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KKN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 1Y, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 36: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCT-A Well No. 1, located in Unit L of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Fasken Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 17: N/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo EA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alcott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: SE/4 NE/4 & NE/4 SE/4
Section 32: S/2 NW/4, N/2 SW/4, W/2 NE/4 and SE/4 NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit P of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 26: W/2
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 21: S/2 SE/4 & E/2 SW/4
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 13: N/2
Section 14: All

(n) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 35: E/2
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 19: NE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: SW/4

- (q) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 3: All
- (r) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 21: SW/4
- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 24: E/2
TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 19: W/2
- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: SW/4
Section 14: S/2
- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4
- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 16: All
Section 34: All
TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 3: All

CASE 5098: (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

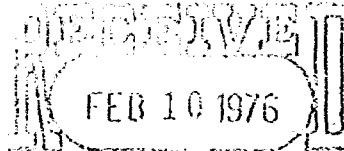
Case 5634

A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

LAW OFFICES
LOSEE & CARSON, P.A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

9 February 1976



OIL CONSERVATION COMM.
Santa Fe

Mr. Joe D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

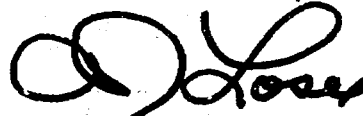
Dear Mr. Ramey:

Enclosed, please find Application, in triplicate, of Yates Petroleum Corporation for approval of the Duncan Dome Unit Agreement, covering lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

Please set this application for hearing before an examiner at the earliest possible date, and advise us of the hearing date.

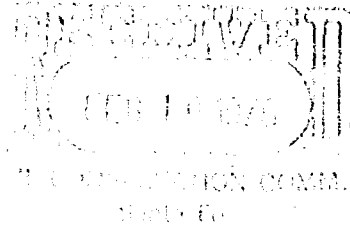
Very truly yours,

LOSEE & CARSON, P.A.


A. J. Losee

AJL:jw
Enclosures

cc w/enclosure: Yates Petroleum Corporation



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR :
APPROVAL OF THE DUNCAN DOME UNIT :
AGREEMENT, CHAVES COUNTY, NEW MEXICO :
:

CASE NO. 5634

APPLICATION

COMES YATES PETROLEUM CORPORATION, and respectfully
states:

1. That applicant seeks approval of the Duncan Dome
Unit Agreement, covering 7,641.14 acres, more or less, of
State of New Mexico oil and gas leased lands in Chaves County,
New Mexico, and described as follows:

Township 17 South, Range 17 East, N.M.P.M.

Sections 1, 12, 13 and 24

Township 17 South, Range 18 East, N.M.P.M.

Sections 7, 17, 18, 19, 20, 29, 30 and 31

2. That applicant holds sufficient interest in the
Duncan Dome Unit Area covering the lands described above, to
give reasonably effective control of operations therein.

3. The approval of the proposed unit agreement will
promote the prevention of waste and the protection of correla-
tive rights within the unit area.

WHEREFORE, applicant prays:

A. That this matter be set for hearing before an
examiner at the earliest possible date.

B. That the Commission approve the Duncan Dome Unit
Agreement and the conservation provisions thereof.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 
A. J. Losee, for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR :
APPROVAL OF THE DUNCAN DOME UNIT :
AGREEMENT, CHAVES COUNTY, NEW MEXICO :

CASE NO.

5634

APPLICATION

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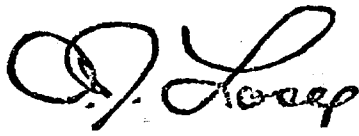
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examiner at the earliest possible date.

B. That the Commission approve the Duncan Dome Unit
Agreement and the conservation provisions thereof.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 
A. J. Losee, for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR :
APPROVAL OF THE DUNCAN DOME UNIT :
AGREEMENT, CHAVES COUNTY, NEW MEXICO :
_____ :

CASE NO.

5634

APPLICATION

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New Mexico, and described as follows:

Township 17 South, Range 17 East, N.M.P.M.

Sections 1, 12, 13 and 24

Township 17 South, Range 18 East, N.M.P.M.

Sections 7, 17, 18, 19, 20, 29, 30 and 31

2. That applicant holds sufficient interest in the
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give reasonably effective control of operations therein.

3. The approval of the proposed unit agreement will
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tive rights within the unit area.

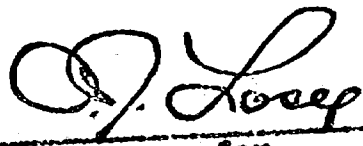
WHEREFORE, applicant prays:

A. That this matter be set for hearing before an
examiner at the earliest possible date.

B. That the Commission approve the Duncan Dome Unit
Agreement and the conservation provisions thereof.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 
A. J. Losee, for

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 5634

Order No. R- 5172

APPLICATION OF YATES PETROLEUM CORPORATION
FOR APPROVAL OF THE DUNCAN DOME Dun Ken Dome
UNIT AGREEMENT, CHAVES, COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 3, 1966, at Santa Fe, New Mexico, before Examiner
Richard L. Stamets.

NOW, on this day of March, 1966, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Yates Petroleum Corporation,
seeks approval of the Dun Ken Duncan Dome Unit Agreement
covering 7,601.14 7,641 acres, more or less, of State, and Fee ~~Federal~~ lands
described as follows:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 17 EAST, NMPM
Section 1, 12, 13, and 24: All

TOWNSHIP 17 SOUTH, RANGE 18 EAST, NMPM

Section 7: S/2, NW/4, W/2 NE/4 and NE/4 NE/4

Section 17, through 20: All

Section 29: All

Section 30: N/2, SE/4, and E/2 SW/4

Section 31: All

(3) That 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:

(1) That the Dunham
~~Duncan~~ Dome Unit Agreement is hereby approved.

(2) That 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

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

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and ~~the Director of the United States Geological Survey~~; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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