

Entered March 10, 1976

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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.

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(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.

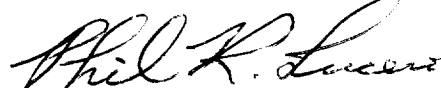
(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file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

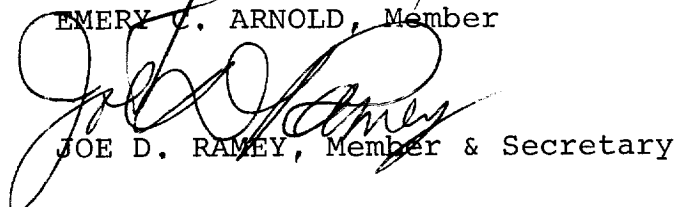
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member
JOE D. RAMEY, Member & Secretary

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risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Maljamar-Strawn Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should provide for a depth bracket allowable of 445 barrels.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the South Maljamar-Strawn Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the South Maljamar-Strawn Pool, with vertical limits comprising the Strawn formation and horizontal limits comprising the following-described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 36: NE/4

(2) That temporary Special Rules and Regulations for the South Maljamar-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE SOUTH MALJAMAR-STRAWN POOL

RULE 1. Each well completed or recompleted in the South Maljamar-Strawn Pool or in the Strawn formation within one mile of the South Maljamar-Strawn Pool, and not nearer to nor within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the South Maljamar-Strawn Pool shall be located on a unit containing 160-