

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. 10293
Order No. R-9528

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 Scratchy Ranch State Exploration Unit Agreement for all oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations underlying the following described 5,120.00 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 13: All
Section 14: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 35: All
Section 36: All

(4) At the hearing, applicant's witness testified that tracts in Sections 24 and 35 consisting of a total of 160 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 tracts which will be excluded are the SE/4 NW/4 and SE/4 SW/4 of Section 24 and the N/2 SE/4 of Section 35.

The witness testified that 96% of the working interest owners have committed their interests to the unit.

(5) The unit agreement has been submitted to the State Land Office for approval.

(6) Yates intends to re-enter and deepen the former Marathon Oil company Northeast Anderson Ranch Unit Well No. 1. The well is located 2030 feet from the South line and 1980 feet from the East line of Section 14 and was drilled to a depth of 10,500 feet and abandoned in 1976. Yates will deepen the well to 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 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 Scratchy Ranch State Exploratory Unit Agreement is hereby approved for all oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations underlying the following described 4,960.00 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 13: All

Section 14: All

Section 23: All

Section 24: E/2, N/2 NW/4, SW/4 NW/4, N/2 SW/4, and SW/4 SW/4

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM con'd

Section 25: All
Section 26: All
Section 35: NE/4, S/2 SE/4 and W/2
Section 36: 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 Sections 24 and 35 which have been excluded from the unit as it was initially proposed and described in Finding No. (3) of this order.

(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.

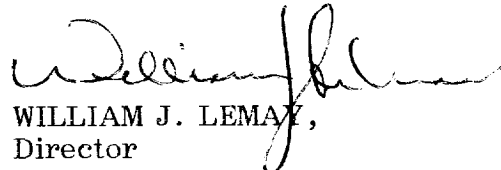
(6) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; the last unit operator shall notify the Division immediately in writing of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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY,
Director

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