

**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. 14113
ORDER NO. R-12951**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on April 17, 2008 at Santa Fe, New Mexico, before Examiner David K Brooks and Terry Warnell.

NOW, on this 28th day of May, 2008, 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 its Boomerang State Exploratory Unit Agreement for all oil and gas in all formations from the surface to the base of the Bough C formation underlying the following-described 1,920 acres, more or less, of state and fee lands situated in Chaves County, New Mexico:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 23:	S/2
Section 25:	W/2
Sections 26 and 35:	E/2
Section 36:	All

(3) The Applicant presented testimony by affidavit as follows.

(a) The Unit Agreement has been approved by 100 percent of the working interests. There are no unleased mineral interests with acreage within this proposed unit.

(b) The 1920 acre Unit is made up of 1840 acres of State of New Mexico lands leased to Yates and 80 acres of fee minerals which is also leased to Yates.

(c) The Unit Agreement has been approved by 100 percent of the royalty and working interests – the State Land Office has given preliminary approval for this Unit.

(d) The initial well, the Boomerang State Unit No.1, will be drilled to an approximate proposed depth of 9,750 feet, more or less, at a standard well location 1650 feet from the South line and 1990 feet from the East line of Section 26, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

(e) The primary target for this initial well will be the Bough C, with secondary hydrocarbon targets in all shallower formations that will be evaluated.

(4) No other party appeared at the hearing or otherwise opposed this application.

(5) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(6) The approval of the proposed Boomerang State Exploratory Unit agreement will serve to prevent waste and protect correlative rights within the lands assigned to the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Boomerang State Exploratory Unit Agreement executed by Yates Petroleum Corporation is hereby approved for all oil and gas in all formations from the surface to the base of the Bough C formation underlying the following-described 1920 acres, more or less, of state and fee lands situated in Chaves County, New Mexico:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 23:	S/2
Section 25:	W/2
Sections 26 and 35:	E/2
Section 36:	All

(2) The plan contained in the Boomerang State Exploratory Unit Agreement for the development and operation of the above-described unit area is hereby approved in principle; 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 that 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.

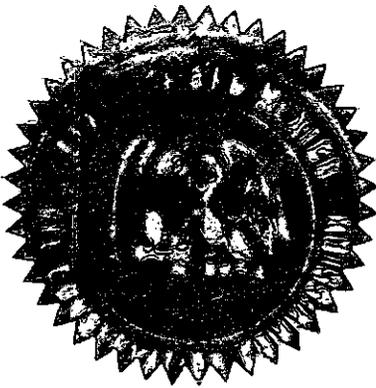
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the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

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the New Mexico State Land Office. 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director

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