

**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:**

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

**CASE NO. 12443  
ORDER NO. R-11417**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on June 29, 2000 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 18th day of July, 2000, the Division Director, having considered 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 Tres Canal Exploratory Unit Agreement for an area comprising the following described 3,200.00 acres, more or less, of state (3,120.00 acres, 97.50 %) and fee (80.00 acres, 2.50 %) lands in Chaves County, New Mexico:

**TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM**

Section 23:	S/2
Section 25:	W/2
Sections 26 and 27:	All
Sections 34 and 35:	All.

(3) The unitized formation, as described within the Tres Canal Exploratory Unit Agreement, is to be limited to only those formations correlated deeper than the Bough "C" member of the Cisco formation as identified in the Saxton Oil Company Crystal State Well No. 1 (API No. 30-005-20553) located 660 feet from the South and East lines (Unit P) of

Section 35, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

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

(5) The operator should submit to the Division Director for approval all subsequent: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area.

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

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Yates Petroleum Corporation for approval of its Tres Canal Exploratory Unit Agreement for an area comprising the following described 3,200.00 acres, more or less, of state (3,120.00 acres, 97.50 %) and fee (80.00 acres, 2.50 %) lands in Chaves County, New Mexico is hereby granted:

**TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM**

Section 23:	S/2
Section 25:	W/2
Sections 26 and 27:	All
Sections 34 and 35:	All.

(2) The unitized formation, as described within the Tres Canal Exploratory Unit Agreement, shall be limited to those formations correlated deeper than the Bough "C" member of the Cisco formation as identified in the Saxton Oil Company Crystal State Well No. 1 (**API No. 30-005-20553**) located 660 feet from the South and East lines (Unit P) of Section 35, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

(3) 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 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.

(4) 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

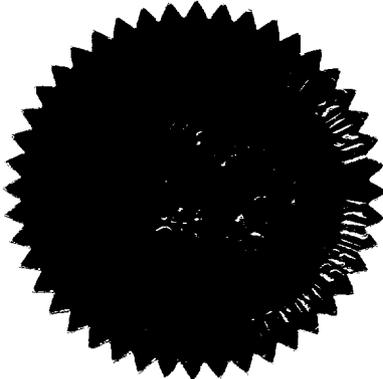
of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(5) 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.

(6) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands for the State of New Mexico. 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.

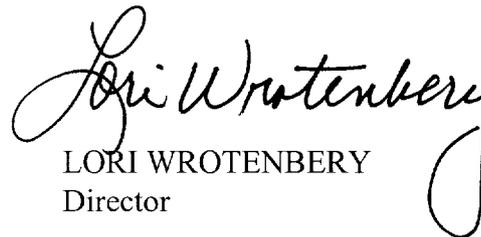
(7) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
LORI WROTENBERY  
Director