

**CASE 13227:** Application of Yates Petroleum Corporation for statutory unitization of the North Dagger Draw-Upper Pennsylvanian Unit Area, Eddy County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, underlying 5612.95 acres, more or less, of Federal, State and Fee lands in the following acreage:

**TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM**

Sections 16 and 17: All  
 Section 18: S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4  
 Sections 19 through 21: All  
 Sections 28 through 30: All

Said unit is to be designated the North Dagger Draw-Upper Pennsylvanian Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 12 miles south-southwest of Artesia, New Mexico.

**CASE 13228:** Application of Yates Petroleum Corporation for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico. Applicant seeks approval of its North Dagger Draw-Upper Pennsylvanian Pool Unit Waterflood Project by injection of water into the Upper Pennsylvanian formations through 5 injection wells located in the following described area:

**TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM**

Sections 16 and 17: All  
 Section 18: S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4  
 Sections 19 through 21: All  
 Sections 28 through 30: All

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area is located approximately 12 miles south-southwest of Artesia, New Mexico.

**CASE 13229:** Application of Yates Petroleum Corporation for an unorthodox location, an exception to Division Rule 104.C (2) (b), and a retroactive approval date for any order issued in this case, Chaves County, New Mexico. Applicant seeks an exception to the applicable well location set-back requirements governing all formations or pools from the surface to the top of the Palma Mesa Siluro-Ordovician Gas Pool (82556) for its existing Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911), located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East (which well was the subject of Division Order No. R-9721, issued in Case No. 10489 on June 11, 1992, approving this well as an unorthodox gas well location in the Palma Mesa Siluro-Ordovician Gas Pool within a standard 320-acre deep gas spacing unit comprising the S/2 of Section 13), this well to be dedicated to the following described spacing and proration units: (i) the S/2 to form a standard 320-acre lay-down deep gas spacing unit for all formations and/or pools developed on 320-acre spacing within this vertical extent [see Division Rule 104.C(2)], which presently includes but not necessarily limited to the Palma Mesa-Pennsylvanian Gas Pool (82550); (ii) the SW/4 to form a standard 160-acre shallow gas spacing unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent [see Division Rule 104.C (3)], which presently includes but not necessarily limited to the Undesignated Pecos Slope-Abo Gas Pool (82730) [Rule 4 of the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool," as promulgated by Division Order No. R-9976-C, dated March 19, 1996]; and (iii) the SW/4 SW/4 (Unit M) to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical