

**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. 13091
ORDER NO. R-11979**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 19, 2003, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 7th day of July, 2003, 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 the Humidor State Exploratory Unit Agreement for all oil and gas in any and all formations from the surface to the base of the Morrow formation underlying the following described 2,440 acres, more or less, of State of New Mexico lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 13:	SW/4, SW/4 NW/4
Section 14:	All
Section 23:	All
Section 24:	W/2
Section 26:	All

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

(4) The applicant testified that 100 percent of the working interest has ratified the proposed unit agreement.

(5) The applicant testified that 100 percent of the royalty interest is owned by the State of New Mexico and there are no overriding royalty interests in the Unit area. The New Mexico State Land Office has given preliminary approval to this proposed Unit.

(6) The primary drilling target is the Middle Morrow sand interval.

(7) 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) Pursuant to the application of Yates Petroleum Corporation, the Humidor State Exploratory Unit Agreement is approved for all oil and gas in any and all formations from the surface to the base of the Morrow formation underlying the following described 2,440 acres, more or less, of State of New Mexico lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 13:	SW/4, SW/4 NW/4
Section 14:	All
Section 23:	All
Section 24:	W/2
Section 26:	All

(2) 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.

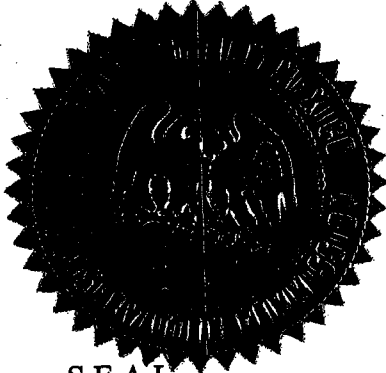
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with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

(4) All plans of: (i) development and operation; (ii) creation, expansion or contraction of participating areas; or (iii) expansion or contraction of the unit area shall be submitted to the 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director