

October 4, 2007

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**VIA HAND DELIVERY**

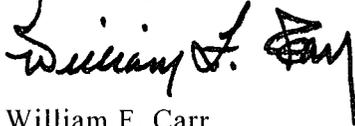
Ms. Florene Davidson, Clerk  
Oil Conservation Commission  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Oil Conservation Division Case 13927 (De Novo):** Application of Yates Petroleum Corporation for a non-standard gas spacing unit, Eddy County, New Mexico.

Dear Ms. Davidson:

Pursuant to Oil Conservation Division Rule 19.15.14.1211 NMAC, Yates Petroleum Corporation files herewith its pre-hearing statement and six copies of the exhibits it will present at the October 11, 2007 Oil Conservation Commission hearing on the above-referenced application. By copy of this letter, I am providing this pre-hearing statement and exhibits to Ernest L. Padilla, attorney for the Ard Energy Group, Ltd.

Very truly yours,



William F. Carr

Enclosures

cc: Ernest L. Padilla, Esq.

David K. Brooks, Esq.  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 13927  
De Novo**

**APPLICATION OF YATES PETROLEUM CORPORATION FOR A NON-STANDARD  
GAS SPACING UNIT, EDDY COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Commission.

**APPEARANCES OF PARTIES**

**APPLICANT**

Mr. Charles Moran  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210-2118  
(505) 748.1471

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988.4421

**OPPONENT**

Ard Energy Group, LTD

**ATTORNEY**

Ernest L. Padilla, Esq.  
Post Office Box 2523  
Santa Fe, New Mexico 87504  
(505) 988-7577

**STATEMENT OF CASE**

**APPLICANT**

Applicant seeks an order approving a 160-acre non-standard gas spacing unit comprised of the SW/4 of Section 28, Township 20 South, Range 28 East, NMPM, to be dedicated to its

Hedgerow BFH State Com Well No. 1, (API No. 30-015-33715) to be recompleted from the Morrow formation to the Strawn formation, Sadar-Strawn Gas pool (84412) at a standard gas well location 660 feet from the South line and 1219 feet from the West line of said Section 28.

**PROPOSED EVIDENCE**

**APPLICANT**

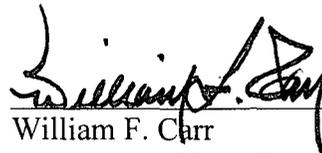
**WITNESS**  
Charles Moran (Land)

**ESTIMATED TIME**  
15 Minutes

**EXHIBITS**  
4

**PROCEDURAL MATTERS**

Yates Petroleum Corporation has none at this time.

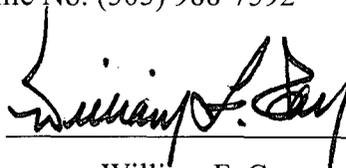


\_\_\_\_\_  
William F. Carr  
Attorney for Yates Petroleum Corporation

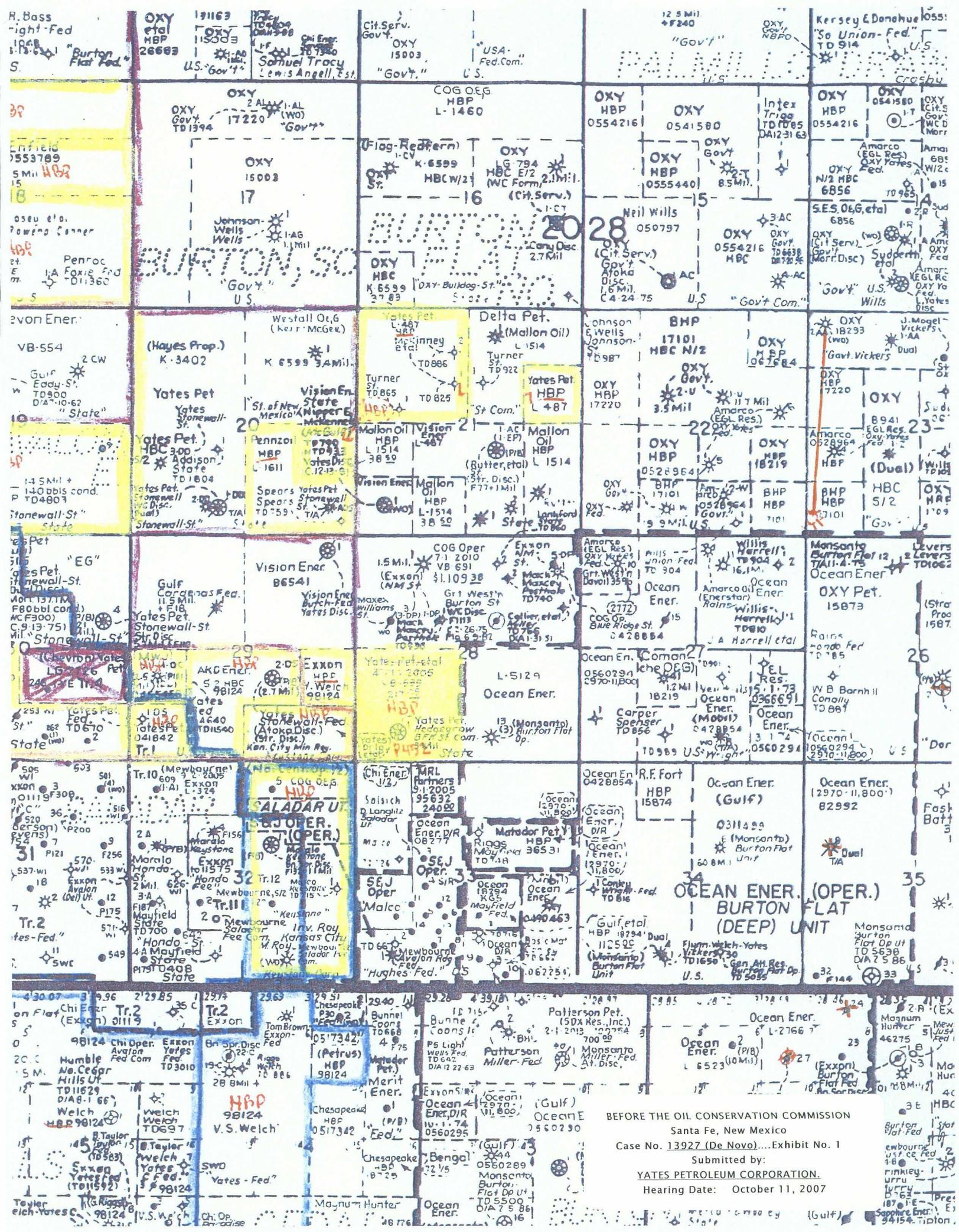
**CERTIFICATE OF SERVICE**

I certify that on October 4, 2007, I served a copy of the foregoing document to the following by facsimile on:

Ernest L. Padilla, Esq.  
Post Office Box 2523  
Santa Fe, New Mexico 87504  
Facsimile No. (505) 988-7592



\_\_\_\_\_  
William F. Carr



BEFORE THE OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico  
 Case No. 13927 (De Novo)...Exhibit No. 1  
 Submitted by:  
**YATES PETROLEUM CORPORATION.**  
 Hearing Date: October 11, 2007

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

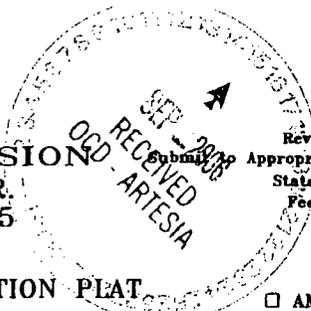
DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505



Form C-102  
Revised JUNE 10, 2003  
Submitted to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-34416	Pool Code 73160	Pool Name BURTON FLAT; ATOKA GAS
Property Code 35217	Property Name BLUE RIDGE 28 STATE	Well Number 1
OGRID No. 229137	Operator Name COG, LLC	Elevation 3214'

Surface Location

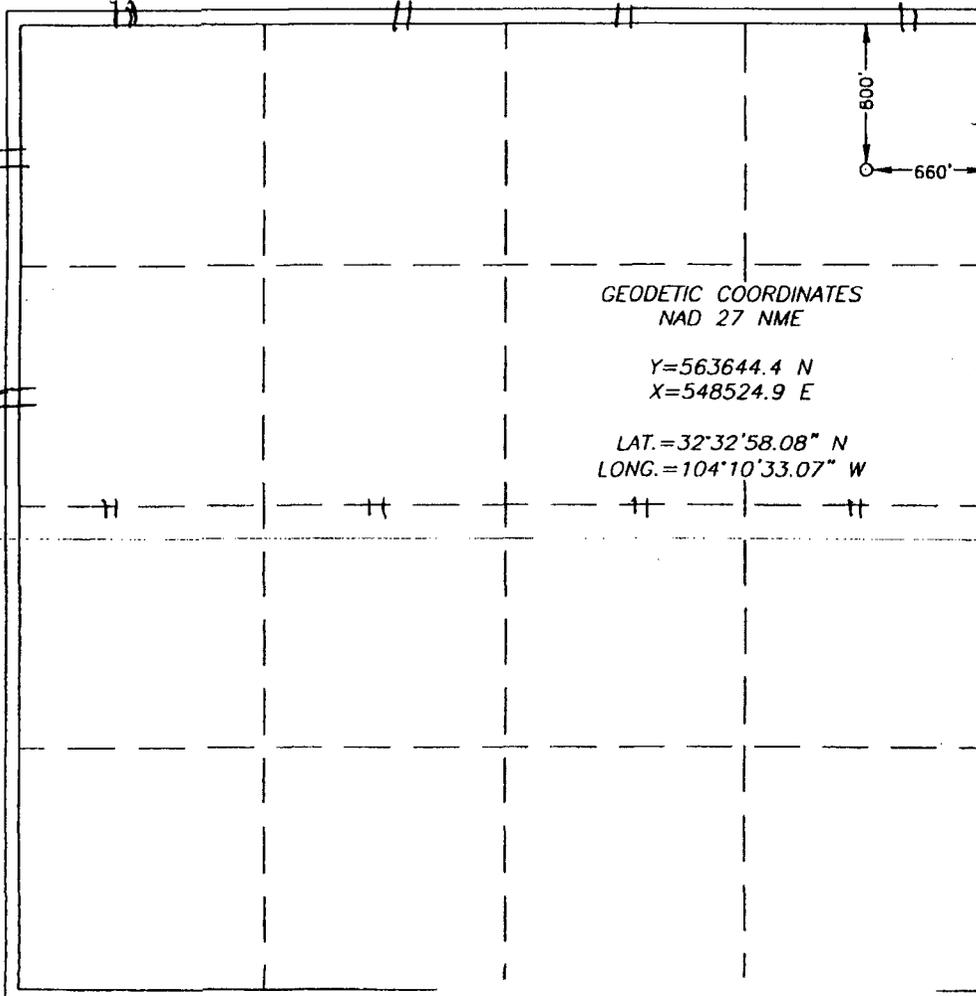
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	28	20-S	28-E		800	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*[Signature]*  
Signature  
DHYLLIS A. EDWARDS  
Printed Name  
REGULATORY ANALYST  
Title  
9-12-06  
Date

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JULY 12, 2005  
Date Surveyed  
LA  
Signature: GARY KENNEDY  
Professional Surveyor  
NEW MEXICO  
05.11.1096  
Certificate No. GARY KENNEDY 12641

BEFORE THE OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 13927 (De Novo)...Exhibit No. 2  
Submitted by:  
YATES PETROLEUM CORPORATION  
Hearing Date: October 11, 2007

NEW MEXICO OIL CONSERVATION COMMISSION.  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-122  
Supersedes C-128  
Effective 1-1-55

All distances must be from the outer boundaries of the Section.

30-015-21125

Operator <b>Devon Louisiana Corporation</b>			Lease <b>Burton Flat</b>			Well No. <b>13</b>		
Unit Letter	Section	Township	Range	County				
	<b>28</b>	<b>20-S</b>	<b>28-E</b>	<b>EDDY</b>				
Actual Footage Location of Well:								
<b>660</b> feet from the <b>South</b> line and <b>1980</b> feet from the <b>East</b> line								
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:					
<b>3219</b>	<b>Strawn</b>	<b>Saladar-Strawn Gas Pool</b>	<b>30/60</b> Acres					

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

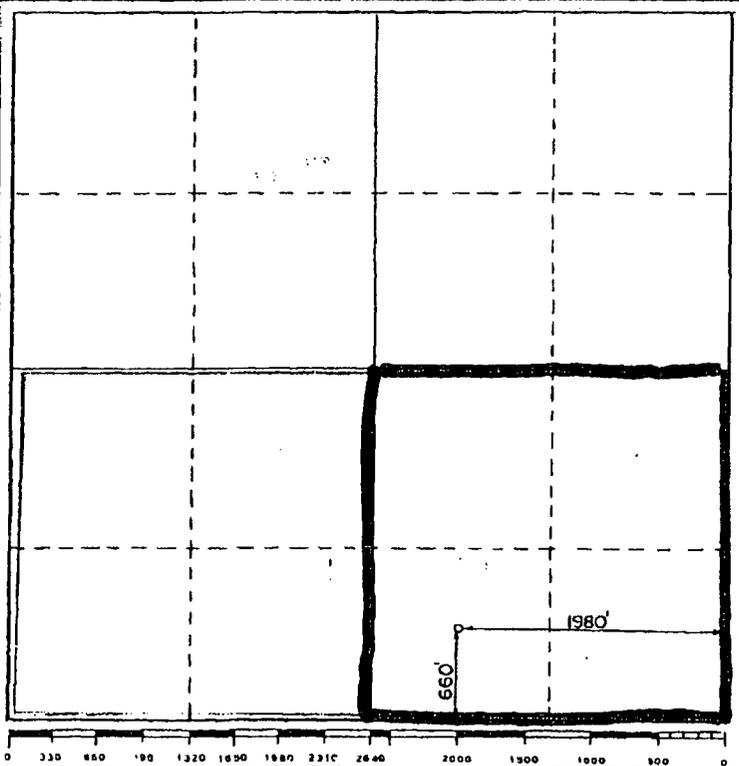
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation Burton Flat Deep Unit Agreement

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Richard B. Duniver*  
Name  
Regulatory Specialist  
Position  
Devon  
Company  
11/03/04  
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

March 11, 1977  
Date Surveyed  
Richard B. Duniver  
Registered Professional Engineer  
and/or Land Surveyor  
*Richard B. Duniver*  
Certificate No. 4882

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. 12932  
ORDER NO. R-11928

APPLICATION OF OCEAN ENERGY, INC. FOR A NON-STANDARD GAS  
SPACING UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 19, 2002, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of March, 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, Ocean Energy, Inc. ("Ocean"), seeks to establish a non-standard 160-acre gas spacing unit within the Saladar-Strawn Gas Pool (84412) to comprise the SE/4 of Section 28, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico, to be dedicated to the applicant's existing Burton Flat Deep Unit Well No. 13 (API No. 30-015-21125) located at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 28.

(3) The S. 2 of Section 28 is included in the Saladar-Strawn Gas. This pool is "unprorated" and is therefore not subject to Part H of the Division's statewide rules entitled "*Gas Proration and Allocation*" (Rules 601 through 605); however, the pool is currently governed by Division Rule 104.C (2), which requires 320-acre spacing units comprising any two contiguous quarter sections of a single governmental section, requires wells to be located not closer to a quarter section line than 660 feet nor closer to any internal quarter-quarter section line than 10 feet, and allows for an optional infill well within an existing unit provided the infill well is located in the quarter section not containing the unit's initial producing gas well.

(4) The applicant originally filed an administrative application on July 1, 2002 (*administrative application reference No. pKRV0-218447015*) seeking approval of the unorthodox spacing unit for the Burton Flat Deep Unit Well No. 13; however, this application was denied by letter dated August 6, 2002.

(5) By Division Order No. R-4371, issued in Case No. 4791 on August 21, 1972 upon the application of Monsanto Company, the Burton Flat Deep Unit Agreement, covering all depths below the top of the Delaware Sandstone, was approved for an area comprising 5,807.72 acres, more or less, of the following-described State (1,234.62 acres or 21.26%), Federal (4,253.10 acres or 73.23%), and fee (320.00 acres or 5.51%) lands in Eddy County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Sections 26 and 27: All  
Section 28: S/2  
Section 33 through 35: All

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Irregular Section 1: Lots 3, 4, 5, 6, 11, 12, 13, and 14 and SW/4  
Irregular Sections 2 and 3: All.

(6) Effective November 1, 1977 the following 1616.60 acres of State (200 acres), Federal (1256.60 acres), and fee (160 acres) lands in Eddy County, New Mexico were eliminated from the Unit:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 26: E/2  
Section 28: SW/4

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Irregular Section 1: Lots 3, 4, 5, 6, 11, 12, 13, and 14 and SW/4  
Irregular Section 2: SE/4 SW/4.

(7) Ocean is now the operator of the Burton Flat Deep Unit Area that currently comprises the following-described 4,191.12 acres, more or less, of State (1,034.62 acres), Federal (2,996.50 acres), and fee (160 acres) lands in Eddy County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 26: W/2  
Section 27: All

Section 28: SE/4  
Section 33: E/2  
Section 34: All  
Section 35: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Irregular Section 2: Lots 1 through 16, N/2 SW/4, SW/4 SW/4, and SE/4  
Irregular Section 3: All.

(8) The Burton Flat Deep Unit Well No. 13 was originally drilled in the last quarter of 1974 to a total depth of 11,560 feet and completed in the Burton Flat-Morrow Gas Pool (73280). Production records indicate that 777 MCF of gas was produced in September, 1975. In January and February, 1990 another 3,301 MCF of gas from the Burton Flat-Morrow Gas Pool was reported. Under the terms of the Unit Agreement the SW/4 of Section 28 was contracted out of the Unit [see Ordering Paragraph No. (6) above] and the lease covering the SW/4 of Section 28 subsequently expired.

(9) In May, 2001 Ocean recompleted the well up-hole into the Strawn formation and commenced producing gas from the Saladar-Strawn Gas Pool. Further, the Division approved an OCD Form C-104, "Request for Allowable and Authorization to Transport," for the well on August 26, 2001.

(10) After the Burton Flat Deep Unit Well No. 13 was recompleted in the Strawn formation, Ocean applied to the U. S. Bureau of Land Management ("USBLM") and the New Mexico Commissioner of Public Lands ("Land Commissioner") to create a Strawn participating area in the Burton Flat Deep Unit Area for the well. The USBLM and the Land Commissioner determined that the well was non-commercial, and refused to create a Strawn participating area.

(11) Under the Burton Flat Deep Unit Operating Agreement, all working interest owners in the Unit Area shared in the cost of drilling the Burton Flat Deep Unit Well No. 13, and they all share in production from the well. The applicant presented testimony to the effect that if a non-standard unit comprising the SE/4 of Section 28 is not approved, the equities of the parties who paid for the well initially would be adversely affected.

(12) The SE/4 of Section 28 is comprised of State of New Mexico Oil and Gas Lease L-06322, in which the beneficiary is the "common schools." If a non-standard 160-acre spacing unit comprising the SE/4 of Section 28 is dedicated to this well under the Burton Flat Deep Unit Agreement, 100% of the royalties from this well would be attributed to this state lease.

(13) Currently, the SW/4 of Section 28 is comprised of State of New Mexico Oil and Gas Lease L-0240, in which the beneficiary is also the "common schools." Yates Petroleum Corporation, who is the current working interest owner in the SW/4 of Section 28, waived objection to the proposed non-standard 160-acre Strawn gas spacing unit.

(14) A representative of the Land Commissioner likewise waived objection to the creation of the proposed non-standard 160-acre unit.

(15) No other offset operator or interested party appeared at the hearing in opposition to the application.

(16) Approval of the proposed non-standard 160-acre gas spacing unit in the Saladar-Strawn Gas Pool for Ocean's above-described Burton Flat Deep Unit Well No. 13 will afford the applicant the opportunity to produce its just and equitable share of gas from the subject pool, will prevent economic loss caused by the drilling of unnecessary wells, and will prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Ocean Energy, Inc. ("Ocean") to establish a non-standard 160-acre spacing unit within the Saladar-Strawn Gas Pool (84412) comprising the SE/4 of Section 28, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) This unit shall be dedicated to Ocean's existing Burton Flat Deep Unit Well No. 13 (API No. 30-015-21125) located at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit C) of Section 28.

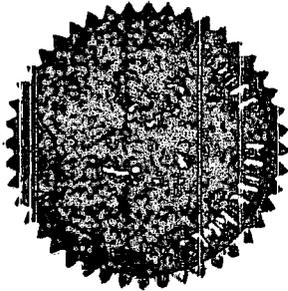
(3) The effective date of this order shall be made retroactive to the date of first production of Strawn gas from the Burton Flat Deep Unit Well No. 13.

(4) Ocean shall file a Form C-102 with the Division reflecting the non-standard 160-acre spacing unit within 30 days from the date of this order. Failure to file shall subject the well to cancellation of allowable.

(5) Jurisdiction is hereby 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



*Lori Wrotenbery*

LORI WROTENBERY  
Director

SEAL

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. 13927  
ORDER NO. R-12790

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR A NON-STANDARD  
GAS SPACING UNIT, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 7 and June 21, 2007, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 16<sup>th</sup> day of July, 2007, 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 of the subject matter.
- (2) In this application, Yates Petroleum Corporation ("Yates" or "Applicant") seeks approval of a non-standard, 160-acre gas spacing unit in the Strawn formation ("the proposed unit"), comprising the SW/4 of Section 28, Township 20 South, Range 28 East, in Eddy County, New Mexico.
- (3) Applicant proposes to dedicate this unit to its Hedgerow BFH State Com Well No. 1 (API No. 30-015-33715), located 660 feet from the South line and 1136 feet from the West line (Unit M) of Section 28 ("the subject well").
- (4) The proposed unit is located in the Saladar-Strawn Gas Pool (Pool Code 84412). Spacing in this pool is governed by statewide Rule 104.C(2), which provides for units comprising 320 acres.

(5) In support of its application, Yates presented evidence of the following:

(a) The Division, by Order No. R-11928, issued on March 26, 2003 in Case No. 12932, established a non-standard, 160-acre gas spacing unit in the Strawn formation comprising the SE/4 of Section 28. That unit is dedicated to the existing Burton Flat Deep Unit Well No. 13 (API No. 30-015-21125), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 28.

(b) The N/2 of Section 28 is dedicated in the Atoka formation to the Blue Ridge 28 State Well No. 1 (API No. 30-015-34416), located 800 feet from the North line and 660 feet from the East line (Unit A) of Section 28, operated by COG Operating, LLC ("COG"). Although that well is not completed in the Strawn formation, it may be so completed in the future.

(c) A well was formerly drilled and completed in the Strawn formation in the NW/4 of Section 28, but has been plugged and abandoned.

(d) COG does not object to the formation of a non-standard Strawn unit limited to the SW/4.

(e) Yates and related entities collectively own the entire working interest in the SW/4 of Section 28 (the proposed unit).

(6) Ard Energy Group, LLC, ("Ard"), an owner of a working interest in the Burton Flat Deep Unit, and therefore also an owner of a working interest in the SE/4 of Section 28, offsetting the proposed unit, appeared through counsel in opposition to the application.

(7) Ard did not controvert any of the evidence presented by Applicant, nor did it contend, or present any evidence, that its correlative rights as an owner of oil and gas rights in the SE/4 of Section 28 or elsewhere would be adversely affected by approval of the proposed unit.

(8) Through cross-examination of Applicant's witness, Ard presented evidence that the subject well was drilled pursuant to a Joint Operating Agreement to which the working interest owners in the SE/4 are parties, and which defines the "contract area" as the S/2 of Section 28, excluding the Strawn formation.

(9) Ard contends that because the subject well was drilled pursuant to an operating agreement to which it is a party, Applicant does not have a right to use this well to produce from the Strawn formation without Ard's consent.

(10) The existence of a previously approved non-standard unit and the dedication thereto of a well completed in the Strawn formation preclude the formation of a standard, lay-down 320-acre unit including the SW/4 of Section 28.

(11) Approval of the proposed non-standard, 160-acre unit will prevent waste by allowing production of the Strawn reserves underlying the SW/4.

(12) A standard, 320-acre stand-up unit could be formed comprising the W/2 of Section 28, and including the proposed unit. However, the NW/4 can also be included in a standard, lay-down N/2 Strawn unit, and Rule 104.C(2) would permit an infill well in the NW/4 in either configuration.

(13) Accordingly, absent qualitative differences in the Strawn's productivity in different parts of the Section (of which there is no evidence in this case), approval of the proposed non-standard unit comprising only the SW/4 will not adversely affect the correlative rights of the owners in the NW/4, nor will it alter the permitted well density in Section 28.

(14) The proposed non-standard Strawn gas spacing unit, and the dedication of the subject well thereto, should accordingly be approved, *unless* such approval is precluded by the considerations advanced by Ard.

(15) Ard's contentions regarding wellbore ownership raise issues of property and contractual rights that the Division does not have jurisdiction to determine.

(16) The Division's approval of a spacing unit, or of the dedication of a well to a spacing unit, does not confer upon Applicant a right to commit a trespass or to breach a contract. As explained by the Texas Supreme Court in *Magnolia Petroleum Co. v. Railroad Com'n*, 141 Tex. 98, 170 SW2d 189, 191 (1943),

It [the Railroad Commission's approval of a drilling permit] merely removes the conservation laws as a bar to the drilling of the well, and leaves the permittee to his rights at common law.

(17) Thus, the Division's approval of the proposed unit would not impair any property or contractual rights Ard may have, but would merely relegate Ard to the courts for enforcement of those rights should Yates encroach upon them.

(18) The New Mexico Oil Conservation Commission, however, in Order No. R-12343-E, issued on March 16, 2007 in combined Cases 13492 and 13493 (*Application of Samson Resources Co. and Application of Chesapeake Operating, Inc.*, respectively), admonished the Division that it ought not to grant an approval that would sanction a trespass. Order R-12343-E, Finding Paragraphs 29 through 33.

(19) The question now before the Division is whether, based on the evidence presented in this case, the Commission's admonition in *Samson/Chesapeake* precludes approval of the proposed unit absent Ard's consent or a judicial declaration of Applicant's rights. The Division concludes that it does not, for the following reasons:

(a) In *Samson/Chesapeake*, Chesapeake drilled a well on land in which it admittedly owned no interest, and had only an extremely dubious claim to a contractual right. In this case Yates and its related entities own 100% of the working interest in the land where the subject well is located.

(b) Ard did not refer the Division to any body of judicial authority in New Mexico or elsewhere, and the Division is aware of none, discussing the incidents of wellbore ownership as a property right separate and distinct from ownership of the land where the wellbore is located.

(c) The Joint Operating Agreement ("JOA") that forms the basis of Ard's claim does not explicitly address, affirmatively or negatively, the issue of use of the wellbore, or of the jointly owned equipment, for production from formations not included in the "contract area," other than to provide that the operator is not *required* to test such formations. JOA Article VI.A.

(d) With respect to the jointly owned equipment, and also to the wellbore if the parties of the JOA own the wellbore, as Ard contends, Applicant is an owner of an undivided interest, and has the express consent of the owners of approximately 99.5% of the total interest therein to its proposed dual completion of the well in the Strawn formation.

(e) As a general rule, use or occupation of property by a co-owner does not constitute a trespass, but merely gives rise to a duty of accountability.

(20) The Division accordingly concludes that the Yates' application for a non-standard 160-acre Strawn gas spacing unit should be approved.

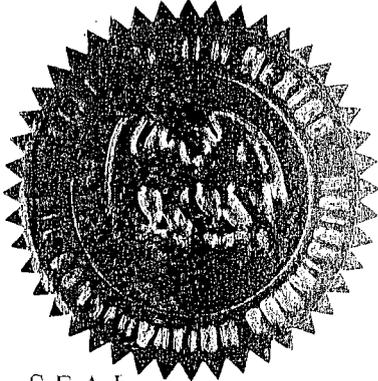
**IT IS THEREFORE ORDERED THAT:**

(1) The application of Yates Petroleum Corporation to form a 160-acre non-standard gas spacing unit in the Saladar-Strawn Gas Pool (84412), comprising the SW/4 of Section 28, Township 20 South, Range 28 East, NMPM, in Eddy County, New Mexico, is hereby approved.

(2) The unit so formed shall be dedicated to Yates' Hedgerow BFH State Com Well No. 1 (API No. 30-015-33715), located 660 feet from the South line and 1136 feet from the West line (Unit M) of Section 28, in the event that well is completed in the Strawn formation.

(3) 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

*[Handwritten Signature]*  
MARK E. FESMIRE, P.E.  
Director