

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. 13922 (Reopened)
ORDER NO. R-12765-A

APPLICATION OF YATES
PETROLEUM CORPORATION TO
REOPEN CASE NO. 13922 TO
AMEND ORDER NO. R-12765,
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing June 2, 2009 at Santa Fe, New Mexico, before Examiners David K. Brooks and William V. Jones.

NOW, on this 13th day of July, 2009, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) The Division approved the Recif Exploratory Unit Agreement "from surface to the base of the Canyon formation" on June 13, 2007 in Case No. 13922 with Order No. R-12765.
- (3) Yates Petroleum Corporation ("Yates" or "applicant") in this reopened case petitions the Division to approve the Unit Agreement "for all formations", with retroactive approval as of the effective date of the Recif Unit.
- (4) Yates presented land testimony by affidavit as follows:

- a. "All depths" were originally approved to be included in the Unit by the United States BLM and by the State Land Office.
- b. Yates mistakenly (in its previous case) asked the Division to approve depths "from surface to the base of the Canyon formation" and the BLM has asked Yates to correct this error.
- c. The State Land Office has agreed this needs to be corrected.
- d. Yates has completed its Recif Unit Well No. 1 as a wildcat producing well in the Morrow formation.

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

(6) The addition of Pennsylvanian and older formations to this Unit is consistent with the Division's earlier findings that the creation of this Unit is a valid and logical step to prudently explore and develop prospective oil and gas.

(7) This application should be approved in order to prevent waste and protect correlative rights.

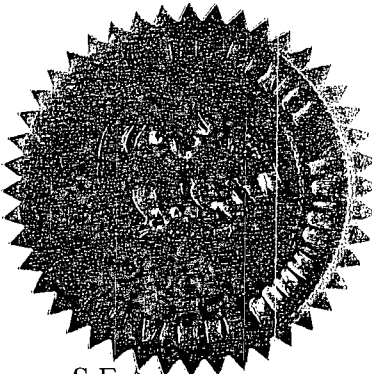
IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation for approval of the Recif Exploratory Unit Agreement "for all oil and gas in all formations" is hereby approved retroactively to the effective date of the Unit.

(2) All other provisions of Division Order No. R-12765 shall remain in full force and effect.

(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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director