

STATE OF NEW MEXICO  
ENERGY, MINERAL AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION       )  
OF YATES ENERGY CORPORATION FOR       )  
APPROVAL OF THE McGRUDER HILL        )  
UNIT AGREEMENT, EDDY COUNTY, NEW     )  
MEXICO.

CASE NO. 11066

11 22 1994

**APPLICATION**

1) Applicant is the operator of certain oil and gas leases in portions of Sections 11, 12, 13 and 14, Township 22 South, Range 25 East, NMPM, Eddy County, New Mexico (said lands).

2) Applicant has proposed to the other owners and operators of said lands the formation of the McGruder Hill Unit which comprises a unit area (unit area) all as shown in Exhibit "A" attached hereto and incorporated herein by reference.

3) The unitized interval of the McGruder Hill Unit shall be all operations below the surface of the earth, and the initial unit well will test the Upper Penn Canyon formation.

4) The unit area is a logical unit area and will promote orderly development of oil and gas.

5) Approval of this application is in the best interests of conservation of oil and gas, will prevent waste, and will protect correlative rights.

**WHEREFORE**, Applicant prays that:

- A) The Application be set for hearing;
- B) The Application be approved in its entirety;
- C) For such other and further relief as the Division deems proper and appropriate.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

By: 

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YATES ENERGY CORPORATION  
 McGRUDER HILL UNIT  
 EDDY COUNTY, NEW MEXICO  
 T-22-S, R-25-E  
 Exhibit A

