

# State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER



## Commissioner of Public Lands

May 8, 1987

SLO REF NO. OG-102

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

Dickerson Fisk & Vandiver  
ATTENTION: Mr. Chad Dickerson  
Seventh and Mahone, Suite E  
Artesia, New Mexico 88210

Re: Proposed Eden Valley Unit  
Chaves County, New Mexico

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement for the proposed Eden Valley Unit Agreement, Chaves County, New Mexico. The wording contained in the unit agreement meets the general requirements of the Commissioner of Public Lands and can be approved. However, we regret to inform you that the proposed Eden Valley Unit Area boundaries as submitted, cannot be approved.

We recognize the diversity of reservoirs in the Abo and find this acceptable or explainable in an exploratory unit. However, the unacceptable condition in the proposed Eden Valley Unit is the inclusion of two producing leases within the unit boundary. The production was developed on a per lease basis and inclusion in the proposed unit cannot be justified. It is our recommendation that the producing leases be excluded from the unit area. Unit boundaries should be redrawn and the exhibits should be revised and corrected accordingly.

Recognizing the irregular trace of the unit boundary, it may be more convenient to propose two smaller units in the interest of manageability, however, we also realize that reprocessing agreements in the remaining lease time may be impossible and can accept the large unit with two exploratory wells as proposed, if the unit boundaries are revised. Further drilling would be per annual Plan of Development filed with the Commissioner of Public Lands, Bureau of Land Management and the Oil Conservation Division.

You are also reminded that it is not a practice of the Commissioner to approve units containing open acreage. It is recommended that these tracts be acquired or deleted from the unit area as soon as possible.

YATES PETROLEUM CORPORATION  
Case No. 9125  
5/20/87 Examiner Hearing  
Exhibit No. 4

Dickerson, Fisk and Vandiver  
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Preliminary approval as to the Unit agreement form shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval, please submit the following:

1. Delete State Lease Nos. LG-4340 and LG-4347, which are held by production. These leases cover All of Sections 8, 9, 27 and 28, Township 7 South, Range 24 East containing 2,560.00 acres.
2. Our records reflect that Tract No. 21, Lots 1 and 6, Sec. 18, Township 7 South, Range 24 East is open acreage and does not qualify to be in the unit unless it has been leased.
3. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
4. All ratifications from the lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
5. Order of the New Mexico Oil Conservation Division and the Designation from the Bureau of Land Management. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

If we may be of further help please do not hesitate to call on us. Enclosed is a copy of your agreement.

Very truly yours,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm  
cc:

OCD-Santa Fe, New Mexico  
BLM-Roswell, New Mexico