

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. 9690  
Order No. R-8956

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR A UNIT AGREEMENT,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 21, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of June, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks approval of the Drover State Unit Area for all oil and gas in any and all formations underlying 4880 acres, more or less, of State lands in Township 13 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) At the time of the hearing, the applicant requested that the proposed unit be reduced by the deletion therefrom of an 80-acre tract of State land consisting of the N/2 SE/4 of Section 18, Township 13 South, Range 32 East, NMPM, Lea County, New Mexico. Said tract was excluded from the proposed unit by the Commissioner of Public Lands for the State of New Mexico.

(4) The proposed Drover State Unit Area should now consist of 4800 acres, more or less, underlying the following described area:

LEA COUNTY, NEW MEXICO  
TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM  
Section 8: E/2  
Section 9: W/2  
Section 16: W/2  
Section 17: All  
Sections 20 through 22: All  
Sections 27 and 28: All

(5) No interested party appeared and objected to the proposed unit agreement.

(6) All plans of development and operation and creations, expansions, or contractions of participating areas or expansions or contractions of the unit area, should be submitted to the Director of the Division for approval.

(7) Approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Drover State Unit Area is hereby approved for all oil and gas in any and all formations underlying the following described area:

LEA COUNTY, NEW MEXICO  
TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM  
Section 8: E/2  
Section 9: W/2  
Section 16: W/2  
Section 17: All  
Sections 20 through 22: All  
Sections 27 and 28: All

comprising 4800 acres, more or less, of State lands.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

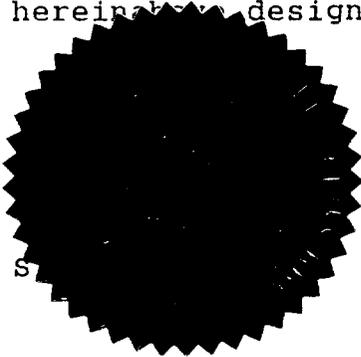
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Division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

(4) All plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

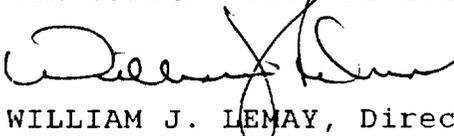
(5) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; the last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause 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 hereinafter designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY, Director