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**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. 13535  
ORDER NO. R-12408**

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

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came for hearing on August 11, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 25<sup>th</sup> day of August, 2005, 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 Oil Conservation Division ("Division") has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation ("Yates" or "Applicant"), seeks approval of its Ike State Exploratory Unit Agreement for all oil and gas in all formations from the surface to the base of the Mississippian formation underlying the following-described 3,016.04 acres, more or less, of State of New Mexico lands situated in Lea County, New Mexico:

**TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM**

Section 25: NE/4, S/2

Section 36: All

**TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM**

Section 29: S/2

Section 30: All

Section 31: Lots 1, 2, 3, 4, E/2W/2

Section 32: All

- (3) The Applicant presented testimony by affidavit as follows.
- (a) One hundred percent of all interests within the Unit area are committed to the Unit.
  - (b) One hundred percent of the royalty interest is owned by the State of New Mexico.
  - (c) The State Land Office has given preliminary approval for this Unit.
  - (d) The initial well will be drilled at a standard gas well location 1,650 feet from the North line and 900 feet from the West line of Section 30, Township 12 South, Range 35 East, NMPM, Lea County, New Mexico, and to an approximate depth of 12,800 feet.
  - (e) There has been no Atoka or Morrow production within the proposed unit boundaries.
  - (f) The primary targets for this initial well will be the Atoka and the Morrow, with other possible targets in the upper Mississippian (Austin) and the upper Pennsylvanian.
  - (g) Yates is attempting to locate high-risk channel sands.
- (4) No other party appeared at the hearing or otherwise opposed this application.
- (5) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.
- (6) The approval of the proposed unit agreement will serve to prevent waste and protect correlative rights within the lands assigned to the unit area.
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**IT IS THEREFORE ORDERED THAT:**

(1) The Ike State Exploratory Unit Agreement executed by Yates Petroleum Corporation is hereby approved for all oil and gas in all formations from the surface to the base of the Mississippian formation underlying the following-described 3,016.04 acres, more or less, of State of New Mexico lands situated in Lea County, New Mexico:

**TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM**

Section 25: NE/4, S/2  
Section 36: All

**TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM**

Section 29: S/2  
Section 30: All  
Section 31: Lots 1, 2, 3, 4, E/2W/2  
Section 32: All

(2) The plan contained in the Ike State Exploratory Unit Agreement for the development and operation of the above-described unit area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

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

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

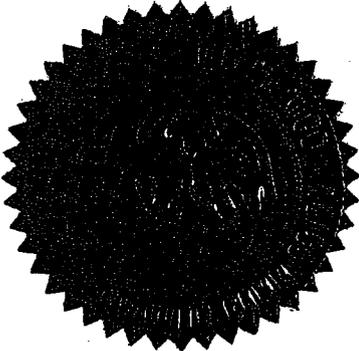
(5) This order shall become effective upon the approval of the unit agreement by the New Mexico State Land Office. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

Case No. 13535  
Order No. R-12408  
Page 4 of 4

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(6) 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.



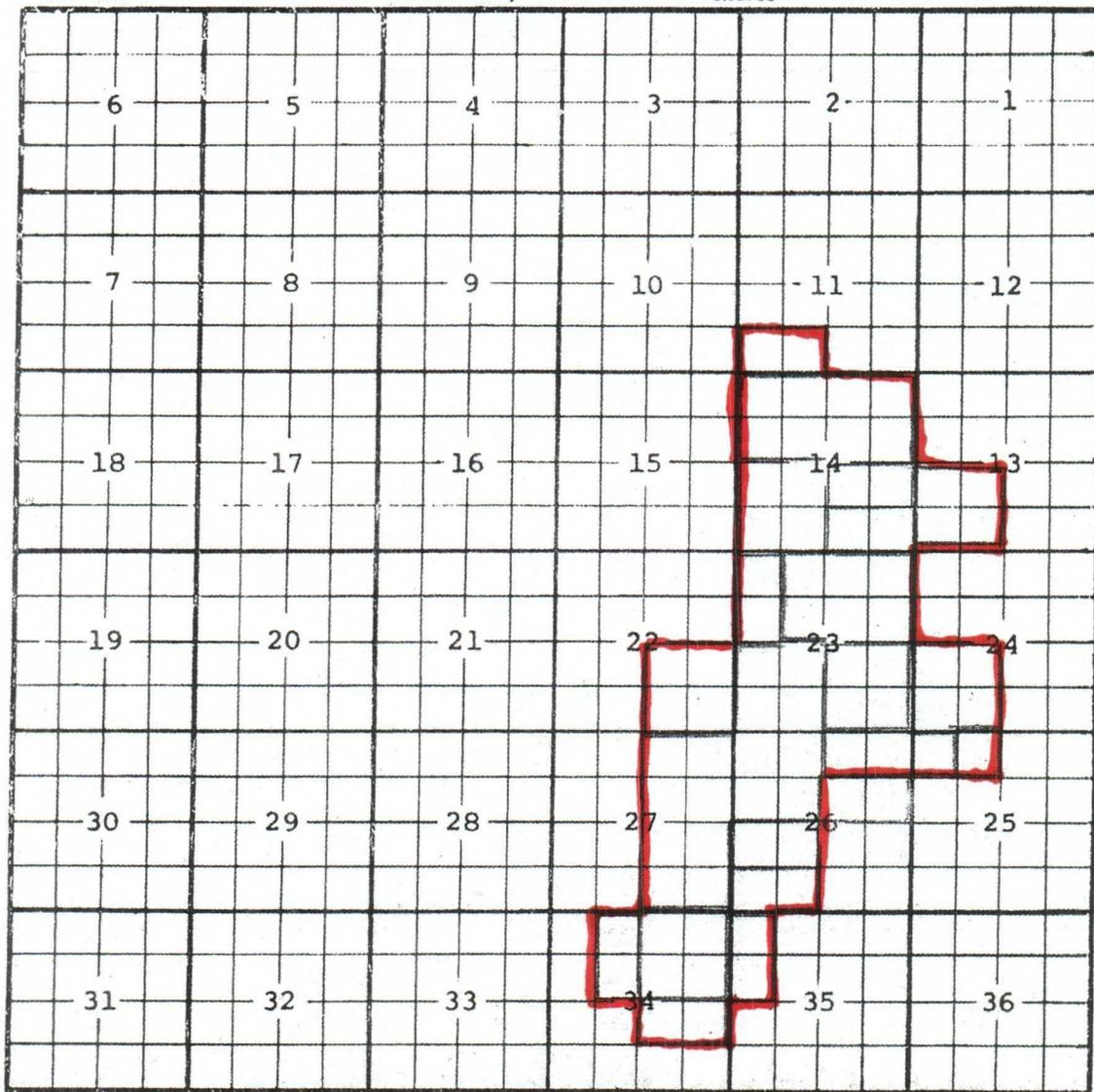
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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



*for* MARK E. FESMIRE, P.E.  
Director

COUNTY Lea POOL Ranger Lake - <sup>Upper</sup> Pennsylvanian  
 TOWNSHIP 12 South RANGE 34 East NMFM



Description:  $\frac{SE}{4}$  Sec. 23 (R-928, 12-13-56)  
 Ext:  $\frac{NW}{4}$   $\frac{NW}{4}$  Sec. 25;  $\frac{N}{2}$   $\frac{NE}{4}$  Sec. 26 (R-1042, 8-29-57)  
 -  $\frac{NE}{4}$   $\frac{E}{2}$   $\frac{NW}{4}$  Sec. 23 (R-1118, 1-28-58) -  $\frac{SW}{4}$  Sec. 24 (R-1324, 2-1-59)  
 -  $\frac{SW}{4}$  Sec. 23;  $\frac{NW}{4}$  Sec. 26;  $\frac{E}{2}$  Sec. 27 (R-1441, 8-1-59) -  $\frac{W}{2}$   $\frac{NW}{4}$  Sec. 23;  $\frac{NE}{4}$   $\frac{NW}{4}$  Sec. 25;  
 $\frac{N}{2}$   $\frac{SW}{4}$  Sec. 26;  $\frac{NE}{4}$  Sec. 34 (R-1509, 11-1-59) -  $\frac{N}{2}$   $\frac{SE}{4}$  Sec. 34;  $\frac{W}{2}$   $\frac{NW}{4}$  Sec. 35 (R-1559, 1-1-60)  
 -  $\frac{SE}{4}$  Sec. 22;  $\frac{S}{2}$   $\frac{SW}{4}$  Sec. 26 (R-1652, 5-1-60) -  $\frac{E}{2}$   $\frac{NW}{4}$  Sec. 34 (R-1772, 10-1-60)  
 -  $\frac{S}{2}$   $\frac{SE}{4}$  Sec. 14 (R-1907, 4-1-61) -  $\frac{N}{2}$   $\frac{SE}{4}$  Sec. 14 (R-2967, 10-1-65)  
 -  $\frac{N}{2}$  Sec. 14 (R-3043, 3-1-66) -  $\frac{S}{2}$   $\frac{SW}{4}$  Sec. 11;  $\frac{SW}{4}$  Sec. 14 (R-3152, 12-1-66)  
 Vertical limits contracted to comprise PE in the interval -6080' subsea to -6230' subsea - Type log: Phillips' West Ranger Lake Unit Tract 2 Well #1 - P-73-125-34E. Ext:  $\frac{SW}{4}$  Sec. 13 (R-8277, 8-14-86)  
 Contract vertical limits to include only the Cisco, Canyon and Strawn Formations and redesignate the pool as the Ranger Lake-Upper Pennsylvanian Pool (R-12223, 10-25-04).

*Entered June 18 1959*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 1668  
Order No. R-1418

APPLICATION OF PHILLIPS  
PETROLEUM COMPANY FOR AN ORDER  
ESTABLISHING TEMPORARY SPECIAL  
RULES AND REGULATIONS FOR THE  
RANGER LAKE-PENNSYLVANIAN POOL,  
LEA COUNTY, NEW MEXICO, TO  
PROVIDE FOR 80-ACRE PRORATION  
UNITS

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 13, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5th day of June, 1959, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Phillips Petroleum Company, seeks the promulgation of temporary special rules and regulations for the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, to provide for 80-acre proration units.
- (3) That the applicant has failed to prove that the Ranger Lake-Pennsylvanian Pool can be efficiently drained and developed on an 80-acre spacing pattern.
- (4) That the development of said Ranger Lake-Pennsylvanian Pool on 40-acre proration units will not cause the drilling of unnecessary wells.
- (5) That the drilling and spacing of wells in the Ranger Lake-Pennsylvanian Pool should continue to be governed by Rule 104 of the Commission Rules and Regulations.
- (6) That the subject application should be denied.

-2-  
Case No. 1668  
Order No. R-1418

IT IS THEREFORE ORDERED:

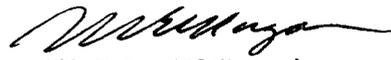
(1) That the application of Phillips Petroleum Company for an order establishing temporary special rules and regulations for the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, to provide for 80-acre proration units be and the same is hereby denied.

(2) That the drilling and spacing of wells in the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, shall continue to be governed by Rule 104 of the Commission Rules and Regulations.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

  
A. L. PORTER, Jr., Member & Secretary

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*Entered July 7, 1959*  
*7/7*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 1668  
Order No. R-1418-A

APPLICATION OF PHILLIPS PETRO-  
LEUM COMPANY FOR AN ORDER  
ESTABLISHING TEMPORARY SPECIAL  
RULES AND REGULATIONS FOR THE  
RANGER LAKE-PENNSYLVANIAN POOL,  
LEA COUNTY, NEW MEXICO, TO PRO-  
VIDE FOR 80-ACRE PRORATION UNITS

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for reconsideration upon the petition of Phillips Petroleum Company for a rehearing in Case No. 1668, Order No. R-1418, heretofore entered by the Oil Conservation Commission of New Mexico on June 5, 1959.

NOW, on this 1st day of July, 1959, the Oil Conservation Commission, a quorum being present, having considered the petition for rehearing,

HEREBY ORDERS:

That the above-styled cause be reopened and a rehearing held at 9 o'clock a.m. on August 13, 1959, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

IT IS FURTHER ORDERED:

That the rehearing be limited to a brief and argument on the legal propositions raised in the petition for rehearing and their application to the facts heretofore presented in Case No. 1668.

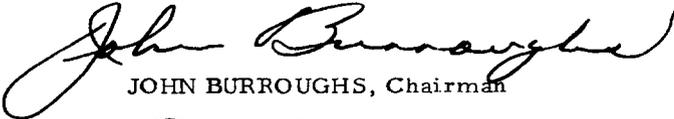
IT IS FURTHER ORDERED:

That Order No. R-1418 shall remain in full force and effect pending the issuance of any further order by the Commission in the above-styled cause.

-2-  
Case No. 1668  
Order No. R-1418-A

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

  
A. L. PORTER, Jr., Member & Secretary

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*Entered September 8, 1959*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 1668  
Order No. R-1418-B

APPLICATION OF PHILLIPS PETROLEUM COM-  
PANY FOR AN ORDER ESTABLISHING TEMPOR-  
ARY SPECIAL RULES AND REGULATIONS FOR  
THE RANGER LAKE-PENNSYLVANIAN POOL,  
LEA COUNTY, NEW MEXICO, TO PROVIDE  
FOR 80-ACRE PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 13, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and Order No. R-1418 was entered on June 5, 1959. The case was reopened and a rehearing held on August 13, 1959, at Santa Fe, New Mexico.

NOW, on this 26th day of August, 1959, the Commission, a quorum being present, having considered the application and all the evidence adduced and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Phillips Petroleum Company, seeks the promulgation of temporary special rules and regulations for the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, to provide for 80-acre proration units.
- (3) That the applicant has proved by a preponderance of the evidence now available that the Ranger Lake-Pennsylvanian Pool can be efficiently and economically drained and developed on 80-acre proration units.
- (4) That to require development of the Ranger Lake-Pennsylvanian Pool on 40-acre proration units might cause the drilling of unnecessary wells.
- (5) That the evidence presented indicates that it is uneconomical to drill wells on 40-acre proration units in the Ranger Lake-Pennsylvanian Pool, and to remain on such a spacing pattern might impede further development in said pool.

(6) That the applicant has waived objection to the continued assignment of a 40-acre allowable to any well presently producing from the Ranger Lake-Pennsylvanian Pool to which cannot be dedicated an 80-acre tract which can reasonably be presumed to be productive of oil from said pool. Only one such well exists, namely the Gordon Cone Well No. 2-24, SW/4 SW/4 of Section 24, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico.

(7) That temporary 80-acre proration units should be established in the Ranger Lake-Pennsylvanian Pool.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-1418, dated June 5, 1959, be and the same is hereby superseded effective September 1, 1959.

(2) That special rules and regulations for the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, be and the same are hereby promulgated as follows, effective September 1, 1959; provided, however, that the increased allowable provisions contained herein shall not become effective until October 1, 1959.

SPECIAL RULES AND REGULATIONS FOR THE  
RANGER LAKE - PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Ranger Lake-Pennsylvanian Pool or in the Pennsylvanian formation within one mile of the Ranger Lake-Pennsylvanian Pool, and not nearer to nor within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Ranger Lake-Pennsylvanian Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in said 80-acre unit.

RULE 3. The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of either the NW/4 or the SE/4 of the quarter section on which the well is located. Any well which was drilling to or completed in the Ranger Lake-Pennsylvanian Pool prior to September 1, 1959, is granted an exception to the well location requirements of this Rule.

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Case No. 1668  
Order No. R-1418-B

RULE 4. For good cause shown, the Secretary-Director may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot or when the application is for the purpose of joining fractional lots not exceeding 20.49 acres each with a standard unit. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Ranger Lake-Pennsylvanian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the Ranger Lake-Pennsylvanian Pool shall be assigned an 80-acre proportional factor of 5.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

That operators who propose to dedicate 80 acres to a well in the Ranger Lake-Pennsylvanian Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by September 15, 1959, in order that the well may be assigned an 80-acre allowable on the October proration schedule.

IT IS FURTHER ORDERED:

That any well which was drilled to and producing from the Ranger Lake-Pennsylvanian Pool prior to September 1, 1959, which presently has 40 acres dedicated to it, and to which cannot be dedicated an 80-acre unit which can reasonably be presumed to be productive of oil from the Ranger Lake-Pennsylvanian Pool shall continue to be assigned an allowable equal to normal unit allowable times the 40-acre proportional factor for said pool of 4.67. This exception shall apply only to the well described in Finding No. 6.

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Case No. 1668  
Order No. R-1418-B

IT IS FURTHER ORDERED:

That this case be reopened at the regular monthly hearing of the Commission in August, 1960, to permit any operator to appear and show cause why the Ranger Lake-Pennsylvanian Pool should continue to be developed on 80-acre proration units.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

  
A. L. PORTER, Jr., Member &  
Secretary

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*Entered September 7, 1960*  
*A.P.P.*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 1668  
Order No. R-1418-C

APPLICATION OF PHILLIPS PETROLEUM  
COMPANY FOR AN ORDER ESTABLISHING  
SPECIAL RULES AND REGULATIONS FOR  
THE RANGER LAKE-PENNSYLVANIAN POOL,  
LEA COUNTY, NEW MEXICO, TO PROVIDE  
FOR 80-ACRE PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 17, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of August, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That by Order No. R-1418-B, the Commission promulgated temporary Special Rules and Regulations governing the drilling, spacing, and production of wells in the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, including the establishment of 80-acre proration units.
- (3) That the applicant now seeks an order making said temporary Special Rules and Regulations permanent.
- (4) That the data gathered since the entry of Order No. R-1418-B and presented in this case corroborates the conclusion of the Commission reached in said Order that the Ranger Lake-Pennsylvanian Pool can be efficiently and economically drained and developed on 80-acre proration units and that to require development of this Pool on 40-acre proration units would probably cause the drilling of unnecessary wells.

-2-  
CASE No. 1668  
Order No. R-1418-C

(5) That accordingly the Special Rules and Regulations for the Ranger Lake-Pennsylvanian Pool promulgated by Order No. R-1418-B, as well as the proviso relative to the Gordon Cone Well No. 2-24, SW/4 SW/4 of Section 24, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, should be made permanent.

IT IS THEREFORE ORDERED:

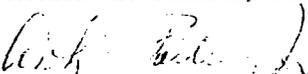
That the Special Rules and Regulations for the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-1418-B, as well as the proviso relative to the Gordon Cone Well No. 2-24, SW/4 SW/4 of Section 24, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, be and the same are hereby made permanent.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

  
A. L. PORTER, Jr., Member & Secretary

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