

**CASE 13227:** Application of Yates Petroleum Corporation for statutory unitization of the North Dagger Draw-Upper Pennsylvanian Unit Area, Eddy County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, underlying 5612.95 acres, more or less, of Federal, State and Fee lands in the following acreage:

**TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM**

Sections 16 and 17: All  
Section 18: S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4  
Sections 19 through 21: All  
Sections 28 through 30: All

Said unit is to be designated the North Dagger Draw-Upper Pennsylvanian Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 12 miles south-southwest of Artesia, New Mexico.

**CASE 13228:** Application of Yates Petroleum Corporation for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico. Applicant seeks approval of its North Dagger Draw-Upper Pennsylvanian Pool Unit Waterflood Project by injection of water into the Upper Pennsylvanian formations through 5 injection wells located in the following described area:

**TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM**

Sections 16 and 17: All  
Section 18: S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4  
Sections 19 through 21: All  
Sections 28 through 30: All

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area is located approximately 12 miles south-southwest of Artesia, New Mexico.

**CASE 13229:** Application of Yates Petroleum Corporation for an unorthodox location, an exception to Division Rule 104.C (2) (b), and a retroactive approval date for any order issued in this case, Chaves County, New Mexico. Applicant seeks an exception to the applicable well location set-back requirements governing all formations or pools from the surface to the top of the Palma Mesa Siluro-Ordovician Gas Pool (82556) for its existing Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911), located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East (which well was the subject of Division Order No. R-9721, issued in Case No. 10489 on June 11, 1992, approving this well as an unorthodox gas well location in the Palma Mesa Siluro-Ordovician Gas Pool within a standard 320-acre deep gas spacing unit comprising the S/2 of Section 13), this well to be dedicated to the following described spacing and proration units: (i) the S/2 to form a standard 320-acre lay-down deep gas spacing unit for all formations and/or pools developed on 320-acre spacing within this vertical extent [see Division Rule 104.C(2)], which presently includes but not necessarily limited to the Palma Mesa-Pennsylvanian Gas Pool (82550); (ii) the SW/4 to form a standard 160-acre shallow gas spacing unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent [see Division Rule 104.C(3)], which presently includes but not necessarily limited to the Undesignated Pecos Slope-Abo Gas Pool (82730) [Rule 4 of the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool," as promulgated by Division Order No. R-9976-C, dated March 19, 1996]; and (iii) the SW/4 SW/4 (Unit M) to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical

extent, which presently includes but not necessarily limited to the Southeast Acme-San Andres Pool (800) [see Division Rule 104.B (1)]. This well is located approximately eight miles southwest of Elkins, New Mexico. APPLICANT FURTHER SEEKS an exception to Division Rule 104.C (2) (b) in order to recomplete the Hanlad "AKZ" State Well No. 2 as an infill Pennsylvanian gas well within the same quarter section (SW/4 of Section 13) as an existing well producing from the Palma Mesa-Pennsylvanian Gas Pool. The S/2 of Section 13, being a standard 320-acre lay-down deep gas spacing unit in the Palma Mesa-Pennsylvanian Gas Pool is currently dedicated to the applicant's Hanlad "AKZ" State Well No. 1 (API No. 30-005-61493), located at a standard deep gas well location 660 feet from the South and West lines (Unit M) of Section 13. FURTHERMORE, applicant seeks an effective date for any order issued in this case is made retroactive to October 15, 2003.

**CASE 13230:** Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Dice State Exploratory Unit for all formations from the base of the Queen formation to an approximate depth of 6430 feet in the Pre-Cambrian formation in an area comprising 3840.00 acres, more or less, of State of New Mexico lands in Sections 10, 14, 15, 22, 23 and 27, Township 10 South, Range 26 East, which is located approximately 12 miles east of Roswell, New Mexico.

**CASE 13211:** Continued from February 5, 2004, Examiner Hearing.

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 17, Township 23 South, Range 28 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Loving-Upper Pennsylvanian Gas Pool, North Loving-Strawn Gas Pool, North Loving-Atoka Gas Pool, and North Loving-Morrow Gas Pool. The unit is to be dedicated to applicant's Romulus Fee Well No. 1, to be drilled at an orthodox location in the NW/4 NW/4 of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1½ miles north-northwest of Loving, New Mexico.

**CASE 13212:** Continued from February 5, 2004, Examiner Hearing.

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 31, Township 22 South, Range 28 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Loving-Atoka Gas Pool, Undesignated Dublin-Ranch-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas Pool. The unit is to be dedicated to applicant's Hannibal Fed. Well No. 1, to be drilled at an orthodox gas well location in the NW/4 SE/4 of Section 31. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2½ miles east of Otis, New Mexico.