

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. 9823
ORDER NO. R-9075-A

APPLICATION OF YATES DRILLING COMPANY
FOR A UNIT AGREEMENT, CHAVES COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 29, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 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) At the time of the hearing, this case was consolidated with Division Case Nos. 9809 and 9810 for the purpose of testimony.

(3) The applicant, Yates Drilling Company, seeks approval of the Cactus Queen (voluntary) Unit Area and Agreement for the purpose of establishing a secondary recovery project, covering 320 acres, more or less, of State and Federal lands in Chaves County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(4) The applicant requests that the unitized formation be that interval underlying the unit area, the vertical limits of which extend from an upper limit described as 50 feet above the top of the Queen formation to a lower limit at the base of the Queen formation; said limits having been previously found to occur at 2930 feet and 3100 feet, respectively, in Yates Drilling Company's Doyal Well No. 1, located 660 feet from the North line and 990 feet from the East line of Section 34, Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico.

Case No. 9823
Order No. R-9075-A
Page No. 2

- (5) No interested party appeared and objected to the proposed unit area.
- (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 protection of correlative rights within the unit area.
- (8) The applicant also requested at the November 29, 1989 hearing, by Division Case No. 9809, to statutorily unitize the same acreage sought in the immediate case along with additional State, Federal and Fee lands to the east; if the terms of the order authorizing statutory unitization are met, the applicant should notify the Division and this order should immediately be rescinded.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Yates Drilling Company for the Cactus Queen Unit Agreement and Area comprising 320 acres, more or less, of State and Federal lands in Chaves County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof, for the purpose of establishing a secondary recovery project is hereby approved.
- (2) The Unitized Formation shall mean that interval underlying the unit area, the vertical limits of which extend from an upper limit described as 50 feet above the top of the Queen formation to a lower limit at the base of the Queen formation; said limits having been previously found to occur at 2930 feet and 3100 feet, respectively, in Yates Drilling Company's Doyal Well No. 1, located 660 feet from the North line and 990 feet from the East line of Section 34, Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico.
- (3) The Cactus Queen (voluntary) Unit Agreement and the Cactus Queen (voluntary) Unit Operating Agreement, which were submitted at the hearing as Exhibits 3B and 4B, respectively, are hereby incorporated by reference into this order.
- (4) 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, 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 unit and production of oil and gas therefrom.

Case No. 9823
Order No. R-9075-A
Page No. 3

(5) 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 other party or expansion or contraction of the unit area, the unit operator shall file with the Division Director the agreement reflecting the subscription of those interests having joined or ratified.

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

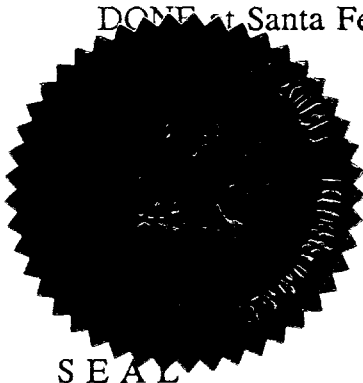
(7) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the appropriate agency of the United States Department of Interior; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

IT IS FURTHER ORDERED HOWEVER THAT:

(8) If the terms of the order issued in Division Case No. 9809 are met within the prescribed time, the applicant shall notify the Division and this order shall be rescinded.

(9) 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 hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

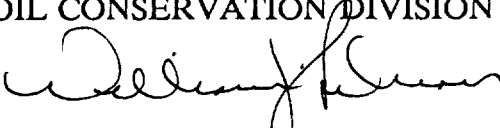

WILLIAM J. LEMAY
Director

EXHIBIT "A"
CASE NO. 9823
ORDER NO. R-9075-A
CACTUS QUEEN UNIT AREA
CHAVES COUNTY, NEW MEXICO

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM

Section 27: NE/4 SW/4, S/2 SW/4, and W/2 SE/4

Section 34: NW/4 NE/4 and N/2 NW/4

Comprising 320 acres, more or less, of State and Federal Lands.