

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. 10527  
ORDER NO. R-9718*

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 3, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of September, 1992, 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 Sedge Unit Agreement and Area for all oil and gas in any and all formations underlying the following described 1304.48 acres, more or less, of State and Federal lands in Eddy County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM  
Sections 18 and 19: All

(3) No interested party appeared and objected to the proposed unit area.

(4) 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.

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

**IT IS THEREFORE ORDERED THAT:**

(1) The Sedge Unit Agreement, executed by Yates Petroleum Corporation, is hereby approved for all oil and gas in any and all formations underlying the following described 1304.48 acres, more or less, of State and Federal lands in Eddy County, New Mexico:

**TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM**  
Sections 18 and 19: All

(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, 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.

(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 other 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 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 appropriate agency of the United States Department of Interior and the Commissioner of Public Lands for the State of New Mexico; 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.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

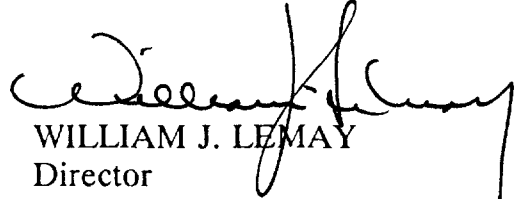
Case No. 10527  
Order No. R-9718  
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

**& SHERIDAN, P.A.**  
LAWYERS

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TELEPHONE: (505) 988-4421  
TELECOPIER (505) 983-6043

July 28, 1992

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

RECEIVED

JUL 28 1992

OIL CONSERVATION DIVISION

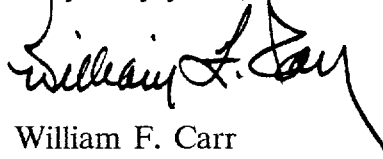
10527

Re: In the Matter of the Amended Application of Yates Petroleum Corporation, for  
Approval of a Unit Agreement, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Amended Application of Yates Petroleum Corporation,  
in the above-referenced case. Yates respectfully requests that this matter be placed on  
the docket for the August 20, 1992 Examiner hearings.

Very truly yours,

  
William F. Carr

WFC:pm  
Enclosures  
cc w/enc.:

Ms. Janet Richardson

BEFORE THE

JUL 28 1992

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR APPROVAL OF A UNIT AGREEMENT,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 10527

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application for an order approving its Sedge Unit Agreement and in support of this application would show the Division:

1. The proposed Unit Agreement consists of 1,967.92 acres, more or less, of Federal and State lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

Township 22 South, Range 23 East, N.M.P.M.

Section 18:	All
Section 19:	All
Section 30:	All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Yates Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations is unitized.

4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. Prior to hearing the proposed Unit will be reviewed with the BLM for its approval as an area logically subject to development under a unit plan.

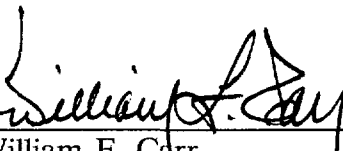
6. Prior to hearing the Unit Agreement will be reviewed with the State Land Office for its approval as to form and content.

7. Said Unit Agreement and the unitized operation and management of the Unit Area will be the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, YATES PETROLEUM CORPORATION, requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 20, 1992 that notice be given as required by law and the rules of the Division, and that the Sedge Unit Agreement be approved.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION



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