

**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. 11469
ORDER NO. R-10550**

**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 February 22, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of February, 1996, 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 Alphabet Unit Agreement for all oil and gas in any and all formations underlying the following described 2,077.01 acres, more or less, of State and Fee lands in Lea County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM

Section 7: SE/4
Section 8: All
Section 9: NW/4
Section 17: All
Section 18: S/2, NE/4

(3) At the time of the hearing, the applicant testified that the Commissioner of Public Lands for the State of New Mexico has recommended excluding the E/2 NE/4 of Section 17 from the proposed unit due to geologic considerations. Applicant intends to comply with this recommendation.

(4) The E/2 NE/4 should be excluded from the proposed Alphabet Unit Area.

(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 protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Alphabet Unit Agreement is hereby approved for all oil and gas in any and all formations underlying the following described 1,997.01 acres, more or less, of State and Fee lands in Lea County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM

Section 7: SE/4

Section 8: All

Section 9: NW/4

Section 17: S/2, NW/4, W/2 NE/4

Section 18: S/2, NE/4

(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.

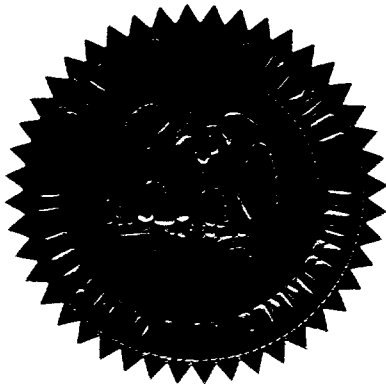
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with 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 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.

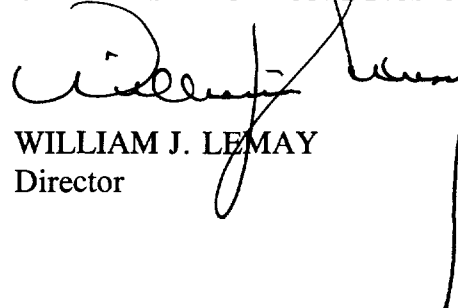
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

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TANNIS L. FOX
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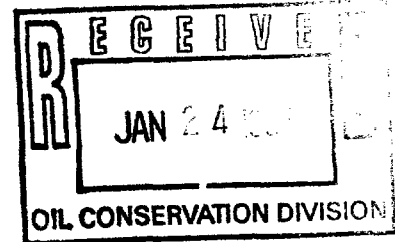
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January 24, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503



Re: Application of Yates Petroleum Corporation for Approval of a Unit Agreement, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the February 22, 1996 Examiner hearings.

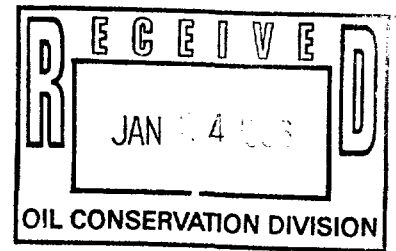
Very truly yours,

WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Ms Kathy Porter
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

BEFORE THE
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,
LEA COUNTY, NEW MEXICO.

CASE NO. 11469

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application for an order approving its Alphabet Unit Agreement and in support of this application states:

1. That the proposed Unit Agreement consists of 2,077.01 acres, more or less, of State and Fee lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 21 South, Range 34 East, N.M.P.M.

Section 7:	SE/4
Section 8:	All
Section 9:	NW/4
Section 17:	All
Section 18:	S/2, NE/4

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.

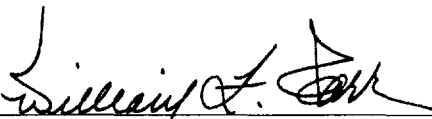
5. Prior to hearing the proposed Unit Agreement will be reviewed with the State Land Office for its approval as to form and content.

6. Said Unit Agreement and the unitized operation and management of the Unit Area will be in 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 February 22, 1996 that notice be given as required by law and the rules of the Division, and that the Alphabet Unit Agreement be approved.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION