

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**RECEIVED**

JUL 15 2003

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

Oil Conservation Division  
CASE NO. 13122

**APPLICATION**

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for an order approving its Kris State Exploratory Unit and in support of this application states:

1. The proposed Unit Area consists of 3200.00 acres, more or less, of State of New Mexico lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

**Township 11 South, Range 34 East, N.M.P.M.**

Sections 27 through 29:	All
Sections 33 and 34:	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 the all formations are unitized.

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

5. 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 August 7, 2003, that notice be given as required by law and the rules of the Division, and that the Kris State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE NO. 13/22

**Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Kris State Exploratory Unit for an area comprising 3200.00 acres of State of New Mexico lands in Sections 27, 28, 29, 33, and 34, Township 11 South, Range 34 East, NMPM which is located approximately 8 miles North of Tatum, New Mexico.

**CASE 13110:** Continued from July 24, 2003, Examiner Hearing

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 4, Township 19 South, Range 31 East as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool, and the Undesignated Gatuna Canyon-Atoka Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the S/2 SW/4 for all formations and/or pools developed on 80-acre spacing. Said units are to be dedicated to its Red Cloud "4" Federal Com Well No. 1 to be drilled at a standard location 810 feet from the South line and 660 feet from the West line of said Section 4 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles southeast of Loco Hills, New Mexico.

**CASE 13111:** Continued from July 24, 2003, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 5, Township 19 South, Range 31 East as follows: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool, and the Undesignated Gatuna Canyon-Atoka Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; the S/2 NE/4 for all formations and/or pools developed on 80-acre spacing, and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said units are to be dedicated to its Red Cloud "5" Federal Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 5 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10.5 miles southeast of Loco Hills, New Mexico.

**CASE 13122:** Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Kris State Exploratory Unit for an area comprising 3200.00 acres of State of New Mexico lands in Sections 27, 28, 29, 33, and 34, Township 11 South, Range 34 East, which is located approximately 8 miles North of Tatum, New Mexico.

**CASE 13123:** Application of Yates Petroleum Corporation for Compulsory Pooling and an Unorthodox Oil Well Location, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pre-Cambrian formation in the following described spacing and proration units located in the W/2 of Section 6, Township 10 South, Range 25 East: the W/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Pecos Slope-Abo Gas Pool; and the NE/4 NW/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Delhagen "BAJ" Com Well No. 1 to be drilled at a standard gas well location 990 feet from the North line and 1330 feet from the West line (Unit C) of said Section 6. This location will be unorthodox for any formation and/or pool developed on 40-acre oil spacing. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles east-northeast of Roswell, New Mexico.