

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. 12665  
ORDER NO. R-11542-A

APPLICATION OF YATES PETROLEUM CORPORATION FOR  
AMENDMENT OF COMPULSORY POOLING ORDER NO. R-11542 TO  
CHANGE THE DEDICATED SPACING UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 28, 2001, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 11th day of July, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) By Order No. R-11542, dated March 7, 2001, the Division granted the application of Yates Petroleum Corporation ("Applicant") for an order pooling all uncommitted mineral interests from the surface to the base of the Mississippian formation in Section 13, Township 15 South, Range 34 East, NMPM, Lea County New Mexico, to form the following units (hereinafter collectively called the "Original Unit"):

The S/2, forming a standard 320-acre lay-down gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include, but are not necessarily limited to, the Undesignated Morton-Morrow Gas Pool, Undesignated East Morton-Morrow Gas Pool and Undesignated North Edison-Morrow Gas Pool.

The SW/4, forming a standard 160-acre gas spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent.

(3) Applicant seeks an order amending Order No. R-11542 to rescind those portions of said order providing for pooling of the S/2 of Section 13, and to provide for pooling all uncommitted mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Section 13, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico, to form the following units (hereinafter collectively called the "Amended Unit"):

The W/2, forming a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include, but are not necessarily limited to, the Undesignated Morton-Morrow Gas Pool.

The SW/4, forming a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent.

(4) The Amended Unit is to be dedicated to Applicant's proposed Chevy "AWV" State Com. Well No. 1 (API No. 30-025-35250) to be drilled at a standard well location within the NE/4 SW/4 (Unit K) of Section 13.

(5) Two or more separately owned tracts are embraced within the Amended Unit, and/or there are owners of royalty interests and/or undivided interests in oil and gas minerals in one or more tracts within the Amended Unit which are separately owned.

(6) Applicant is an owner of an oil and gas working interest within the Original Unit and the Amended Unit. Applicant has the right to drill and proposes to drill its Chevy "AWV" Well No. 1 (the "proposed well") to a common source of supply, at a standard well location 1650 feet from the South and West Lines of Section 13.

(7) The only interest owner within either the Original Unit or the Amended Unit who has not agreed to pool its interest is Chevron USA Production Company. Chevron USA Production Company, though duly notified, did not appear at the hearing or object to this application.

(8) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Amended Unit the

