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FAX COVER SHEET

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(14) ~~The applicant further seeks to qualify the second expanded unit area for the recovered oil tax rate pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5), and certify the following five wells, located in the existing WLSU and on the tracts to be added to the WLSU, as having a positive production response:~~

- (a) Snyder "EC" Com. Well No. 1 (API No. 30-025-33219), located 1346 feet from the North line and 1980 feet from the East line (Lot 2/Unit B) of irregular Section 6, Township 16 South, Range 36 East, NMPM;
- (b) Snyder "C" Well No. 4 (API No. 30-025-34282), located 510 feet from the North line and 990 feet from the East line (Lot 1/Unit A) of irregular Section 6, Township 16 South, Range 36 East, NMPM;
- (c) Beadle Well No. 1 (API No. 30-025-34606), located 330 feet from the South line and 330 feet from the West line (Unit M) of Section 35, Township 15 South, Range 35 East, NMPM;
- (d) Snyder "F" Well No. 3 (API No. 30-025-34645), located 655 feet from the North line and 330 feet from the West line (Lot 4/Unit D) of irregular Section 5, Township 16 South, Range 36 East, NMPM; and
- (e) WLSU Well No. 14 (API No. 30-025-34684), located 1830 feet from the North line and 610 feet from the West line (Unit E) of Section 33, Township 15 South, Range 35 East, NMPM.

(15) At the hearing Yates Petroleum Corporation and Hanley Petroleum, Inc. entered appearances in support of the proposed second unit expansion. Snyder Ranches, Inc., a royalty owner, also entered an appearance in this matter. Mr. Phillip Glenn Adams, a New Mexico resident with an interest in the area in which the WLSU area is located, ~~appeared at the hearing to voice an opinion in this matter.~~

(16) The evidence presented at the hearing shows that:

- (a) Division Order No. R-10864 was the subject of a de novo appeal to the New Mexico Oil Conservation Commission ~~remanded on April 22, 1999, and the record in that case is incorporated herein by reference. The record in that proceeding shows that~~ BY HANLEY PETROLEUM, INC. ("HANLEY"). HANLEY REQUESTED THAT THE CASE BE REMANDED TO THE DIVISION. AT THE DIVISION HEARING,

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- (i) ← Hanley Petroleum, Inc. requested that Unit Tract 15 (S/2SW/4 of Section 28, Township 15 South, Range 35 East, NMPM) be brought into the unit effective November 1, 1997. **EVIDENCE WAS PRESENTED THAT:**
- (i) Tract 15 has hydrocarbon pore volume underlying it and should have been brought into the unit in 1997; *and*
- (ii) In order to protect correlative rights and prevent waste (A) Tract 15 should be incorporated into the WLSU area effective November 1, 1997, and (B) for the period November 1, 1997 to April 1, 1999, Tract 14 (S/2SE/4 of Section 28, Township 15 South, Range 35 East, NMPM) should have allocated to it a 0.15504952% tract participation and Tract 15 a 0.13422197% tract participation.