

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8386
Order No. R-7743

APPLICATION OF PELTO OIL COMPANY
FOR APPROVAL OF THE PINON UNIT
AGREEMENT, SANTA FE COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on October 31, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of November, 1984, 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, Pelto Oil Company, seeks approval of the Pinon Unit Agreement covering 44,349.63 acres, more or less, of State, Federal and Fee lands described in Exhibit "A" attached hereto and made a part hereof.

(3) 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.

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

IT IS THEREFORE ORDERED THAT:

(1) The Pinon Unit Agreement covering 44,349.63 acres, more or less, of State, Federal, and Lee lands, as described in Exhibit "A" attached hereto and made a part hereof, is hereby approved.

(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, that 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 exploration and development of any lands committed to the unit and production of oil or 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, any 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 and contractions thereof, and all 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 of the State of New Mexico and the Director of the appropriate agency of the United States Department of the Interior; 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.

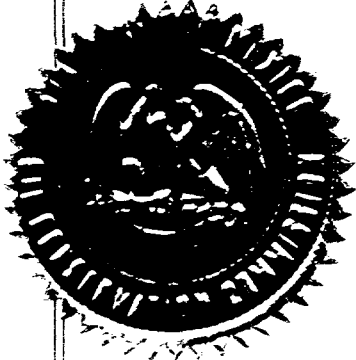
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 8386

Order No. R-7743

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS
Director

fd/

EXHIBIT "A"
CASE NO. 8386
ORDER NO. R-7743

SANTA FE COUNTY, NEW MEXICO
TOWNSHIP 13 NORTH, RANGE 8 EAST, NMPM

Section 1 (projected): All *
Sections 2 through 6 (projected): All *
Section 7 (projected): E/2 *
Sections 8 through 11 (projected): All *
Section 12 (projected): W/2 W/2 W/2
(all lands lying west of the
easterly boundary of the Ortiz
Mine Grant), Lots 1, 2, 5, and
6, E/2 NW/4 *
Section 14 (projected): W/2 *
Sections 15 through 17 (projected): All *
Section 20 (projected): E/2
Sections 21 and 22 (projected): All *
Section 23 (projected): W/2 *
Section 26 (projected): NW/4 *
Sections 27 and 28 (projected): All *
Section 29 (projected): E/2 *
Sections 32 and 33 (projected): All *
Section 34 (projected): N/2 and SW/4 *

TOWNSHIP 13 NORTH, RANGE 9 EAST, NMPM

Section 6: N/2

TOWNSHIP 14 NORTH, RANGE 8 EAST, NMPM

Section 1: Lots 1 through 3, N/2
NW/4, SE/4 NW/4, S/2 SW/4,
and E/2
Section 12: Lots 1 through 4, E/2 W/2,
and E/2
Section 13: Lot 1, NE/4 NW/4, S/2 NW/4,
SW/4, and E/2
Section 14: Lots 1 and 2, S/2 NE/4, and
S/2
Sections 23 and 24: All
Sections 25 through 27 (projected): All *
Section 28 (projected): S/2 *
Section 29 (projected): S/2 *
Section 30 (projected): S/2
Sections 31 through 36 (projected): All *

TOWNSHIP 14 NORTH, RANGE 9 EAST, NMPM

Sections 1 through 23: All
Section 24: NW/4
Section 27: N/2 and SW/4
Sections 28 through 32: All
Section 33: N/2

* Represents those lands projected by the operator,
Pelto Oil Company, that are located either
entirely or in part within the unsurveyed Ortiz
Mine Grant.