

FINDINGS:

(xx) Clarification of the Division's interpretation of the Statutory Unitization Act, Sections 70-7-1 through 70-7-21 NMSA 1978, (the "Act") and Order No. R-6447 is requested by Hartman and is justified due to the issues raised in this case.

(xx) If a party avails itself of the Act to unitize interests, however small an interest not yet voluntarily committed may be or for whatever reason, such party and interests are subject to all the provisions of the Act, including Subsection F of Section 70-7-7, ~~not just certain portions of the Act.~~

(xx) Subsection F of Section 70-7-7 of the Act requires that the plan or unit agreement for unit operation include a provision for carrying a working interest owner, payable out of production. Such provision applies to all interests in the unit, not just those interests that have not yet voluntarily committed.

(xx) The MLMU Unit Agreement and Unit Operating Agreement (the "Agreements") are based on Model Unit Agreements predating the enactment of the Statutory Unitization Act in New Mexico and other states. Said agreements would thus not contain a carry provision for nonconsenting working interest owners unless later amended. Said agreements provide for a working interest owner not paying its share of costs, but do not provide for a right of nonconsent by working interest owners or the carrying of a nonconsenting working interest owner, payable out of production.

(xx) Although Order No. R-6447 found that the Agreements contain the provision mandated by Section 70-7-7.F (Finding 21), such Finding was incorrect.

(xx) Section 70-7-7.F, however, requires that the Agreements contain such a provision. Said Agreements were therefore modified by Order No. R-6447, issued pursuant to the Act and which mistakenly found such a provision in the Agreements, to include such a provision. Absent any limitation on the carrying provision, and since there was no provision there is therefor no limitation, the carry should be a full carry for the operations/costs for which there was a nonconsent election.

(xx) Hartman gave timely notice of his nonconsent and therefore had the right to go nonconsent on the operations approved by the Division in Order No. R-4680-A. Oxy shall adjust its accounting to reflect such nonconsent election.

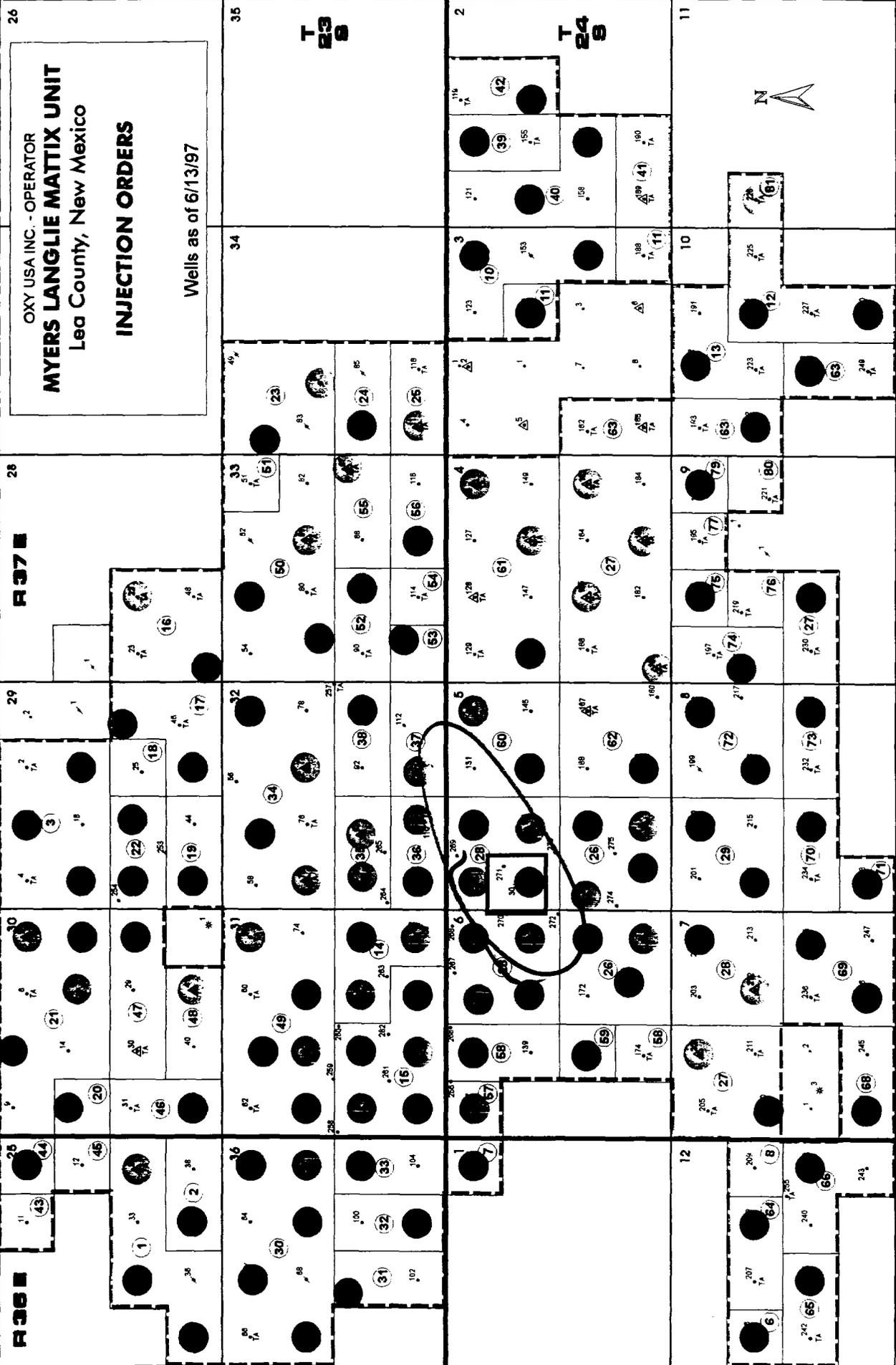
I Scope

I pres. limitate rescindation

ORDERING:

(xx) Order No. R-6447 imposed on the Agreements a nonconsent right and provided for the carrying, out of production, of any nonconsenting working interest owner

(xx) Hartman made a timely election to go nonconsent on the operations approved by the Division in Order No. R-4680-A. Oxy shall adjust its accounting to reflect such nonconsent election by Hartman.



OXY USA INC. - OPERATOR
MYERS LANGLIE MATTIX UNIT
 Lea County, New Mexico

INJECTION ORDERS

Wells as of 6/13/97

- PRODUCER
- ▲ WATER INJECTOR
- ⊗ PLUGGED & ABANDONED
- ⊙ TRACT NUMBER
- INJECTION ORDER R-4680 - NO INJECTION LIMIT
- ⊙ INJECTION ORDER R-4680-A - 1800 PSI INJECTION PRESSURE LIMIT
- ⊙ INJECTION ORDER WFX-460 - 900 PSI INJECTION PRESSURE LIMIT
- INJECTION ORDER WFX-460 AMENDED BY STEP RATE TEST
- INJECTION ORDER WFX-572
- INJECTION ORDER WFX-599
- DOYLE HARTMAN MYERS "B" FEDERAL No. 30

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