

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. 11207
ORDER NO. R-10317*

**APPLICATION OF MERIDIAN OIL, INC. FOR
A UNIT AGREEMENT, LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 16, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of February, 1995, the Division Director, having considered 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) At the time of the hearing Division Case Nos. 11207 and 11208 were consolidated for the purpose of testimony.

(3) The applicant, Meridian Oil, Inc. ("Meridian"), seeks approval of the East Corbin Delaware Unit Agreement for an area comprising 760 acres, more or less, of State (360 acres, 47.37%) and Federal (400 acres, 52.63%) lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(4) Within the East Corbin Delaware Unit Area, the applicant proposes to initiate secondary recovery operations in the West Corbin-Delaware Pool (being the subject of companion Case No. 11208).

(5) The "Unitized Formation or Interval", although not finalized at this time should essentially include the corresponding interval known as the West Corbin-Delaware Pool or a portion thereof.

(6) At the time of the hearing Meridian had obtained preliminary approval of the East Corbin Delaware Unit from the Commissioner of Public Lands for the State of New Mexico.

(7) No interested party appeared and objected to the proposed unit agreement.

(8) 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.

(9) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) The application of Meridian Oil, Inc. ("Meridian") for the East Corbin Delaware Unit Agreement and Area comprising 760 acres, more or less, of State (360 acres, 47.37%) and Federal (400 acres, 52.63%) lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof, for the purpose of establishing a secondary recovery project is hereby approved.

(2) The "Unitized Formation or Interval", although not finalized at this time shall include that interval known as the West Corbin-Delaware Pool or a portion thereof.

(3) 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, 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 unit and production of oil and gas therefrom.

(4) 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 by any other 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.

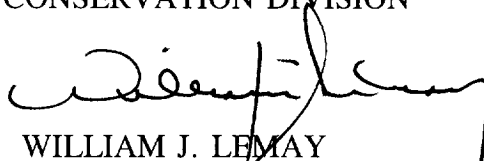
(5) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(6) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for 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.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

Exhibit "A"

CASE NO. 11207

DIVISION ORDER NO. R-10317

MERIDIAN OIL, INC.

EAST CORBIN DELAWARE UNIT AREA

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
LEA COUNTY, NEW MEXICO

Section 15: S/2 SW/4
Section 16: SW/4, NE/4 SE/4, and S/2 SE/4
Section 21: NE/4, N/2 NW/4, and SE/4 NW/4
Section 22: N/2 NW/4 and SW/4 NW/4.

Comprising a total of 760 acres, more or less, 400 acres which are Federal (52.63%) and the remaining 360 acres (47.37%) which are State.