

Entered April 4, 1978
[Signature]

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6183
Order No. R-5685

APPLICATION OF MESA PETROLEUM COMPANY
FOR APPROVAL OF THE NORTH SCHARB UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 22, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of April, 1978, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Mesa Petroleum Company, seeks
approval of the North Scharb Unit Agreement covering 1,911.24
acres, more or less, of State and Fee lands described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 29: S/2
Section 30: S/2
Sections 31 and 32: All

(3) That all plans of development and operation, creation,
expansions, or contractions of participating areas, or expansions
or contractions of the unit area should be submitted to the
Division Director of the Oil Conservation Division of the
New Mexico Energy and Minerals Department for approval.

(4) That 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:

(1) That the North Scharb Unit Agreement is hereby approved.

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(2) That 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) That 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; that in the event of subsequent joinder by 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) That 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 Oil Conservation Division Director for approval.

(5) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Division immediately in writing of such termination.

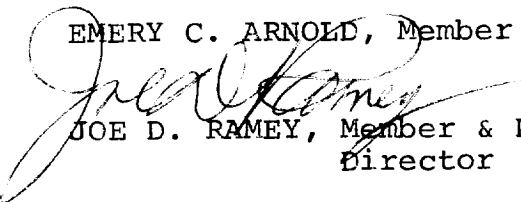
(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Division
Director

S E A L

jr/