

Entered January 7, 1982
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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. 7450
Order No. R-6872

APPLICATION OF KENAI OIL AND GAS
INC. FOR APPROVAL OF THE OJITOS UNIT
AGREEMENT, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 28, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of January, 1982, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Kenai Oil and Gas Inc., seeks approval of the Ojito Unit Agreement covering 6,114.94 acres, more or less, of Federal and Fee lands described as follows:

RIO ARRIBA COUNTY, NEW MEXICO

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM
Section 18: All

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 2: All
Section 3: E/2 and E/2 W/2
Section 10: E/2
Sections 11 and 12: All

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 27: SW/4

Section 28: W/2 and SE/4

Section 29: All

Section 30: E/2 E/2

Sections 33 and 34: All

(3) That 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) 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 Ojito Unit Agreement is hereby approved.

(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 Director of the Oil Conservation Division for approval.

(5) That this order shall become effective upon the approval of said unit agreement by the Director of the United States Geological Survey; that this order shall terminate ipso

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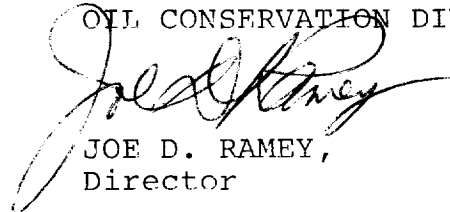
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facto upon the termination of said unit agreement; and that the last unit operator shall notify the Division immediately in writing of such termination.

(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 DIVISION



JOE D. RAMEY,
Director

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