

**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. 13782  
ORDER NO. R-12636**

**APPLICATION OF PURVIS OPERATING COMPANY FOR A UNIT  
AGREEMENT, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came for hearing on September 14, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 19<sup>th</sup> day of September, 2006, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Oil Conservation Division ("Division") has jurisdiction of this case and its subject matter.

(2) The applicant, Purvis Operating Company ("Purvis" or "Applicant"), seeks approval of its Oil Rock State Fee Unit Agreement for all oil and gas in all formations underlying the following-described 1926.21 acres, more or less, of State of New Mexico and Fee lands situated in Lea County, New Mexico:

**TOWNSHIP 15 SOUTH. RANGE 35 EAST. NMPM**

Section 6: Lots 1, 2, S/2 NE/4, and SE/4 (E/2)  
Section 7: E/2  
Section 8: All  
Section 17: All

(3) The Applicant presented testimony by affidavit as follows.

(a) The State Land Office has given preliminary approval for this Unit and ratifications are being sought from other owners.

(b) The initial well will be drilled at a standard location 1320 feet from the North line and 660 feet from the East line of Section 7, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, and to an approximate depth of 13,500 feet.

(c) The primary target for this initial well will be the Morrow formation, with other possible targets within this voluntary unit located in the Pennsylvanian, the upper Mississippian (Austin formation), and the Devonian.

(d) Purvis is attempting to locate high-risk channel sands in the Morrow and has the need to form a unit in order to locate wells in areas with multiple pay possibilities.

(4) No other party appeared at the hearing or otherwise opposed this application.

(5) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(6) The approval of the proposed unit agreement will serve to prevent waste and protect correlative rights within the lands assigned to the unit area.

**IT IS THEREFORE ORDERED THAT:**

(1) The Oil Rock State Fee Unit Agreement executed by Purvis Operating Company is hereby approved for all oil and gas in all formations underlying the following-described 1926.21 acres, more or less, of State of New Mexico and Fee lands situated in Lea County, New Mexico:

**TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM**

Section 6: Lots 1, 2, S/2 NE/4, and SE/4 (E/2)

Section 7: E/2

Section 8: All

Section 17: All

(2) The plan contained in the Oil Rock State Fee Unit Agreement for the development and operation of the above-described unit area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that 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.

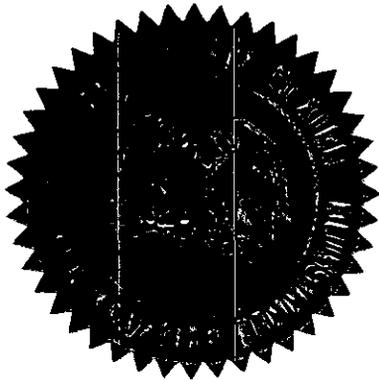
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the New Mexico State Land Office. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case 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.



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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.  
Director