

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. 11522
ORDER NO. R-10599

**APPLICATION OF PHILLIPS PETROLEUM COMPANY 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 May 2, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ~~10th~~ day of May, 1996, 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. 11522 and 11523 were consolidated for the purpose of testimony.
- (3) The applicant, Phillips Petroleum Company ("Phillips"), seeks approval of the State-35 Unit Agreement for an area comprising 560 acres, more or less, of State lands in Lea County, New Mexico, described as follows and hereinafter referred to as the "Unit Area":

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 35: N/2, E/2 SW/4, and SE/4.

- (4) The "Unitized Formation", as described within the State-35 Unit Agreement, should comprise the stratigraphic interval underlying the Unit Area in the Vacuum-Grayburg-San Andres Pool that extends from a measured depth of 4,000 feet (+

21 feet sub-sea datum) to 4,950 feet (-929 feet sub-sea datum), both depths as identified on the Lane Wells Acoustic Log, dated March 12, 1964, for the Phillips M. E. Hale Well No. 8 (**API No. 30-025-20780**), located 660 feet from the South line and 560 feet from the East line (Unit P) of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(5) Within the State-35 Unit Area, the applicant proposes to initiate an enhanced oil recovery project for the tertiary recovery of oil and gas from that portion of the Vacuum-Grayburg-San Andres Pool designated the Unitized Formation within the Unitized Area (being the subject of companion Case No. 11523).

(6) At the time of the hearing Phillips had obtained preliminary approval of the State-35 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 Phillips Petroleum Company ("Phillips") for the State-35 Unit Agreement and Area comprising 560 acres, more or less, of State lands in Lea County, New Mexico, described as follows and hereinafter referred to as the "Unit Area", for the purpose of establishing an enhanced oil recovery project is hereby approved:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 35: N/2, E/2 SW/4, and SE/4.

(2) The "Unitized Formation or Interval" shall include that stratigraphic interval underlying the Unit Area in the Vacuum-Grayburg-San Andres Pool that extends from a measured depth of 4,000 feet (+ 21 feet sub-sea datum) to 4,950 feet (-929 feet sub-sea datum), both depths as identified on the Lane Wells Acoustic Log, dated March 12, 1964, for the Phillips M. E. Hale Well No. 8 (**API No. 30-025-20780**), located 660 feet from the South line and 560 feet from the East line (Unit P) of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(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.

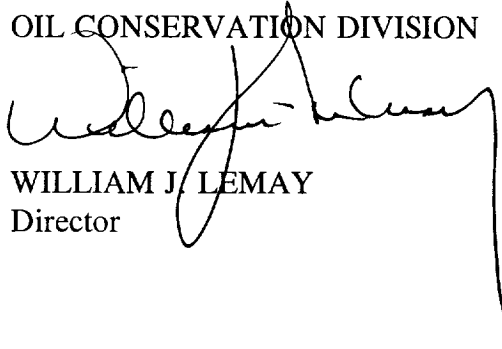
(5) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(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; 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

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