

Entered October 21, 1975



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. 5563
Order No. R-5107

APPLICATION OF LLANO, INC. FOR
APPROVAL OF THE LUSK STRAWN DEEP
UNIT AGREEMENT, LEA AND EDDY
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 8, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of October, 1975, 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, Llano, Inc., seeks approval of the Lusk Strawn Deep Unit Agreement covering 20,863.88 acres, more or less, of State and Federal lands in Eddy and Lea Counties, New Mexico, described as follows:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 31: S/2, NE/4, and E/2 NW/4

Section 32: W/2 and W/2 SE/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 1: SW/4, E/2 E/2, and SW/4 SE/4

Section 2: S/2 and S/2 N/2

Section 3: E/2 SE/4 and SW/4 SE/4

Section 10: E/2, E/2 NW/4, and NE/4 SW/4

Sections 11, 12, 13, and 14: All

Section 15: E/2

Section 21: S/2 SE/4 and SE/4 SW/4

Section 22: E/2, SW/4, and SE/4 NW/4

Sections 23, 24, and 25: All

Section 26: N/2, N/2 S/2, and SW/4 SW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM, con'd

Section 27: N/2
Section 28: All
Section 29: E/2 SE/4
Section 32: NE/4 NE/4
Section 33: NW/4, N/2 SW/4, and SE/4 SW/4
Section 36: NE/4 and NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 4: W/2 SW/4
Section 5: W/2, SE/4, W/2 NE/4 and SE/4 NE/4
Sections 6, 7, and 8: All
Section 9: NW/4 NW/4 and SW/4 SW/4
Section 16: W/2, W/2 SE/4, and SW/4 NE/4
Sections 17, 18, 19, and 20: All
Section 21: W/2, SE/4, W/2 NE/4, and SE/4 NE/4
Section 22: SW/4, W/2 SE/4, and SE/4 SE/4
Section 27: W/2, N/2 NE/4, SW/4 NE/4, and NW/4 SE/4
Sections 28, 29, and 30: All
Section 31: E/2, NW/4, E/2 SW/4, and NW/4 SW/4
Section 32: All
Section 33: W/2, N/2 NE/4, SW/4 NE/4, and NW/4 SE/4

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM

Section 4: NW/4 NW/4
Section 5: N/2 N/2
Section 6: N/2 NE/4

(3) 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 Lusk Strawn Deep 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

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(3) That the unit operator shall file with the Commission 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 Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

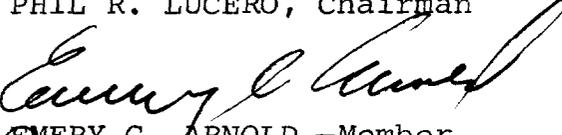
(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that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

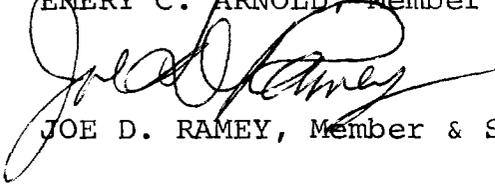
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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 & Secretary

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