

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1448
Order No. R-1194

THE APPLICATION OF AMBASSADOR OIL
CORPORATION FOR THE APPROVAL OF THE
NORTH CAPROCK QUEEN UNIT AGREEMENT
NO. 2 EMBRACING 1808 ACRES, MORE OR
LESS, LOCATED IN TOWNSHIP 13 SOUTH,
RANGE 31 AND 32 EAST, NMPM, CHAVES
AND LEA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 28, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th day of June, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, 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 proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That this order shall be known as the

NORTH CAPROCK QUEEN UNIT AGREEMENT NO. 2 ORDER

(2) (a) That the project herein referred to shall be known as the North Caprock Queen Unit Agreement No. 2 and shall hereinafter be referred to as the "Project."

(b) That the Plan by which the project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the North Caprock Queen Unit No. 2 Area, referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the North Caprock Queen Unit Agreement No. 2 Plan.

(3) (a) That the North Caprock Queen Unit Agreement No. 2 Plan shall be, and hereby is, 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, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said North Caprock Queen Unit Agreement No. 2 or relative to the production of oil and gas therefrom.

(b) That the unit operator periodically shall file with the Commission a North Caprock Queen Unit No. 2 Statement of Progress, summarizing operations for the exploration and development of any lands committed to said North Caprock Queen Unit Agreement No. 2. This statement of progress shall be filed within 30 days after the expiration of each six-months period during the term of the unit agreement, and shall contain such pertinent data as may be necessary for the Commission to determine the progress being made in the North Caprock Queen Unit No. 2 Area.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 13 SOUTH, RANGE 31 EAST

Section 1: Lots 1 and 2; S/2 NE/4, SE/4 NW/4,
and S/2

Section 2: SE/4 SE/4

Section 11: NE/4 SW/4, S/2 SW/4, and E/2

Section 12: All

TOWNSHIP 13 SOUTH, RANGE 32 EAST

Section 7: Lots 1, 2, 3, and 4

containing 1808 acres more or less.

(b) The unit area may be enlarged or contracted as provided in said Plan.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the North Caprock Queen Unit Agreement No. 2 within 30 days after the effective date thereof.

(6) That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

(7) 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 shall terminate ipso facto upon the

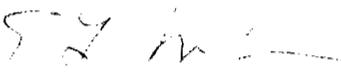
-3-

Case No. 1448
Order No. R-1194

termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary



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