

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

CASE NO. 13042

APPLICATION OF ENERQUEST RESOURCES, L.L.C.
FOR STATUTORY UNITIZATION, LEA COUNTY,
NEW MEXICO.

ORDER NO. R-11980-B

SUPPLEMENTAL ORDER OF
THE OIL CONSERVATION DIVISION

BY THE DIVISION:

This *case* was referred for consideration by Examiner William V. Jones on the request of EnerQuest Resources, L.L.C. for approval of consents to unitization.

NOW, on this 27th day of February, 2004, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) The Division has jurisdiction of this case and the **subject** matter.

(2) Oil Conservation Commission Order No. R-11980-A, entered on November 14, 2003, approved the application of EnerQuest Resources, L.L.C. for unitization of the East-Hobbs San Andres Unit Area pursuant to the Statutory Unitization Act, NMSA 1978, §§ 70-7-1 through 70-7-21, as amended.

(3) Order paragraph 5 of Order No. R-11980-A provides:

"This order shall not become effective unless and until the plan for unit operations prescribed hereby has been approved in writing by the owners of at least seventy-five percent of the production proceeds thereof that will be credited to interests which are free of costs, such as royalties, overriding royalties and productions payments, and the Division has made a finding in a supplemental order that the plan for unit operations has been so approved. When persons owning the required percentage of interest in the Unit Area have approved the plan for unit operations, the interests of all persons in the Unitized Formation as to the Unit Area are

unitized whether or not such persons have approved the plan of unitization."

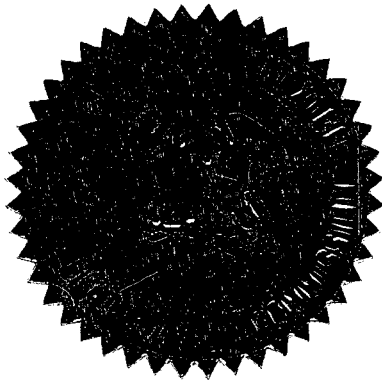
(4) On February 9, 2004, EnerQuest Resources, *L.L.C.* filed an affidavit with attached copies of ratifications approving the plan for unit operations by the owners of more than seventy-five percent of the working interest in the Unit Area and from the owners of more than seventy-five percent of the production proceeds that will be credited to interests that are free of costs in the East Hobbs San **Andres** Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) All ratification provisions of the New Mexico Statutory Unitization Act, NMSA 1978, §§ 70-7-1 through 70-7-21, as amended, and Commission Order No. R-11980-A have been fully complied with and the interests of all persons in the Unitized Formation in the Unit Area are unitized whether or not such persons have approved the plan of unitization.

(2) 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director