

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. 11314
ORDER NO. R-10416

APPLICATION OF SANTA FE ENERGY RESOURCES, INC. FOR A UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 29, 1995, in Hobbs, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of July, 1995, 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) The applicant, Santa Fe Energy Resources, Inc., seeks approval of the Corral Fly (State) Unit Agreement and Area for all oil and gas in any and all formations underlying 2,238.88 acres, more or less, of State lands in Eddy County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(3) At the time of the hearing the applicant requested the proposed unit be renamed from the "*Corral Canyon State Unit*", as originally advertised, to the "*Corral Fly (State) Unit*".

(4) No interested party appeared at the hearing and objected to the formation of the proposed unit or to the proposed name change.

(5) 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.

(6) 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 Corral Fly (State) Unit Agreement, executed by Santa Fe Energy Resources, Inc., is hereby approved for all oil and gas in any and all formations underlying 2,238.88 acres, more or less, of State lands in Eddy County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(2) 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.

(3) 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.

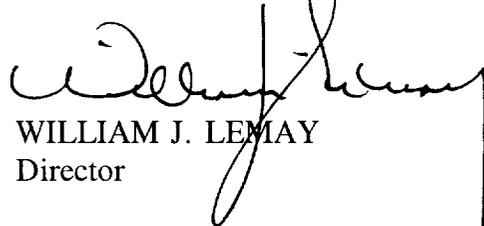
(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) 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.

(6) Jurisdiction of this cause 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
CASE NO. 11314
ORDER NO. R-10416
CORRAL FLY (STATE) UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 36: S/2

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Sections 1 and 2: All

Section 12: All.