STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8427
Order No. R-7793

APPLICATION OF McCLELLAN OIL
CORPORATION FOR A UNIT AGREEMENT,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 19, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this ___23rd___ day of January, 1985, the Division Director, having considered the testimony, 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, McClellan Oil Corporation, seeks approval of the Flying "H" Unit Agreement covering 18,301.69 acres, more or less, of State, Federal and Fee lands as described in Exhibit "A" attached hereto and made a part hereof.

(3) 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.

(4) 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 THAT:

(1)   The Flying "H" Unit Agreement covering 18,301.69 acres, more or less, of State, Federal and Fee lands as described in Exhibit "A" is hereby approved.

(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, 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 Division to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or 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; 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 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 and contractions thereof, and all 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 and the Director of the appropriate agency of the United States Department of the Interior; that this order shall terminate _ipso_ _facto_ upon the termination of said unit agreement; and that 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.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

S E A L

<u>CHAVES COUNTY, NEW MEXICO</u>

<u>TOWNSHIP 14 SOUTH, RANGE 19 EAST, NMPM</u>
Sections 21 through 23: All
Sections 26 through 28: All
Sections 33 through 35: All

<u>TOWNSHIP 15 SOUTH, RANGE 19 EAST, NMPM</u>
Sections 1 through 3: All
Sections 10 through 15: All
Sections 22 through 27: All

<u>TOWNSHIP 15 SOUTH, RANGE 20 EAST, NMPM</u>
Section 17: W/2
Sections 18 and 19: All
Section 20: W/2
Section 29: W/2
Section 30: All

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EXHIBIT "A"