

**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. 15117
ORDER NO. R-13826**

**APPLICATION OF HUNTINGTON ENERGY, L.L.C. FOR APPROVAL OF A
FEDERAL EXPLORATORY UNIT, WHICH INCLUDES MINERALS OWNED BY
THE STATE OF NEW MEXICO, AS TO THE BASIN-FRUITLAND COAL GAS
POOL, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 am on May 1, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 6th day of May, 2014, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Huntington Energy, L.L.C. ("Huntington" or "Applicant"), seeks approval of its A'tsa' Federal Exploratory Unit Agreement (the "Unit Agreement") for all oil and gas in the Fruitland Coal formation underlying the following-described 14,545.28 acres, more or less, of Federal and State of New Mexico lands situated in San Juan County, New Mexico (the "Unit Area"):

Township 24 North, Range 13 West, NMPM

Section 3:	Lots 1 to 4, inclusive; S/2 N/2; S/2 (All)
Section 4:	Lots 1 to 4, inclusive; S/2 N/2; S/2 (All)
Section 5:	Lots 1 to 4, inclusive; S/2 N/2; S/2 (All)

Section 6: Lots 1 to 7, inclusive; S/2 NE/4; SE/4 NW/4; E/2 SW/4;
SE/4 (All)
Section 7: Lots 1 to 4, inclusive; E/2; E/2 W/2 (All)
Section 8: All
Section 9: All
Section 10: All

Township 25 North, Range 13 West, NMPM

Section 5: Lots 1 to 9, inclusive; S/2 N/2; S/2 (All)
Section 8: All
Section 9: All
Section 16: All
Section 17: All
Section 19: Lots 1 to 12, inclusive; E/2 (All)
Section 20: All
Section 21: All
Section 28: All
Section 29: All
Section 30: Lots 1 to 12, inclusive; E/2 (All)
Section 31: Lots 1 to 12, inclusive; E/2 (All)
Section 32: All
Section 33: All
Section 34: All

(3) Applicant appeared at the hearing through counsel and presented testimony that demonstrates that:

(a) The Unit Agreement has been approved by a sufficient percentage of interest owners within the proposed Unit Area to provide Applicant with effective control of Unit's operations.

(b) Four and four-tenths percent (4.4%) of the royalty interest within the Unit Area is owned by the State of the New Mexico while the remaining ninety-five and six-tenths percent (95.6%) of the royalty interest is Federal.

(c) The Commissioner of Public Lands and the United States Bureau of Land Management have given preliminary approval for this unit.

(d) The initial well is to be located in the NE/4 of Section 17, Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico.

(e) The primary target for the Unit Area is the Basin Fruitland Coal formation.

(f) Huntington plans to drill additional wells to develop the unit if the initial well is successful.

(4) No other party appeared at the hearing or otherwise opposed this application.

(5) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formation under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(6) The approval of the proposed Unit Agreement should serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) The A'tsa' Federal Exploratory Unit Agreement executed by Huntington is hereby approved for all oil and gas in the Fruitland Coal formation underlying the following-described 14,545.28 acres, more or less, of Federal and State of New Mexico lands situated in San Juan County, New Mexico:

Township 24 North, Range 13 West, NMPM

Section 3: Lots 1 to 4, inclusive; S/2 N/2; S/2 (All)
Section 4: Lots 1 to 4, inclusive; S/2 N/2; S/2 (All)
Section 5: Lots 1 to 4, inclusive; S/2 N/2; S/2 (All)
Section 6: Lots 1 to 7, inclusive; S/2 NE/4; SE/4 NW/4; E/2 SW/4;
SE/4 (All)
Section 7: Lots 1 to 4, inclusive; E/2; E/2 W/2 (All)
Section 8: All
Section 9: All
Section 10: All

Township 25 North, Range 13 West, NMPM

Section 5: Lots 1 to 9, inclusive; S/2 N/2; S/2 (All)
Section 8: All
Section 9: All
Section 16: All
Section 17: All
Section 19: Lots 1 to 12, inclusive; E/2 (All)
Section 20: All
Section 21: All
Section 28: All
Section 29: All
Section 30: Lots 1 to 12, inclusive; E/2 (All)

Section 31: Lots 1 to 12, inclusive; E/2 (All)
Section 32: All
Section 33: All
Section 34: All

(2) The plan contained in the A'tsa' Federal Exploratory Unit Agreement for the exploration, development and operation of the above-described unit area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that 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.

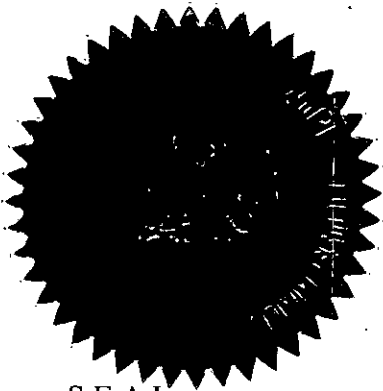
(3) The unit operator shall file with the Division an executed original or executed counterpart of the Unit Agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the Unit Area, the unit operator shall file with the Division, within 30 days thereafter, copies of the Unit Agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the Unit Agreement by the New Mexico State Land Office and the United States Bureau of Land Management. This order shall terminate upon the termination of the Unit Agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JAMI BAILEY
Director