

**PAUL BACA PROFESSIONAL COURT REPORTERS**

# **OIL CONSERVATION DIVISION**

## **EXHIBIT**

### **8**

## ARTICLE 7

### Statutory Unitization Act

#### Section

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#### 70-7-1. Purpose of act.

The legislature finds and determines that it is desirable and necessary under the circumstances and for the purposes hereinafter set out to authorize and provide for the unitized management, operation and further development of the oil and gas properties to which the Statutory Unitization Act [70-7-1 to 70-7-21 NMSA 1978] is applicable, to the end that greater ultimate recovery may be had therefrom, waste prevented, and correlative rights protected of all owners of mineral interests in each unitized area. It is the intention of the legislature that the Statutory Unitization Act apply to any type of operation that will substantially increase the recovery of oil above the amount that would be recovered by primary recovery alone and not to what the industry understands as exploratory units.

**History:** 1953 Comp., § 65-14-1, enacted by Laws 1975, ch. 293, § 1.

### ANNOTATION

**Law reviews.** — For article, "On an Institutional Arrangement for Developing Oil and Gas in the Gulf of Mexico", see 26 Nat. Resources J. 717 (1986).

or not such persons have approved the plan of unitization in writing.

**History:** 1953 Comp., § 65-14-8, enacted by Laws 1975, ch. 293, § 8; 1977, ch. 255, § 114.

#### → **70-7-9. Amendment of plan of unitization.**

An order providing for unit operations may be amended by an order made by the division in the same manner and subject to the same conditions as an original order providing for unit operations, provided:

A. if such an amendment affects only the rights and interests of the working interest owners, the approval of the amendment by the royalty owners shall not be required; and

B. no such amendment shall change the percentage for the allocation of oil and gas as established for any separately owned tract by the original order, except with the consent of all working interest owners and royalty owners in such tract, or change the percentage for the allocation of costs as established for any separately owned tract by the original order, except with the consent of all working interest owners in such tract.

**History:** 1953 Comp., § 65-14-9, enacted by Laws 1975, ch. 293, § 9; 1977, ch. 255, § 115.

#### → **70-7-10. Previously established units.**

The division, by order, may provide for the unit operation of a pool or parts thereof that embrace a unit area established by a previous order of the division. Such order, in providing for the allocation of unit production, shall first treat the unit area previously established as a single tract, and the portion of the unit production allocated thereto shall then be allocated among the separately owned tracts included in such previously established unit area in the same proportions as those specified in the previous order.

**History:** 1953 Comp., § 65-14-10, enacted by Laws 1975, ch. 293, § 10; 1977, ch. 255, § 116.

#### **70-7-11. Unit operations of less than an entire pool.**

An order may provide for unit operation on less than the whole of a pool where the unit area is of such size and shape as may be reasonably suitable for that purpose, and the conduct thereof will have no adverse effect upon other portions of the pool.

**History:** 1953 Comp., § 65-14-11, enacted by Laws 1975, ch. 293, § 11.

**Am. Jur. 2d, A.L.R. and C.J.S. references.** — 38 Am. Jur. 2d Gas and Oil §§ 164, 172.

#### **70-7-12. Operation; expressed or implied covenants.**

All operations, including but not limited to, the commencement, drilling or operation of a well upon any portion of the unit area shall be deemed for all purposes the conduct of such