

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1173
Order No. R-922

THE APPLICATION OF SKELLY OIL
COMPANY FOR THE APPROVAL OF ITS
SOMBRERO UNIT AGREEMENT EMBRACING
640 ACRES, MORE OR LESS, LOCATED
IN TOWNSHIP 16 SOUTH, RANGE 33
EAST, NMPM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock a.m.
on November 13, 1956 at Santa Fe, New Mexico, before the Oil
Conservation Commission of New Mexico, hereinafter referred to as
the "Commission".

NOW, on this 27th day of November, 1956, the Commission,
a quorum being present, having considered the evidence adduced, and
being fully advised in the premises,

FINDS:

(1) That due public notice having been given as
required by law, the Commission has jurisdiction of this cause
and the subject matter thereof.

(2) That the proposed unit plan will in principle
tend to promote the conservation of oil and gas and the prevention
of waste.

IT IS THEREFORE ORDERED:

1. That this order shall be known as the

SOMBRERO UNIT AGREEMENT ORDER

2. (a) That the project herein referred to shall be
known as the Sombrero Unit Agreement and shall hereinafter be
referred to as the "Project."

(b) That the Plan by which the project shall be
operated shall be embraced in the form of a unit agreement for the
development and operation of the Sombrero Unit Area, referred to in
the Petitioner's petition and filed with said petition, and such

plan shall be known as the Sombrero Unit Agreement Plan.

3. That the Sombrero Unit Agreement Plan shall be, and hereby is, 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, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Sombrero Unit Agreement, or relative to the production of oil and gas therefrom.

4. (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 16 SOUTH, RANGE 33 EAST

Section 11: E/2

Section 12: W/2

all in Lea County, New Mexico, containing 640 acres more or less.

(b) The unit area may be enlarged or contracted as provided in said Plan.

5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Sombrero Unit Agreement within 30 days after the effective date thereof.

6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

7. That 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 shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JOHN F. SIMMS, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary

