

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. 8387
Order No. R-7801

APPLICATION OF INEXCO OIL COMPANY
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 8th day of February, 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, Inexco Oil Company, seeks approval of the Arroyo Del Macho Unit Agreement for all oil and gas in any and all formations underlying those lands 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 Arroyo Del Macho Unit Agreement is hereby approved for all oil and gas in any and all formations

underlying those lands 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, 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; 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; this order shall terminate ipso facto upon the termination of said unit agreement; 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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS,
Director

EXHIBIT "A"
Order No. R-7801

ARROYO DEL MACHO UNIT

CHAVES COUNTY, NEW MEXICO

TOWNSHIP 4 SOUTH, RANGE 21 EAST, NMPM

Section 4: S/2
Sections 9 and 10: All
Section 11: W/2
Section 14: W/2
Sections 15 and 16: All
Sections 22 through 26: All
Section 27: E/2
Sections 35 and 36: All

TOWNSHIP 5 SOUTH, RANGE 21 EAST, NMPM

Section 1: All
Section 2: Lots 1 and 2, S/2 NE/4 and SE/4
Sections 12 and 13: All
Sections 24 and 25: All

TOWNSHIP 5 SOUTH, RANGE 22 EAST, NMPM

Sections 5 through 8: All
Sections 17 through 21: All
Sections 27 through 34: All

TOWNSHIP 6 SOUTH, RANGE 22 EAST, NMPM

Section 1: All
Section 12: All

comprising 24,574.69 acres, more or less, of State, Federal and Fee lands.