

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. 9477
Order No. R-8750

APPLICATION OF MURPHY OPERATING
CORPORATION FOR A UNIT AGREEMENT,
CHAVES AND ROOSEVELT COUNTIES, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 14, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of September, 1988, 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) Division Case Nos. 9477 and 9478 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Murphy Operating Corporation, seeks approval of the Haley Chaveroo San Andres Unit Agreement for all oil and gas in the San Andres formation from a depth of approximately 4158 feet to approximately 4470 feet (or the correlative stratigraphic interval) as found on the Gamma Ray/Bulk Density Log run on the Murphy Operating Corporation Hobbs "T" Well No. 15 located 990 feet from the South line

and 1980 feet from the East line (Unit O) of Section 34, Township 7 South, Range 33 East, NMPM, Roosevelt County, New Mexico, and comprising 1840.70 acres, more or less, of State lands underlying the following described area:

ROOSEVELT COUNTY, NEW MEXICO
TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 33: All
Section 34: All

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 3: Lots 1, 2, 3, and 4,
S/2 N/2, N/2 SW/4, SE/4 SW/4,
W/2 SE/4, and SE/4 SE/4

(4) 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.

(5) 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 Haley Chaveroo San Andres Unit Agreement is hereby approved for all oil and gas in the San Andres formation from a depth of approximately 4158 feet to approximately 4470 feet (or the correlative stratigraphic interval) as found on the Gamma Ray/Bulk Density Log run on the Murphy Operating Corporation Hobbs "T" Well No. 15 located 990 feet from the South line and 1980 feet from the East line (Unit O) of Section 34, Township 7 South, Range 33 East, NMPM, Roosevelt County, New Mexico, and comprising 1840.70 acres, more or less, of State lands underlying the following described area:

ROOSEVELT COUNTY, NEW MEXICO
TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 33: All
Section 34: All

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 3: Lots 1, 2, 3, and 4,
S/2 N/2, N/2 SW/4, SE/4 SW/4,
W/2 SE/4, and SE/4 SE/4

(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, 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.

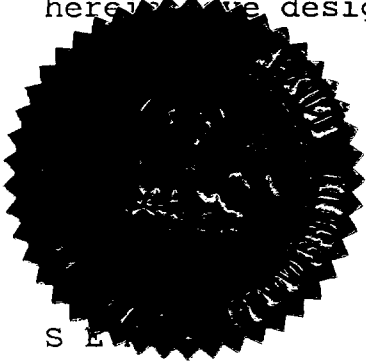
(4) All plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(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; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

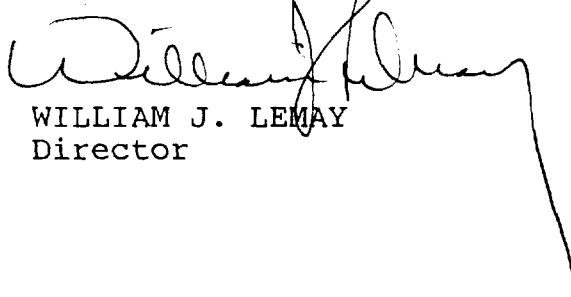
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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