

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. 9734
Order No. R-8996

APPLICATION OF DEVON ENERGY
CORPORATION (NEVADA) FOR A UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of September, 1989, 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. 9734 and 9735 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Devon Energy Corporation (Nevada), seeks approval of the Etz State Unit Area for all oil and gas in the interval comprising the Grayburg formation, the vertical limits of which extend from an upper limit at the top of the Grayburg formation, the geologic marker having been previously found to occur at 2,474 feet to a lower limit at the base of the Grayburg at 2770 feet as found in the Acoustilog measured from a kelly bushing elevation of 3,673 feet run November 25, 1972 on the Devon Energy Corporation (Nevada) Etz State Well No. 23 located 990 feet

from the South line and 1650 feet from the West line (Unit N) of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, underlying the following described 640 acres, more or less, of State and Federal lands in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 16: SE/4, S/2 NE/4, NW/4, E/2 SW/4,
and NW/4 SW/4
Section 17: N/2 NE/4 and SE/4 NE/4

(4) No interested party appeared and objected to the proposed unit agreement.

(5) 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.

(6) 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 Etz State Unit Area is hereby approved for all oil and gas in the interval comprising the Grayburg formation, the vertical limits of which extend from an upper limit at the top of the Grayburg formation, the geologic marker having been previously found to occur at 2,474 feet to a lower limit at the base of the Grayburg formation at 2,770 feet as found in the Acoustilog measured from a kelly bushing elevation of 3,673 feet run November 25, 1972 on the Devon Energy Corporation (Nevada) Etz State Well No. 23 located 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico underlying the following described 640 acres, more or less, of State and Federal lands in Eddy County, New Mexico:

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TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 16: SE/4, S/2 NE/4, NW/4, E/2 SW/4,
and NW/4 SW/4
Section 17: N/2 NE/4 and SE/4 NE/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, 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.

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(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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director