

IT IS THEREFORE ORDERED THAT:

(1) The Marigold Unit Agreement is hereby approved for all oil and gas in any and all formations underlying the SW/4 SE/4 of Section 6 and the NW/4 NE/4 of Section 7, both in Township 12 South, Range 38 East, NMPM, Lea County, New Mexico, comprising some 80 acres of Federal and Fee lands.

(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 unit and production of oil and 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 other 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 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 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; and the last unit operator shall notify the Division immediately in writing of such termination.

→ (6) The applicant is further authorized to drill its Kinsolving "7" Well No. 2 at an unorthodox oil well location 100 feet from the North line and 2075 feet from the East line (Unit B) of Section 7, to test the Devonian formation, Gladiola-Devonian Pool.

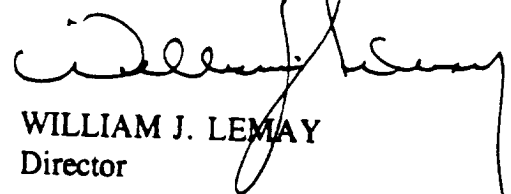
(7) The NW/4 NE/4 of Section 7 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(8) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

4/11/74