

**Case No. 10761**  
**Order No. R-9985**  
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(10) The applicant therefore has made a good faith effort to secure voluntary unitization within the above-described Unit Area.

(11) The applicant proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquefiable hydrocarbons within and to be produced from the proposed unit area (being the subject of Division Case No. 10762).

(12) The unitized management, operation and further development of the Querecho Plains Bone Spring Sand Unit Waterflood Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil and gas from the unitized portion of the pool.

(13) The proposed unitized method of operation as applied to the Querecho Plains Bone Spring Sand Unit Waterflood Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized portion of the pool than would otherwise be recovered without unitization.

(14) The estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus a reasonable profit.

(15) Such unitization and adoption of applicant's proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Querecho Plains Bone Spring Sand Unit Waterflood Area.

(16) The granting of the application in this case will have no adverse effect upon the Querecho Plains-Upper Bone Spring Pool.

(17) The applicant's Exhibit Nos. 2 and 8 in this case, being the Unit Agreement, as amended, and the Unit Operating Agreement should be incorporated by reference into this order.

(18) The Querecho Plains Bone Spring Sand Unit Agreement and the Querecho Plains Bone Spring Sand Unit Operating Agreement provide for unitization and unit operation of the Querecho Plains Bone Spring Sand Unit Waterflood Area upon terms and conditions that are fair, reasonable and equitable, and include:

- (a) an allocation to the separately owned tracts of the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;