

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Case 500

APPLICATION FOR APPROVAL OF EAST TEXAS HILL UNIT AGREEMENT,
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the undersigned, the CONTINENTAL OIL COMPANY, a corporation with offices at Fort Worth, Texas, and files herewith three copies of a proposed Unit Agreement for the development and operation of the East Texas Hill Unit Area, Eddy County, New Mexico, and hereby makes application for the approval of said Unit Agreement by the New Mexico Oil Conservation Commission as provided by law, and in support thereof shows:

1. That the proposed unit area covered by said agreement embraces 26,921 78 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 21 S., R. 21 E.

Secs. 20 to 28, (incl.): All
Sec. 29: $N\frac{1}{2}$, $N\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$
Sec. 33: $NE\frac{1}{4}$, $N\frac{1}{2}NW\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$
Secs. 34, 35 and 36: All

T. 21 S., R. 22 E.

Secs. 29 to 32, (incl.): All
Sec. 33: $SW\frac{1}{4}$

T. 22 S., R. 21 E.

Secs. 1 and 2: All
Sec. 3: Lots 1 and 2, $S\frac{1}{2}NE\frac{1}{4}$, Lots 3 and 4, $SE\frac{1}{4}NW\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$
Sec. 10: $NE\frac{1}{4}NE\frac{1}{4}$
Sec. 11: $N\frac{1}{2}$, $E\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}$
Secs. 12 and 13: All
Sec. 14: $NE\frac{1}{4}$, $NE\frac{1}{4}SE\frac{1}{4}$
Sec. 24: $NE\frac{1}{4}$, $NE\frac{1}{4}NW\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$

T. 22 S., R. 22 E.

Sec. 4: $NW\frac{1}{4}$ and $S\frac{1}{2}$
Secs. 5 to 9 (incl.): All
Sec. 10: $W\frac{1}{2}$
Sec. 15: $W\frac{1}{2}$
Secs. 16 to 21 (incl.): All
Sec. 22: $NW\frac{1}{4}$ and $W\frac{1}{2}SW\frac{1}{4}$
Secs. 28 to 33 (incl.): All

That of the above described land 23,101.56 acres or 85.81% are Federal lands or part of the Public Domain, and 3,740.22 acres or 13.89% are lands of the State of New Mexico, and 80 acres or 30% are fee or privately owned lands.

2. That said area has heretofore been designated by the Director of the United States Geological Survey as an area suitable and proper for unitization, a copy of the letter so designating said area being attached hereto, made a part hereto, and for purposes of identification marked Exhibit "A".

That there is also attached hereto, made a part hereto, and for purposes of identification marked Exhibit "B", a geological report prepared by applicant showing the result of a seismographic survey made of the area, which applicant requests be treated as confidential.

3. That applicant believes and upon such information and belief states that the proposed unit area covers substantially all of the geological feature involved, and in the event of the discovery of oil or gas thereon, that said Unit Agreement will afford effective control of the entire structure.

4. That the Continental Oil Company, a corporation, is designated as Unit Operator in said Unit Agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas subject to all applicable laws and regulations. That said Unit Agreement provides for the commencement of a test well for oil and gas upon some part of the lands embraced in the unit area within six months from the effective date thereof and for the drilling of said well with due diligence until the Ellenberger formation has been tested, however, Operator is not required to drill said well to a depth in excess of 11,000 feet.

5. That said Unit Agreement is in substantially the same form as Unit Agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission. It is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area that the field or area can be developed more economically and efficiently under the terms of said agreement to the end that the maximum recovery may be obtained and that the agreement will be in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation statutes.

6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, an executed and approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said Unit Agreement as provided by the statutes of the State of New Mexico and the regulations of the New Mexico Oil Conservation Commission, and that upon said hearing said Unit Agreement be approved by the New Mexico Conservation Commission.

Dated this the 23 day of February 1953.

Respectfully submitted,
CONTINENTAL OIL COMPANY

By M. E. Frank