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March 4, 1971

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971 MAR 5 AM 11 21

Case 4576

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith application of Sun Oil Company for approval of the Pot Mesa Unit Agreement embracing lands in Township 20 North, Range 6 West, McKinley County.

We would appreciate your placing this matter on the docket for the examiner's hearing which we understand will be held on March 31.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By *Clarence E. Hinkle*

CEH:cs
Enc.

DECLINED TO FILE
Date 3-19-71

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

71 MAR 5 AM 11 21

APPLICATION OF SUN OIL COMPANY FOR
APPROVAL OF THE POT MESA UNIT AGREE-
MENT, MCKINLEY COUNTY, NEW MEXICO

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Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Sun Oil Company, with offices at Dallas and Midland, Texas, acting by and through the undersigned attorneys, and files herewith 3 copies of the proposed Unit Agreement for the Development and Operation of the Pot Mesa Unit Area, McKinley County, New Mexico, and hereby makes application for approval of said unit agreement as provided by law and the rules and regulations of the New Mexico Oil Conservation Commission, and in support thereof shows:

1. That the proposed unit area covered by said agreement embraces 8,422.88 acres, more or less, situated in McKinley County, New Mexico, more particularly described as follows:

Township 20 North, Range 6 West

- Section 2 - $W\frac{1}{2}$
- Section 3 - $NE\frac{1}{4}, S\frac{1}{2}$
- Section 7 - All
- Section 8 - All
- Section 9 - All
- Section 10 - All
- Section 11 - $W\frac{1}{2}$
- Section 15 - All
- Section 16 - All
- Section 17 - All
- Section 18 - All
- Section 19 - All
- Section 20 - All
- Section 21 - All
- Section 22 - $N\frac{1}{2}$

2. That the land embraced in the proposed unit area consists of 926.04 acres of lands of the State of New Mexico and 7,496.84 acres of federal lands.

3. That applicant is informed and believes and upon such information and belief states that the proposed unit area covers all or substantially all of the geological structure or feature involved and that in the event of the discovery of oil or gas thereon said unit agreement will permit the producing area to be developed and operated in the interests of conservation and the prevention of waste of unitized substances.

4. Sun Oil Company will be the operator of the unit area and it is proposed to drill an initial test well pursuant to the terms thereof to be located in the NE $\frac{1}{4}$ Section 19, Township 20 North, Range 6 West, and that said well is to be drilled to a depth sufficient to test the formations of Pennsylvanian age, but not to exceed a depth of 11,000 feet.

5. Applicant believes that in the event oil or gas in paying quantities is discovered on the lands within the unit area, the pool or field can be developed more economically and efficiently under the terms of said unit agreement, to the end that the maximum recovery of unitized substances will be obtained, and that said agreement is in the interest of conservation and the prevention of waste and will tend to protect correlative rights.

6. Upon an order being entered by the Oil Conservation approving said unit agreement and after approval thereof by the Commissioner of Public Lands and by the United States Geological Survey an approved copy of said unit agreement will be filed with the Commission.

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before the examiner on the matter of the approval of said unit agreement and upon said hearing the same be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste.

DATED this 1st day of March, 1971.

Respectfully submitted,

SUN OIL COMPANY

By


Member of the Firm of
HINKLE, BONDURANT, COX & EATON
Attorneys for Applicant
Box 10
Roswell, New Mexico 88201