

APPLICATION FOR APPROVAL OF
SAN JUAN 32-7 UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

Case 420

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Comes the undersigned, Phillips Petroleum Company, a Delaware corporation with an operating office at Bartlesville, Oklahoma, and files herewith three copies of a proposed Unit Agreement for the development and operation of the San Juan 32-7 Unit Area, San Juan County, New Mexico, and hereby makes application for the approval of said Agreement and Plan by the New Mexico Oil Conservation Commission as provided by law, and in support thereof shows:

1. That the Unit Area designated in said Unit Agreement covers all of the following described lands, to-wit:

New Mexico Principal Meridian:

Township 32 North, Range 7 West

Fractional Section 9: Lot 4, W/2 SW/4
Fractional Sections 7 & 8: All
Sections 17, 18, 19, 20, 21, 22, 27, 28, 29,
30, 31, 32, 33, 34, 35, 36: All
Section 16: W/2
Section 23: SW/4
Section 25: S/2
Section 26: W/2, SE/4

Township 32 North, Range 6 West

Section 31: Lots 2, 3, 4, SE/4 NW/4, E/2 SW/4,
S/2 SE/4

Township 31 North, Range 7 West

Fractional Sections 2, 3, 4, 5, 6: All
Sections 7, 8, 17, 18: All
Section 9: N/2
Section 10: N/2
Tracts 53, 54, 55

San Juan County, New Mexico, containing 17,828.51 acres,
more or less.

That 12,806.50 acres, or 71.83%, of the lands in said proposed Unit Area are lands of the United States and that 1,830.48 acres, or 10.27%, of the Unit Area are lands of the State of New Mexico and that 3,191.53 acres, or 17.9%, of the Unit Area are patented or fee lands. That the Unit Area is more particularly described by the plat and schedule of ownership attached to the said Unit Agreement and made a part thereof as Exhibits A and B, respectively.

2. That lands in the State of New Mexico within the Unit Area are leased for oil and gas and the lessees thereof have consented to the said Unit Agreement. Applicant believes that all of the owners of interests in lands within the Unit Area will agree within a reasonable time to commit the same to the Unit Agreement. That said Unit Agreement is an agreed plan for the development and operation of said Unit Area which will tend to promote the conservation of oil or gas, prevention of waste and that said plan is fair to the royalty owners in said Unit Area.

3. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by the Director of the United States Geological Survey as one proper for unitization and that all lands embraced therein are believed to be situated within the boundaries of the Blanco Gas Field.

4. That the undersigned, Phillips Petroleum Company, is designated as the Unit Operator in said Agreement and the Unit Operator is given the authority under the terms of said Agreement to carry on all operations which are necessary for the exploration and development of the Unit Area for oil and gas, subject to the regulations of the Secretary of the Interior, the Commissioner of Public Lands of the State of New Mexico, the New Mexico Oil Conservation Commission and the terms of the respective leases. That said Unit Agreement requires that within sixty (60) days from the effective date thereof the Unit Operator shall begin to drill an adequate test well to test the Mesa Verde Formation. That continuous operations with not more than thirty (30) days of elapsed time between wells are required to be conducted until a total of three (3) test wells to the Mesa Verde or production at a lesser depth have been drilled at locations so spaced over the Unit Area as to determine so far as may be practicable the productive acreage and gas reserves in the Mesa Verde and shallower formations underlying the Unit Area.

5. That said Unit Agreement has been approved as to form by the Acting Director, Geological Survey, United States Department of the Interior, and has been briefly reviewed with the State Geologist of the State of New Mexico and the attorney for the Commissioner of Public Lands and it is believed that the operations to be carried on under the terms thereof will promote the economical and efficient recovery of oil and gas to the end that the maximum yield may be obtained from the Unit Area, and that such Agreement

will be in the interest of conservation and prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

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

PHILLIPS PETROLEUM COMPANY

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