

IN THE MATTER OF THE APPLICATION OF)
 SKELLY OIL COMPANY FOR APPROVAL OF A)
 UNIT AGREEMENT FOR THE LOVINGTON SAN)
 ANDRES UNIT, LEA COUNTY, NEW MEXICO.)

CASE 2593

FILED _____

HEARING _____

APPLICATION

Comes now Skelly Oil Company on behalf of itself and others and respectfully states as follows:

1. That it is an owner and operator of wells in the Lovington San Andres Unit Area, Lea County, New Mexico.

2. That in order to conduct secondary recovery operations and to increase the amount of ultimate recovery and thereby aid in the conservation of oil and gas, and in order to protect the correlative rights of all parties in the unit area, it is necessary and advisable that the Lovington San Andres Unit be established and approved.

3. That the area to be included in this unit is described as follows:

Township 16 South Range 36 East
 2/2 of SE/4 Sec. 35; E/2 of SE/4 Sec. 35; E/2, E/2 of NW/4,
 and SE/4 Sec. 36;

Township 16 South Range 37 East
 Lots 1, 2, 3, 4, SE/4 of NW/4, E/2 of SE/4, SE/4 of NE/4,
 and SE/4 Sec. 31; W/2 of SE/4 Sec. 32;

Township 17 South Range 37 East
 Lot 4 Sec. 5; Lots 1, 2, 3, 4, 5, 6, and SE/4 of
 NW/4 Sec. 6;

Township 17 South Range 36 East
 Lots 1, 2, 3, 4, W/2 of NW/4, SE/4, E/2 of SE/4, and
 SE/4 of SE/4 Sec. 1; Lots 1, 2, S/2 of NE/4, E/2 of
 SE/4 Sec. 2;

and containing 2469.81 acres, more or less.

4. That the formation sought to be unitized is the San Andres formation, the same being that heretofore established underground reservoir underlying the unit area, the top of said reservoir being indicated to be at a depth of 4334 feet and the base thereof at a depth of 5210 feet on the Gamma Ray Log of Amerada Petroleum Company's State "LA" Lease, Well No. 1, located in the NW/4 NE/4 of Section 1, Township 17 South, Range 36 East, Lea County, New Mexico.

5. That attached hereto and made a part hereof by reference is a copy of the Unit Agreement for the development and operation of the Lovington San Andres Unit, and that contained in said agreement as Exhibit "A" is a map showing the unit area for this unit.

WHEREFORE, PREMISES CONSIDERED, applicant prays that this Commission after the giving of notice as required by law set this application down for hearing, and that at the conclusion of said hearing based on the evidence produced, that it approve the unit agreement for the Lovington San Andres Unit, and for such other rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

(Signed) GEORGE W. SELINGER

George W. Selinger
 Its Attorney

Of Counsel
 L. G. White
 Gilbert, White and Gilbert
 Santa Fe, New Mexico