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November 17, 1969

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate applications of Kincaid & Watson Drilling Company for approval of the East Red Lake Unit Agreement and also for approval of a waterflood project covering the proposed unit area.

These cases have been set down at the request of the writer pursuant to a conversation with Dan Nutter as cases Nos. 4254 and 4255 on the docket of the regular hearing of the Commission which is to be held at Roswell on Wednesday, November 19. We are only enclosing one copy of the unit agreement and will file 2 additional copies with you at the time of the hearing.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By 

CEH:cs
Enc.

NOV 18 1969

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Case 4254

APPLICATION OF KINCAID & WATSON
DRILLING COMPANY FOR APPROVAL OF
THE EAST RED LAKE UNIT AGREEMENT
EMBRACING 517.68 ACRES IN SECTIONS
35 and 36, TOWNSHIP 16 SOUTH, RANGE
28 EAST AND SECTIONS 1 AND 2, TOWN-
SHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO FOR SECONDARY
RECOVERY PURPOSES IN THE PENROSE SAND
OF THE QUEEN FORMATION.

Oil Conservation
Box 2088
Santa Fe, New Mexico 87501

Comes Kincaid & Watson Drilling Company, a New Mexico corporation, with offices at Artesia, New Mexico, acting by and through the undersigned attorneys, and hereby makes application for approval of the unit agreement for the development and operation of the East Red Lake Unit Area, Eddy County, New Mexico for secondary recovery purposes, and in support thereof respectfully shows:

1. That there is filed herewith 3 copies of the proposed unit agreement and as shown therein the proposed unit area includes the following described lands of the State of New Mexico situated in Eddy County, New Mexico, to-wit:

Township 16 South, Range 28 East

Section 35 - $SE\frac{1}{4}SE\frac{1}{4}$

Section 36 - $SW\frac{1}{4}$

Township 17 South, Range 28 East

Section 1 - Lots 3 and 4 ($N\frac{1}{2}NW\frac{1}{4}$), $S\frac{1}{2}NW\frac{1}{4}$

Section 2 - Lots 1 and 2 ($N\frac{1}{2}NE\frac{1}{4}$), $S\frac{1}{2}NE\frac{1}{4}$

containing 517.68 acres, more or less.

2. Applicant seeks to unitize the above described lands for the purpose of conducting secondary recovery operations in connection with wells producing from the Penrose Sand of the Queen formation underlying the proposed unit area, it being proposed to limit the unitization to that portion of the Penrose Sand encountered between the subsurface depth of 1550 feet and 1585 feet in the Kincaid & Watson Drilling Company Resler & Sheldon No. 1 well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 2, Township 17 South, Range 28 East.

3. Applicant is designated as the unit operator in the unit agreement and in the opinion of applicant the proposed unit agreement will be in the interest of conservation and the prevention of waste and will permit the greatest ultimate recovery of unitized substances from the unit area and will be in the interest of the protection of correlative rights of all of the parties concerned.

4. It is respectfully requested that this matter be set down for the last examiner's hearing in November, 1969.

Respectfully submitted,

KINCAID & WATSON DRILLING COMPANY

By 

Member of the Firm of
HINKLE, BONDURANT & CHRISTY
Box 10
Roswell, New Mexico 88201