

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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IN THE MATTER OF THE APPLICATION OF
RESERVE OIL AND GAS COMPANY FOR
APPROVAL OF THE COOPER-JAL UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO.

Case 4402

APPLICATION

COMES RESERVE OIL AND GAS COMPANY, by its attorney,
A. J. Losee, and states:

1. Applicant proposes to operate and develop as a
unitized area, for the secondary recovery of oil and gas from
the Tansill, Yates, Seven Rivers and Queen Formations, under
and by virtue of the terms of the Unit Agreement, a copy of
which is filed herewith and by reference made a part hereof,
the following lands in Lea County, New Mexico:

Township 24 South, Range 36 East, N.M.P.M.

Section 13: S/2
Section 14: SE/4 SE/4
Section 23: S/2 SE/4
Section 24: All
Section 25: N/2
Section 26: E/2 NE/4

Township 24 South, Range 37 East, N.M.P.M.

Section 18: All
Section 19: W/2
Section 30: NW/4

containing 2,581 acres, more or less.

2. The participating area established by the
Unit Agreement comprises 2,581 acres of which 28.86 percent
are Federal lands and 71.14 percent are fee lands.

3. Applicant is proposed to be the Operator of
the unit area.

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4. On January 5, 1970, the United States Geological Survey advised the applicant that the lands above described are acceptable as a logical unit area for secondary recovery operations, and approved the form of unit agreement that is attached to this application.

5. Pursuant to Article XIII, participation in production will be based upon the following two-phase formula, to-wit:

Phase I: Total income from oil, casinghead gas and dry gas during the year 1967 until a total of 1,000,000 barrels of oil is produced from the unit area after January 1, 1968.

Phase II: Ultimate primary.

6. Article XXII of the Unit Agreement entitled "Effective Date and Term," provides that the agreement will become effective when it is executed or ratified by working interest owners owning tracts with a combined Phase I unit participation of at least 85 percent and by royalty owners owning tracts with a combined interest of at least 65 percent of the royalty interest in the unit area, calculated on the basis of Phase I participation. When the Unit Agreement has been executed by the United States, a sufficient number of working and royalty interest owners will have executed or ratified the agreement so that it will become effective pursuant to said Article XXII.

7. The proposed plan for the development and operation of the Tansill, Yates, Seven Rivers and Queen formations underlying the above described unit area will promote the prevention of waste and protect correlative rights within the unit area,

and the method of allocating production within the unit area is fair to all of the working and royalty interest owners.

WHEREFORE, applicant prays:

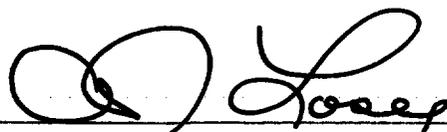
A. That this matter be set for hearing before an examiner appointed by the Commission, and that due public notice be given as required by law.

B. That the Commission approve the Cooper-Jal Unit Agreement and the plans contained in said Unit Agreement for the development and operation of the unit area as a proper conservation measure.

DATED this July 17, 1970.

RESERVE OIL AND GAS COMPANY

By:



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