

RANDOLPH M. RICHARDSON

OIL AND GAS LAND AND UNIT CONSULTANT

FEDERAL - STATE - FEE

P. O. BOX 819

ROSWELL, NEW MEXICO 88201

July 10, 1980

OFFICE 505 622-8801

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In Re: Lancaster Spring Unit Area
T-22-S, R-26-E, NMPM
Eddy County, New Mexico

Mr. Dan Nutter
Oil Conservation Division
Energy and Minerals Dept.
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 6989

Dear Mr. Nutter,

On behalf of Read & Stevens, Inc., I am enclosing three copies of Application together with one copy of the Unit Agreement.

This Unit is 83.34% State Land, but with 8.33% Federal and 8.33% Fee.

There is one State lease expiring August 18th, 1980.

I understand that the hearing on August 6th, 1980, will be the first one that is available. We will very much appreciate your putting this Unit on your August 6th hearing.

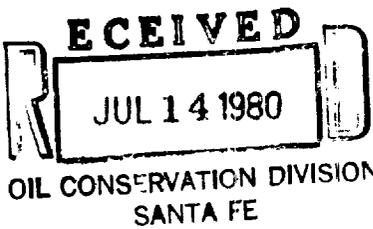
Thank you.

Yours very truly,

R. M. Richardson
R. M. Richardson

CC: Read & Stevens, Inc.





BEFORE THE OIL CONSERVATION DIVISION
ENERGY AND MINERALS DEPARTMENT
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF
THE LANCASTER SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

Case 6989

New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501

Comes the undersigned Read & Stevens, Inc., with offices at Roswell, New Mexico and filed herewith one (1) copy of the proposed Unit Agreement for the development and operation of the Lancaster Spring Unit Area, Eddy County, New Mexico and hereby makes application for approval of said Unit Agreement as provided by law, and in support thereof states:

1. That the proposed Unit Area covered by said Agreement embraces 960.00 acres of land, more or less, more particularly described as follows:

T-22-S, R-26-E, N.M.P.M.
Section 8: All
Section 9: 1/2

Eddy County, New Mexico

2. That of the lands embraced within the proposed Unit, 80.00 acres are lands of the United States, being 8.33% of the Area, 800.00 acres are State of New Mexico lands being 83.34% of the Area, and 80.00 acres are Fee Lands being 8.33% of the Unit Area.

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 feature involved, and that in the event of a discovery of oil and gas thereon, that said Unit Agreement will permit the producing area to be developed or operated in the interest of conservation and the prevention of waste of the unitized substances.

4. That Read & Stevens, Inc., is designated as the Unit Operator in said Unit Agreement, and, as such, is given authority under the terms thereof to carry on all operations necessary for the development and operation of the Unit Area for oil and gas subject to all applicable laws and regulations. That said Unit Agreement provides for the drilling of an Initial Test Well to a depth sufficient to penetrate the Mississippian Formation, but applicant is not obligated to drill said well in any event to a depth in excess of 12,000.00 feet.

5. That the applicant believes that in the event oil or gas is discovered in paying quantities on lands within the Unit Area, that the field or area can be developed more economically and efficiently under the terms of said Unit Agreement, to the end that maximum recovery will be obtained of unitized substances and that said Unit Agreement is in the interest of conservation of prevention of waste as contemplated by the New Mexico Oil Conservation Division rules and regulations.

6. That Application for Approval of said Unit Agreement has been filed with the Commissioner of Public Lands.

7. That upon an order being entered by the New Mexico Oil Conservation Division approving said Unit Agreement, and after approval by the United States Department of Interior, an approved copy will be filed with the New Mexico Oil Conservation Division.

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of said Unit Agreement, and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Division as being in the interest of conservation and the prevention of waste. Applicant respectfully requests that this matter be heard at the first available hearing following this date.

DATED this 9th day of July, 1980.

READ & STEVENS INC.

BY *Randolph M. Richardson, III*
Randolph M. Richardson, III
Attorney At Law
P. O. Box 819
Roswell, New Mexico 88201