

3.

That the undersigned, Phillips Petroleum Company, is designated as the Unit Operator in said Agreement, and that the Unit Operator is given the authority under the terms thereof to carry on all operations which are 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 a test well for oil or gas in the SW/4 of the NE/4 of Section 6, Township 10 South, Range 36 East, Lea County, New Mexico, said well to be drilled with due diligence to test the Devonian formation expected to be encountered at the approximate depth of 12,500 ft.

4.

That the said Unit Agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico, and by the New Mexico Oil Conservation Commission, and it is believed that 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 field or area if oil or gas should be produced in paying quantities, and the production is to be limited to such production as may be put to beneficial use with adequate realization of fuel and other values; and it is further believed that the Agreement will be in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

5.

That upon an order being entered by the New Mexico Oil Conservation Commission approving the said Unit Agreement, and after the approval thereof by the Commissioner of Public Lands of the State of New Mexico, a fully executed and approved copy of said Agreement will be filed with the New Mexico Oil Conservation Commission.

W H E R E F O R E, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of 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 by the New Mexico Oil Conservation Commission.

Respectfully submitted,

PHILLIPS PETROLEUM COMPANY

By

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