

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SINCLAIR OIL & GAS COMPANY FOR  
APPROVAL OF THE KEEL DEEP UNIT AGREE-  
MENT EMBRACING 6,155.45 ACRES, MORE  
OR LESS, LOCATED IN TOWNSHIP 17 SOUTH,  
RANGE 31 EAST, N. M. P. M.,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 27210

ORDER NO. \_\_\_\_\_

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby files application for approval of the "Unit Agreement for the Development and Operation of the Keel Deep Unit Area, Eddy County, New Mexico," and in support thereof shows:

1.

That applicant files as a part hereof three copies of said unit agreement, which embraces the following described land as constituting the unit area:

New Mexico Principal Meridian, New Mexico

Township 17 South, Range 31 East

Section 3: All  
Section 4: All  
Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 9: All  
Section 10: All  
Section 16:  $N\frac{1}{2}$  &  $SE\frac{1}{4}$   
Section 17:  $N\frac{1}{2}$   
Section 18:  $N\frac{1}{2}$

situated in Eddy County, New Mexico, and containing 6,155.45 acres.

Said lands have been designated by the Director of the United States Geological Survey as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act. The area consists of 5,675.45 acres of federal lands and 480 acres of state lands, which is, respectively, 92.2% and 7.8% of the unit area. A map of the unit area is attached as Exhibit A to the unit agreement.

2.

That the substances unitized in the agreement are all oil and gas in the hereinabove specified lands as to all formations below the top of the Glorieta sand of upper Leonard age, and for the purposes of the agreement the Glorieta sandstone is construed to mean the sandstone the top of which is found at a depth of 4,857 feet in the Skelly No. 6 Lynch "A" well located 660 feet from the north and west lines of Section 22, Township 17 South, Range 31 East, N.M.P.M., as shown by the Schlumberger electric log of said well.

3.

That the unit area embraces all of the geological feature reasonably expected to be productive of unitized substances and, therefore, operation and development of the area as a unit will contribute to orderly development and will be in the interest of conservation.

4.

The applicant, Sinclair Oil & Gas Company, is designated as Unit Operator and is required within six months after the effective date of the unit agreement to commence a well and thereafter drill same to a total depth of 13,700 feet or such lesser depth as will test the Devonian formation, unless unitized substances are discovered in paying quantities at a lesser depth. The unit operator is required to continue drilling diligently one well at a time with not more than six months between the completion of one well and the commencement of another well until the discovery of a deposit of unitized substances capable of being produced in paying quantities, and after discovery the unit operator is required to submit for the approval of the Supervisor of the United States Geological Survey and the Commissioner of Public Lands an acceptable plan of development and operation which, when approved, constitutes the further drilling and operating obligations of the unit operator. Said 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.

5.

That attached hereto as Exhibit "A" and made a part hereof is a list of the names and addresses of all persons or parties having a working interest, royalty or overriding royalty interest in the unit area, which are all interested parties known to applicant.

6.

That application is being made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico.

7.

Applicant believes and therefore alleges that in the event oil or gas in paying quantities is discovered on lands within the unit area, the pool can be developed more economically and efficiently under the terms of said unit agreement to the end that the maximum recovery will be obtained, and that said agreement is in the interest of the conservation of oil and gas and the prevention of waste. Applicant would further show that the agreement is fair to all royalty owners.

WHEREFORE, applicant prays that this application be set for public hearing before an examiner in Santa Fe, New Mexico, that notice be issued hereon according to law, and that upon hearing said unit agreement be approved.

HORACE N. BURTON  
P. O. Box 1470  
Midland, Texas

GILBERT, WHITE AND GILBERT

By   
Bishop Building  
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT  
SINCLAIR OIL & GAS COMPANY

10-1-11

EXHIBIT "A"

NAMES AND ADDRESSES OF ALL INTERESTED PARTIES  
KEEL DEEP UNIT AREA, EDDY COUNTY, NEW MEXICO

I. OWNERS OF WORKING INTEREST

Sinclair Oil & Gas Company  
P. O. Box 1470  
Midland, Texas

Bert Aston  
R. W. Fair  
Fair Oil Company  
P. O. Box 769  
Roswell, New Mexico

Sunray Mid-Continent Oil Co.  
P. O. Box 2039  
Tulsa, Oklahoma

Humble Oil & Refining Co.  
P. O. Box 1600  
Midland, Texas

W. A. Yeager  
J. M. Armstrong  
Petroleum Life Building  
Midland, Texas

C. T. McLaughlin  
Diamond "M" Building  
Snyder, Texas

Cosden Petroleum Corporation  
P. O. Box 1311  
Big Spring, Texas

Socony Mobil Oil Company  
P. O. Box 633  
Midland, Texas

Shell Oil Company  
P. O. Box 1509  
Midland, Texas

II. OWNERS OF ROYALTY INTEREST

United States of America  
Attn: Mr. John Anderson  
Oil and Gas Supervisor  
United States Geological Survey  
P. O. Box 6721  
Roswell, New Mexico

Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

III. OWNERS OF OVERRIDING ROYALTY AND SIMILAR INTERESTS

R. A. Shugart  
P. O. Box 426  
Artesia, New Mexico

Higgins Trust, Inc.  
c/o Mary Lorena Higgins  
Auburn, Georgia

Selma E. Andrews  
c/o Trust Department  
Albuquerque National Bank  
Albuquerque, New Mexico

Albuquerque National Bank  
Testamentary Trustee of  
Frank A. Andrews, Deceased  
P. O. Box 1344  
Albuquerque, New Mexico

Lillie M. Adams  
2502 Grape Street  
Abilene, Texas

Eulalie May Stinebaugh  
2458 Swanson Street  
Abilene, Texas

Willie Ople Ham  
Maryneal, Texas

J. Louis Keel, Jr.  
408 Olive Street  
Room 616  
St. Louis 2, Missouri

Marian Keel Norton  
700 North Pennsylvania  
Roswell, New Mexico

Ruth Keel Joyce  
P. O. Box 959  
Roswell, New Mexico

Exhibit "A"

Sabine Royalty Corporation  
1210 Mercantile Bank Bldg.  
Dallas 1, Texas

William H. Eyssen, Jr.  
707 West 13th Street  
Big Spring, Texas

Catherine Kuehna  
c/o Caroline Kuehna  
3221 South Lake Drive  
Milwaukee, Wisconsin

Pearl Carr  
904 Bullock Cts.  
Artesia, New Mexico

P. Kenneth Wiseman, Trustee  
523 West 6th Street  
Los Angeles 14, California

Dwight Whiting  
617 National Oil Building  
609 South Grand Avenue  
Los Angeles 17, California

L. W. Wickes Agent Corp.  
1206 Pacific Mutual Bldg.  
Los Angeles 14, California

The Chase Manhattan Bank  
18 Pine Street  
New York 15, New York  
Attn: Petroleum Dept., ARC

Donald Winston  
Trustee under the Will of  
Francisca S. Winston, Deceased  
1511 Foshay Tower  
Minneapolis 2, Minnesota

Mrs. C. A. Russell  
1906 Niels Esperson Bldg.  
Houston, Texas

Della West Decker  
216 North Bailey  
Fort Worth, Texas

Caroline Kuehna  
3221 South Lake Drive  
Milwaukee 7, Wisconsin

Ruby Mellard  
802 El Prado Drive  
San Antonio, Texas

Benedict Corporation  
523 West 6th Street  
Los Angeles 14, California

Robert B. Moran  
170 E. Orange Grove Avenue  
Pasadena 3, California

Cornelius G. Willis  
417 South Hill Street  
Los Angeles 13, California

Janet D. O'Neil and  
Philip O'Neil, Trustees  
633 North Sierra Drive  
Beverly Hills, California

Marshall & Winston, Inc.  
1054 Broxton Avenue  
Los Angeles, California

Lucile Hancox  
Executrix of the Estate of  
T. Harold Hancox, Deceased  
1210 Merchant Street  
Artesia, New Mexico

H. R. Moldenhauer  
Route #2, Box 335  
Arkansas City, Kansas