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March 27, 1986

HAND DELIVERED

Case 8872

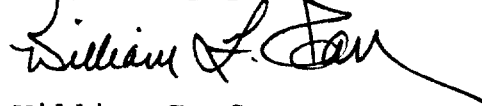
R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of HNG Oil Company for Approval of a
Unit Agreement, Eddy County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of HNG Oil Company in the above-referenced case. HNG Oil Company respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on April 16, 1986.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: (w/enclosure)
Mr. Frank C. Estep
HNG Oil Company

cc: (w/enclosure)
Mr. Ray Graham
State Land Office

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

IN THE MATTER OF THE APPLICATION
OF HNG OIL COMPANY FOR APPROVAL
OF A UNIT AGREEMENT, EDDY COUNTY,
NEW MEXICO.

Case 8872

APPLICATION

Comes now, HNG OIL COMPANY, by its undersigned attorneys, and hereby makes application for an order approving its Queen Lake Unit Agreement and in support of this application would show the Division:

1. That the proposed Unit Agreement consists of 1,917.28 acres, more or less, of State, Federal and Fee lands situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

Township 24 South, Range 28 East, N.M.P.M.
Section 36: All

Township 24 South, Range 29 East, N.M.P.M.
Section 31: Lots 1, 2, 3, 4, E/2, E/2 W/2 (All)
Section 32: All

2. That the Unit Agreement has been approved by all of the working interest owners holding interests within the proposed Unit Area.

3. That the applicant, HNG Oil Company, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations down through the Atoka formation are being unitized.

4. That the Unit Area has been submitted to the United States Geological Survey for designation as an area logically subject to unitization pursuant to the provisions of the Mineral Leasing Act, as amended.

5. That the Unit Agreement has been submitted to the New Mexico Commissioner of Public Lands for approval as to form and content.

6. That the proposed Unit Area covers all, or substantially all, of the geological structures or anomalies involved.

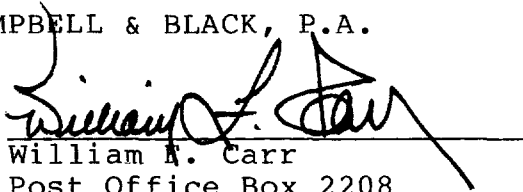
7. Approval of this Unit Agreement will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights of all parties concerned.

WHEREFORE, HNG Oil Company requests that this Application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 16, 1986, that notice be given as required by law and the rules of the Division, and that the Queen Lake Unit Agreement be approved.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By


William R. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

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ATTORNEYS FOR HNG OIL COMPANY