

**MARSHALL R. YOUNG OIL CO.**  
2080 SECURITY LIFE BUILDING  
DENVER COLORADO 80202

OIL PRODUCER

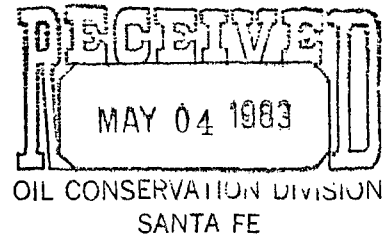
CODE 303  
534-3605

May 3, 1983

TO: The Director  
Bureau of Land Management  
Washington, D.C. 20025

THROUGH: District Manager  
Bureau of Land Management  
P. O. Box 1857  
Roswell, New Mexico 88201

AND: Mr. Ray D. Graham, Director  
Oil and Gas Division  
State of New Mexico  
P. O. Box 1148  
Santa Fe, New Mexico 87501



*Case 7890*

Re: Application for Designation of  
Proposed Unit Area and Determination  
of Depth of Test Well for the  
Bisbee Hills Unit Area  
Luna County, New Mexico

Dear Sir:

Attached hereto is a map, marked Exhibit "A", on which the proposed Bisbee Hills Unit is outlined. We request that 24,712.71 acres, more or less, of Federal, State and Patented lands within the outline be designated as a logical Unit Area pursuant to the unitization provisions of the Mineral Leasing Act, as amended. The proposed Unit Area of 24,712.71 acres, more or less, is composed of 17,298.12 acres (70.00%) Federal lands, 5,417.06 acres (21.92%) State lands and 1,997.53 acres (8.08%) Patented lands.

For the lands within the proposed Unit Area, we refer you to the attached Exhibit "A", which shows, in addition to the proposed Unit boundary, the boundaries and identity of the various tracts and leases in the proposed Unit Area to the extent of our present knowledge. The serial numbers of all Federal and State of New Mexico leases within the proposed Unit are listed on Exhibit "B", hereto attached.

It is requested that a test well, drilled to a depth of 10,000 feet, or to test the upper 25 feet of the Montoya Formation, whichever is the lesser depth, unless commercial production in paying quantities, as defined in the Unit Agreement, is encountered at a lesser depth, be approved as the required depth for the test well.

Marshall R. Young Oil Co. anticipates submitting, at a later date, a standard form Unit Agreement (1968 reprint) which will deviate from the standard form as follows:

1. Addition of all provisions required by the Commissioner of Public Lands and the Oil Conservation Division for the State of New Mexico.
2. Add the following as a new Section:

DEPARTMENT OF ENERGY STIPULATION. Nothing in this agreement shall modify the special, Federal-lease stipulations applicable to lands under the jurisdiction of the Department of Energy.

To the best of our knowledge, there are no Federal lands within the proposed Unit Area requiring the inclusion of special provisions in the Unit Agreement other than those set forth above.

In support of this Application, we are submitting separately, in duplicate, a geological report with a map showing the geologic conditions within the proposed Unit Area. It is requested that this information be held confidential.

Please transmit all correspondence regarding this Application to Edmundson, Inc., P. O. Box 1707, Denver, Colorado 80201.

Very truly yours,

MARSHALL R. YOUNG OIL CO.

By   
R. B. Edmundson  
Agent

RBE:rs  
Enclosures

EXHIBIT "B"  
AREA AND DEPTH APPLICATION  
BISBEE HILLS UNIT AREA  
LUNA COUNTY, NEW MEXICO

<u>TRACT NUMBER</u>	<u>FEDERAL SERIAL NUMBER</u>
1	NM-34312
2	NM-34312-A
3	NM-34312-B
4	NM-34312-C
5	NM-34313
6	NM-34313-A
7	NM-34313-B
8	NM-34313-C
9	NM-34314
10	NM-34314-A
11	NM-34314-B
12	NM-34314-C
13	NM-34317
14	NM-34317-A
15	NM-34317-B
16	NM-34317-C
17	NM-34318
18	NM-34318-A
19	NM-34318-B
20	NM-34318-C
21	NM-34339
22	NM-34339-A
23	NM-34339-B
24	NM-34339-C
25	NM-34341
26	NM-34341-A
27	NM-34341-B
28	NM-34341-C
29	NM-34371
30	NM-34371-A
31	NM-34371-B
32	NM-34371-C
33	NM-34391
34	NM-34391-A
35	NM-34391-B
36	NM-34391-C
37	NM-34964
38	NM-34964-A
39	NM-34964-B
40	NM-34964-C
41	NM-39982
42	NM-39982-A
43	NM-39982-B
44	NM-39982-C

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NM-39983-B  
Unleased

STATE OF NEW MEXICO

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LG-6026-1  
LG-6033  
LG-6033-1  
LG-6033-2  
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LG-6035-2  
LG-6035-3  
LH-954  
LH-956  
LH-1490  
LH-1491