

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF DISCOVERY
EXPLORATION FOR APPROVAL
OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12264

APPLICATION

DISCOVERY EXPLORATION ("Discovery"), through its undersigned attorneys, hereby makes application for an order approving its Lowe Exploratory Unit and in support of this application states:

1. That the proposed Unit consists of 80 acres, more or less, of fee lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 12 South, Range 38 East, N.M.P.M.

Section 28: NW/4 SW/4

Section 29: NE/4 SE/4

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Discovery Exploration, is designated as Unit Operator in said Unit Agreement and all oil and gas in the all formations are unitized.

4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

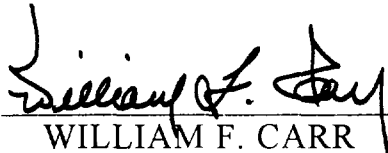
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OIL CONSERVATION DIV.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Discovery Exploration requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2000, that notice be given as required by law and the rules of the Division, and that the Lowe Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART LLP
AND
CAMPBELL & CARR

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR DISCOVERY EXPLORATION

CASE NO. 12264:

Application of Discovery Exploration for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Lowe Exploratory Unit for an area comprising 80 acres of fee lands in Sections 28 and 29 of Township 12 South, Range 38 East, NMPM which is located approximately 11 miles east of Tatum, New Mexico.