

Case 445

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL
OF PICTURED CLIFFS UNIT
NO. 2 AGREEMENT, RIO
ARRIBA COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico.

COMES the undersigned, Lowry et al Operating Account, with offices at 616 Central Avenue East, Albuquerque, New Mexico, by its attorney, Jason W. Kellahin, P. O. Box 361, Santa Fe, New Mexico, and files herewith three copies of a proposed Unit Agreement for the development and operation of the Pictured Cliffs Unit No. 2 unit area, embracing land situated in Rio Arriba County, New Mexico, and hereby makes application for the approval of said Unit Agreement, and in support thereof shows:

1.

That the unit area designated in said agreement comprises 160 acres situated in Rio Arriba County, New Mexico, more particularly described as follows:

Twp. 26 N., R. 6 W., N.M.P.M.
Sec. 16 : NW $\frac{1}{4}$

That all of the above described lands are owned by the State of New Mexico upon which the applicant and others are owners of oil and gas leases issued by the Commissioner of Public Lands of the State of New Mexico, and consist of parts of State Lease E-291 which has been segregated by assignment, insofar as above unit is concerned, as follows:

E-291-25, being the N $\frac{1}{2}$ N $\frac{1}{2}$ and
E-291-17, being the S $\frac{1}{2}$ N $\frac{1}{2}$ all
being in Sec. 16, Twp. 26 N. R. 6 W.

2.

That there is attached hereto, made a part hereof, and for the purposes of identification marked Exhibit "A", a plat

indicating the producing Pictured Cliffs Gas Wells which have been completed in Sec. 2, Lease E-291-17 and in Sec. 16, Leases E-291-17 and E-291-25. That on said plat is indicated geological information and because of this geological information applicant believes that the above described area is an area suitable and proper for unitization.

3.

That Tim G. Lowry and Todd M. Pettigrew are designated as the Unit Operator in said agreement and the Unit Operator is given authority under the terms thereof to carry on all operations which are necessary for the development of the Unit Areas for oil and gas subject to all applicable laws and regulations. That pursuant to said Unit Agreement applicant is requesting approval of a unit of 160 acres as a Gas Operating Unit, insofar, but only insofar as production from the Pictured Cliffs formation is concerned, said unit being in full compliance with well spacing and acreage requirements of the New Mexico Oil Conservation Commission.

4.

That there is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "B", a copy of executed Unit Agreement wherein all owners of leasehold interests have committed their interests to the agreement..

That 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. 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 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.

WHEREFORE, 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,

LOWRY et al OPERATING ACCOUNT

By Jason W. Kellahin
Jason W. Kellahin, Attorney