

APPLICATION FOR APPROVAL OF
SAN JUAN 32-4 UNIT AREA
RIO ARriba COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Comes now the undersigned, Phillips Petroleum Company, a Delaware corporation with an operating office at Bartlesville, Oklahoma, and files herewith three copies of a proposed Unit Agreement for the Development and Operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico, and hereby makes application for the approval of said Agreement and Plan by the New Mexico Oil Conservation Commission, and in support thereof shows:

1. That the Unit Area designated in said Unit Agreement covers the following-described lands:

New Mexico Principal Meridian:

All of Township 32 North, Range 4 West,
Rio Arriba County, New Mexico, containing
17,111.44 acres, more or less.

That 16,206.22 acres, or 94.71%, of the lands in said proposed Unit Area are lands of the United States and that 905.22 acres, or 5.29%, of the Unit Area are fee or patented lands. There are no State lands within this Unit Area, but this application for approval is submitted in order that the Commission may exercise its supervisory powers as provided in the Unit Agreement for the protection of the fee owners and to insure compliance with the general conservation objectives in the public interest. That the Unit Area is more particularly described by the plat and schedule of ownership attached to the said Unit Agreement and made a part thereof as Exhibits A and B, respectively.

2. Owners of oil and gas leases covering all of the lands within the Unit Area have committed the same to the Unit Agreement. That said Unit Agreement is an agreed plan for the development and operation of said Unit Area which will tend to promote the conservation of oil or gas, prevention of waste and that said plan is fair to the royalty owners in said Unit Area.

3. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by the Director of the United States Geological Survey as one proper for unitization and that all lands embraced therein

are believed to be situated within the boundaries of the Blanco Gas Field.

4. That the undersigned, Phillips Petroleum Company, is designated as the Unit Operator in said Agreement and the Unit Operator is given the authority under the terms of said Agreement to carry on all operations which are necessary for the exploration and development of the Unit Area for oil and gas, subject to the regulations of the Secretary of the Interior, the New Mexico Oil Conservation Commission and the terms of the respective leases. That said Unit Agreement provides for the commencement of a test well within sixty (60) days after the effective date thereof, and diligent drilling of such test well until the Mesaverde formation has been tested and thereafter drilling one additional Mesaverde test and two additional Fruitland tests on the Unit Area, with no lapse of more than thirty (30) days following the completion of each well and the commencement of the next succeeding well. Said test wells are required to be so spaced as to determine, so far as may be practical, the productive acreage and gas reserves in the Mesaverde and shallower formations underlying said Unit Area.

5. That said Unit Agreement has been approved as to form by the Acting Director, Geological Survey, United States Department of the Interior, and that it is upon the same form as that approved by the Commissioner of Public Lands and the Oil Conservation Commission of New Mexico for use in connection with the unitization of San Juan Unit 30-5 and other units in this area, except that in view of the fact that there are no State lands in this unit references to the Commissioner and his supervision have been deleted. It is believed that the 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 Unit Area, and that such Agreement will be in the interest of conservation and prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement and after the approval thereof by the Director of the United States Geological Survey, an 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 and adoption of the said Unit Agreement and that upon said hearing said Unit Agreement be approved and adopted by the New Mexico Oil Conservation Commission.

PHILLIPS PETROLEUM COMPANY

By George L. Sneed
George L. Sneed,
Its Attorney