APPLICATION FOR APPROVAL BY THE UIL CONSERVATION COMMISSION OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF EL PASC NATURAL CAS COMPANY, A DELAWARE CORPORATION, FOR APPROVAL OF THE LA VENTANA UNIT AGREEMENT EMBRACING 20,653.00 ACRES, MCRE CR LESS, IN TOWN-SHIP 18 NORTH, RANGE 1 WEST; TOWNSHIP 19 NORTH, RANGE 1 WEST and TOWNSHIP 19 NCP.TH, RANGE 2 WEST, SANDOVAL COUNTY, NEW MEXICO.

Case 573

20,657.76

Comes now EL PASC NATURAL GAS COMPANY, a Delaware corporation, and would respectfully show the Commissioner as follows:

I.

That the Oil Conservation Commission of the State of New Mexico is authorized by an act of Legislature of the State of New Mexico (Chapter 72, Laws of 1935, as amended) to approve the operation and development of lands lying within the State of New Mexico in accordance with a unit plan of development and operation.

II.

That the Unit Area, approval of which is here sought, comprises the following lands situated in Sandoval County, New Mexico, to-wit:

Township 18 North, Range 1 West, N.M.P.M.

NW/4, Lots 3 and 4, unsurveyed remainder of SW/4 Section 4:

All, including Lots 1, 2, 3 and 4, N/2, unsurveyed remainder of $\hat{s}/2$ Section 5:

All, including NE/4, E/2 NW/4, Lots 1, 2, 3, 4, 5, 6 and 7, NE/4 SW/4, unsurveyed remainder of SE/4 Section 6:

All, including Lots 1, 2, 3, 4, 5 and Section 7: 6, unsurveyed remainder of section

Section 8: All (unsurveyed)

Section 9: W/2 (unsurveyed)

Township 19 North, Range 1 West, N.M.P.M.

Section 17: W/2

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Section 18:

Township 19 North, Range 1 West, N.M.P.M., Cont'd.

Section 19: All

Section 20: W/2

Section 28: W/2

Sections 29 through 32: All

Section 33: W/2

Township 19 North, Range 2 West, N.M.P.M.

Section 8, SE/4

Section 9: S/2

Section 10: S/2

Section 11: S/2

Section 12: S/2

Sections 13 through 16: All

Section 17: E/2

Section 20: E/2

Sections 21 through 28: All

Section 29: E/2

Section 33: E/2, NW/4

Sections 34 through 36: All

III.

That such Agreement will tend to promote the conservation of oil and gas and better utilization of reservoir energy.

IV.

That under the proposed operations the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the proposed Unit Area.

V.

That under the proposed operations the lands lying within the proposed Unit Area will each receive their fair share of the recoverable oil or gas in place and in other respects such Agreement is for the best interests of the respective land owners owning lands within the proposed Unit Area.

That the Agreement provides for the unit operation of the Unit Area, for the allocation of production and the sharing of proceeds from a part of the area covered by the Agreement on an acreage basis as specified in the Agreement.

VII.

Framises considered, Applicant earnestly prays that the requisite notice issue and that Applicant's petition be set down for hearing at the earliest convenience of the Commission

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