

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
STANOLIND OIL AND GAS COMPANY FOR
THE APPROVAL OF THE WELCH UNIT AGREE-
MENT, EMBRACING 18,694.16 ACRES, MORE OR
LESS, LOCATED IN TOWNSHIP 26 SOUTH,
RANGE 26 EAST, TOWNSHIP 25 SOUTH,
RANGE 27 EAST, AND TOWNSHIP 26 SOUTH,
RANGE 27 EAST, N.M.P.M., EDDY COUNTY,

CASE NO. 609

A P P L I C A T I O N

An Application is hereby made by Stanolind Oil and Gas Company, a corporation, for approval by the Oil Conservation Commission, of a unit agreement entitled "Unit Agreement for the Development and Operation of the Welch Unit Area, County of Eddy, State of New Mexico", the said agreement having been entered into between the applicant herein as the Unit Operator and certain working interest owners and royalty owners as have, or may hereafter, subscribe to or consent to the agreement.

The Welch Unit Area embraces the following described lands located in Eddy County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T-26S - R-26E

Sec. 1 - E/2 E/2
Sec. 12 - E/2 E/2
Sec. 13 - E/2
Sec. 24 - All
Sec. 25 - E/2 E/2

T-25S - R-27E

Sec. 29 - S/2
Sec. 30 - S/2
Secs. 31 and 32 - All
Sec. 33 - W/2, SE/4

T-26S - R-27E

Sec. 3 - S/2 NE/4, W/2, SE/4
Sec. 4 to 10 inclusive - All
Sec. 11 - W/2
Sec. 14 - W/2
Secs. 15 to 22 inclusive - All
Sec. 23 - W/2
Sec. 26 - NW/4
Secs. 27 to 30 inclusive - All
Secs. 31 to 34 inclusive (Fractional) - All

Total Unit Area embraces 18,694.16 acres, more or less.

At the hearing hereinafter requested, the requisite number of signed copies of the unit agreement will be submitted for approval, and it is requested that the same be returned to the applicant in order that it may file the necessary counterparts thereof with the Department of the Interior of the United States for the purpose of obtaining final approval of the agreement by the Secretary of the Interior. After approval of the agreement by the Secretary of the Interior a complete and signed copy of the unit agreement will be filed in the Office of the Commissioner of Public Lands of the State of New Mexico. An unsigned copy of the unit agreement has already been filed in the office of the Commission for a temporary record pending the receipt of the final completed copy.

The form of unit agreement has previously been considered. Geological evidence concerning the structure affected by this unitization will be submitted to the Commission and The Commissioner of Public Lands at the hearing hereinafter requested.

With reference to the lands embraced in this unit, there is attached to the unsigned copy of the unit agreement hereinafter filed a map of the unit area on which is shown the ownership of the various lands embraced in the said unit. The applicant is continuing efforts to obtain commitments to the unit agreement from those owners of interests who have not yet joined, and a full showing of the commitments will be made at the time of the hearing hereinafter requested.

Within six (6) months after the date of unit agreement becomes effective the unit operator is obligated to commence drilling operations on an adequate test well. Should commercial production be discovered, the unitized operation will assure an orderly development program based on structural position and will enable productive operations to be conducted in accordance with the best over-all reservoir practices. Development and operation will be conducted in accordance with the plans having the joint approval of Federal and State authorities. Under this agreement the State of New Mexico will receive its fair share of the oil and gas and this will be allocated to it on an acreage basis in any and all participating areas that may be established. This unit agreement is in all respects to the best interests of the State of New Mexico and tends to eliminate waste and promote conservation of oil and gas.

The unit agreement makes express provision that additional parties may join and subject their interests to the said agreement after its final approval.

The Commission is respectfully requested to set this matter and application down for hearing and following said hearing to give its approval to the unit agreement.

Respectfully submitted this 25th day of November, 1953.

STANOLIND OIL AND GAS COMPANY

By



Its Agent and Attorney