

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
SINCLAIR OIL & GAS COMPANY FOR THE)
APPROVAL OF THE CROUSE UNIT, EMBRACING)
960.3 ACRES, MORE OR LESS, LOCATED IN)
TOWNSHIP 10-SOUTH, RANGE 32-EAST,)
N. M. P. M., LEA COUNTY, NEW MEXICO)

CASE NO. 1087

ORDER NO. _____

A P P L I C A T I O N

Sinclair Oil & Gas Company, a Maine corporation with offices at Midland, Texas, files herewith three (3) copies of a proposed Unit Agreement for the development and operation of the Crouse Unit Area, Lea County, New Mexico, and hereby makes application for approval of said Unit Agreement as provided by law, and in support thereof shows:

1.

That the proposed Unit Area covered by said Unit Agreement embraces 960.3 acres, more or less, situated in Lea County, New Mexico, and more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T-10-S, R-32-E.

Sec. 3: All.

Sec. 10: N/2.

2.

That all of the lands embraced within the proposed Unit Area are State lands.

3.

That applicant is informed and believes, and upon such information and belief states that the Unit Area embraces substantially all of the geological feature involved, and that in the event of the discovery of oil or gas thereon, the Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of oil and gas.

4.

That applicant, Sinclair Oil & Gas Company, is designated as Unit Operator of the Unit Agreement and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the Unit Area for the production of oil and/or gas, subject to all applicable laws and regulations. That said Unit Agreement provides for the commencement of a test well for oil and/or gas within sixty (60) days after the effective date of said Unit Agreement, and for the drilling thereof with due diligence to a depth sufficient to test fully the Devonian Formation, or to such lesser depth as unitized substances shall be discovered in paying quantities; provided, however, that Unit Operator is not required in any event to drill said well to a depth in excess of 10,900 feet.

5.

That the development and operation of the Unit Area will be conducted in accordance with a plan of development and operation having the approval of the Commissioner of Public Lands for the State of New Mexico; that under said Unit Agreement the State of New Mexico will receive its fair share of the oil and gas; and that said Unit Agreement in all respects tends to prevent waste and promote conservation of oil and gas.

6.

That the names and addresses of all the working interest owners other than Sinclair Oil & Gas Company are as follows:

Amerada Petroleum Corporation
P. O. Box 2040
Tulsa 2, Oklahoma

7.

That application is being made for the approval of said Unit Agreement by the Commissioner of Public Lands of the State of New Mexico.

8.

That within ten (10) days from the effective date of the

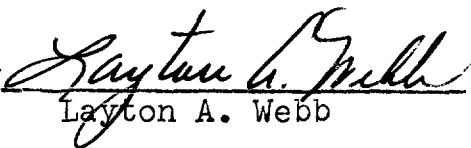
Unit Agreement, an executed copy of said Unit Agreement will be filed with the Commission.

WHEREFORE, applicant Sinclair Oil & Gas Company prays that this Commission set this application for a public hearing before an Examiner, that notices be issued according to law, and that upon said hearing said Unit Agreement be approved by this Commission.

NAT. J. HARBEN

LAYTON A. WEBB

By


Layton A. Webb

P. O. Box 1470
Midland, Texas

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY.