

MAIN OFFICE
MAR 29 PM 3 32

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF HAT MESA UNIT AGREE-
MENT, LEA COUNTY, NEW MEXICO

Case 3560

A P P L I C A T I O N

Comes now the undersigned, PHILLIPS PETROLEUM COMPANY, with offices at Midland, Texas, and files herewith one copy of the proposed Unit Agreement for the development and operation of the Hat Mesa Unit Area, Lea County, New Mexico, and hereby makes application for the approval of said Unit Agreement as provided by law, and in support thereof states:

1. That the proposed unit area covered by said agreement embraces 7,874.03 acres of land, more or less, more particularly described as follows:

Township 21 South, Range 32 East
N.M.P.M.

Section 1: Lots 11, 12, 13, 14 and S/2
Section 2: Lots 9, 10, 11, 12, 13, 14,
15, 16 and S/2
Section 3: SE/4
Section 10: E/2
Section 11: All
Section 12: All
Section 13: All
Section 14: N/2 and SE/4
Section 24: N/2

Township 21 South, Range 33 East
N.M.P.M.

Section 6: Lot 18, and SE/4 SW/4
Section 7: Lots 1, 2, 3, 4, E/2 W/2, E/2
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 18: Lots 1, 2, 3, 4, E/2 W/2, E/2
Section 19: Lots 1, 2, E/2 NW/4, NE/4

Containing 7874.03 acres, more or less

DOCKET MAILED

Date 4-14-67

[Signature]

2. That of the lands embraced within the proposed unit area, 4,631.69 acres or 58.82% are Federal lands, 3,242.34 acres or 41.18% are lands of the State of New Mexico, and no privately owned lands are within the proposed unit. That said area has heretofore, on January 31, 1967, been designated by the Acting Director of the United States Geological Survey as an area suitable and proper for unitization, a copy of said designation being attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A". That on January 25, 1967, said Unit Agreement was approved as to form and content, following verbal unit project approval by the Commissioner of Public Lands in July 1966, a copy of said approval being attached hereto, made a part hereof, and for purposes of identification marked Exhibit "B".

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

4. That Phillips Petroleum Company is designated as the Unit Operator in said Unit Agreement, and as such is given the authority under the terms thereof to carry on all operations necessary for the development and operation of the Unit Area for oil and gas subject to all applicable laws and regulations. That said Unit Agreement provides for the drilling of an initial test well to a depth sufficient to test the Devonian formation, unless unitized substances shall be discovered in paying quantities at a lesser depth, or to such depth as further drilling would not be warranted, but in

any event, to a depth not to exceed 15,500 feet.

5. That said Unit Agreement is substantially the same form as unit agreements heretofore approved by the New Mexico Oil Conservation Commission, and applicant believes that in the event oil or gas in paying quantities is discovered on the lands within the Unit Area, that the field or area can be developed more economically and efficiently under the terms of said Unit Agreement, to the end that the maximum recovery will be obtained of unitized substances, and that said Unit Agreement is in the interest of conservation and prevention of waste as contemplated by the New Mexico Oil Conservation Commission Statutes and regulations.

6. That the N/2 Section 24, T-21S, R-32E and the N/2 Section 19, SE/4 SE/4 Sec. 18, S/2 S/2 Sec. 17 all in T-21S, R-33E, within the proposed unit outline is subject to order No. R-111-A. However, it is believed that no active potash mining is being carried on in or near the proposed unit area, and said Unit Agreement includes a Potash Protection Clause.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement, and after approval thereof the Commissioner of Public Lands of the State of New Mexico, and after approval by the United States Department of Interior, an approved copy will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of approval of said Unit Agreement, and that upon said hearing, the Hat Mesa Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste.

Respectfully submitted,

PHILLIPS PETROLEUM COMPANY

BY Jason W. Kellahin
KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico

Attorneys for Applicant