



United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

NOV 13 1973

Midwest Oil Corporation
1500 Wilco Building
Midland, Texas 79701

Gentlemen:

Your application of October 22, filed with the Area Oil and Gas Supervisor, Roswell, New Mexico, on October 24, requests the designation of the Target unit area embracing 5,120 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations of December 20, 1950, 30 CFR 226.3 (1968 reprint), the land requested as outlined on your plat marked "Target Unit, Eddy County, New Mexico, Exhibit A," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to test the Morrow formation of Pennsylvanian age or to a depth of 12,000 feet. As proposed by your application, the form of agreement for unproved areas (1968 reprint) should be used and modified to apply to both Federal and State of New Mexico lands.

In the absence of any other type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical to the 1968 reprint, modified only as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include the latest status of all acreage when the executed agreement is transmitted to the Supervisor for approval. The format of the sample exhibits attached to the 1968 reprint of the standard form should be followed closely in the preparation of exhibits A and B.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	2
CASE NO.	57276
Submitted by	7/11/74
Hearing Date	1-16-74

Inasmuch as this area contains State of New Mexico lands, we are sending a copy of this letter to the Commissioner of Public Lands at Santa Fe, and we ask that you contact the Commissioner before soliciting joinders.

Sincerely yours,

George H. Horner

Conservation Manager, Central Region
For the Director