

Case 6918

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF  
TEQUILLA UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico 87501

Comes the undersigned Inexco Oil Company, with offices at Houston, Texas and files herewith one (1) copy of the proposed Unit Agreement for the development and operation of the Tequilla Unit Area, Eddy County, New Mexico and hereby makes application for 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 4,825.93 acres of land, more or less, more particularly described as follows:

<u>T-23-S, R-23-E, NMPM</u>	<u>T-24-S, R-22-E, NMPM</u>	<u>T-24-S, R-23-E, NMPM</u>
Sec. 28; S½	Sec. 1; E½	Sec. 5; W½
Sec. 29; S½	Sec. 12; All	Sec. 6; All
Secs. 31, 32, 33; All		Sec. 7; W½

Eddy County, New Mexico

2. That of the lands embraced within the proposed Unit, 3,045.46 acres are lands of the United States, being 63.11% of the Area, 990.46 acres are State of New Mexico lands being 20.52% of the Area, and 790.01 acres are Patented (Fee) lands being 16.37% of the Unit Area.

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

4. That Inexco Oil Company is designated as the Unit Operator in said 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 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 penetrate the Mississippian Formation, but applicant is not obligated to drill said well in any event to a depth in excess of 10,500 feet.

5. That the applicant believes that in the event oil or gas is discovered in paying quantities on 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 maximum recovery will be obtained of unitized substances and that said Unit Agreement is in the interest of conservation of prevention of waste as contemplated by the New Mexico Oil Conservation rules and regulations.

6. That Application for Approval of said Unit Agreement has been filed with the Commissioner of Public Lands.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement, 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 said Unit Agreement, and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste. Applicant respectfully requests that this matter be heard at the first available hearing following this date.

DATED this 25TH day of JANUARY, 1978.

INEXCO OIL COMPANY

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