

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
RUTH S. MUSGRAVE
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 18, 1984

RECEIVED

OCT 18 1984

OIL CONSERVATION DIVISION

HAND DELIVERED

Mr. Richard Stamets
Acting Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 8387

Re: Application of Inexco Oil Company for Approval of
the Arroyo Del Macho Unit Agreement, Chaves County,
New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the application of Inexco Oil
Company in the above-referenced case. Inexco Oil Company
respectfully requests that this matter be included on the
docket for the November 14, 1984 Examiner hearings.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: Mr. Les Tacconi (w/encl.)

APPLICATION FOR APPROVAL OF
ARROYO DEL MACHO UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

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OIL CONSERVATION DIVISION

Case 8387

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Comes the undersigned Inexco Oil Company with offices in Houston, Texas and files herewith one(1) copy of the proposed Unit Agreement for the Development and Operation of the Arroyo Del Macho Unit Area, Chaves 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 Unit Agreement embraces 25,214.78 acres of land, more or less more particularly described as follows:

T4S,R21E, NMPM, Chaves County, New Mexico

Sections 9 and 10: All
Section 11: W/2
Section 14: W/2
Sections 15 and 16: All
Sections 22 through 27 inclusive: All
Sections 35 and 36: All

T5S,R21E, NMPM, Chaves County, New Mexico

Sections 1,2,11,12,13,24 and 25: All

T5S,R22E,NMPM, Chaves County, New Mexico

Sections 5 through 8 inclusive: All
Sections 17 through 21 inclusive: All
Sections 27 through 35 inclusive: All

T6S,R22E, NMPM, Chaves County, New Mexico

Sections 1 and 12: All

2. That of the lands embraced within the proposed Unit Area 16,414.80 acres are lands of the United States, being 65.09991% of the Unit Area, 5879.98 acres, are State of New Mexico lands, being 23.31958% of the Unit Area, and 2920.00 acres are patented lands, being 11.50581% 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 and 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 Initial Test Well to be drilled to a depth sufficient to penetrate the Abo Formation but Applicant is not obligated to drill said wells, in any event, to a depth in excess of 3,600.

5. Applicant believes that in the event oil or gas or both 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 and prevention of waste as contemplated by the New Mexico Oil Conservation Commission rules and regulations.

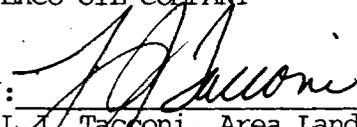
6. That Application for Approval of said Unit Agreement has been filed with the Commissioner of Public Lands.

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 Bureau of Land Management, 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 such hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste. Applicant respectfully requests this matter be heard at the first available hearing following this date.

Dated this 4th day of October 1984.

INEXCO OIL COMPANY

BY: 

L.J. Tacconi, Area Landman
211 Highland Cross Suite 201
Houston, Texas 77073