

3. That the Slick-Moorman Oil Company is designated as the unit operator in said Agreement, and the unit operator is given authority under the terms thereof to carry on all operations which are 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 commencement of a test well by the unit operator upon some part of the lands within the unit area within six months after the effective date of said Unit Agreement, and also provides for carrying out certain development operations which are more particularly set forth in said Unit Agreement.

4. That said Unit Agreement is in substantially the same form as heretofore approved by the Commissioner of Public Lands of the State of New Mexico, the Secretary of the Interior, or the Director of the United States Geological Survey, and the New Mexico Oil Conservation Commission, and it is believed that operations to be carried on under the terms thereof will promote the economical and efficient recovery of oil and gas to the end that the maximum yield may be obtained from the field or area, if oil or gas should be discovered in paying quantities, and the production is to be limited to such production as may be put to beneficial use with adequate realization of fuel and other values, and it is further believed that such agreement will be in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the oil conservation statutes of the State of New Mexico.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF
HUERFANO UNIT AGREEMENT, SAN
JUAN COUNTY, NEW MEXICO.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

COMES the undersigned, the Slick-Moorman Oil Company, a copartnership of San Antonio, Texas, and files herewith three copies of the proposed unit agreement for the development and operation of the Huerfano Unit Area, San Juan County, New Mexico, and hereby makes application for the approval of said unit agreement by the New Mexico Oil Conservation Commission as provided by law, and in support thereof shows:

1. That the unit area designated in said Unit Agreement covers a total of 63122.05 acres situated in San Juan County, New Mexico. That 55442.27 acres of the lands in said proposed unit area are lands of the United States, 1919.96 acres are fee or privately owned lands, and 758.12 acres are lands of the State of New Mexico. That said unit area is more particularly described by the plat attached to said Unit Agreement, made a part thereof and for purposes of identification marked Exhibit "A".

2. That the unit area described in the proposed Unit Agreement has heretofore been designated by the United States Geological Survey as one suitable and proper for unitization, and that all lands embraced therein are believed to be situated upon the same geological structure.

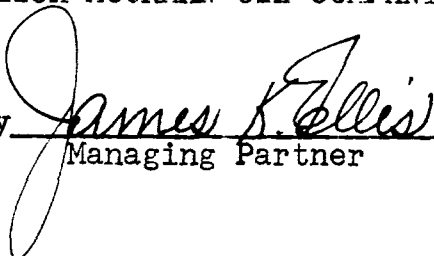
5. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement, and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, an approved executed copy of said Unit Agreement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

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said Unit Agreement as provided by the statutes of the State of New Mexico, and regulations of the New Mexico Oil Conservation Commission promulgated pursuant thereto, and that upon said hearing said Unit Agreement be approved by the New Mexico Oil Conservation Commission by entering an appropriate order with respect thereto.

Respectfully submitted,

SLICK-MOORMAN OIL COMPANY

By


Managing Partner