

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
PAN AMERICAN PETROLEUM CORPORATION
FOR THE APPROVAL OF THE NORTHEAST
HOGBACK UNIT AGREEMENT EMBRACING
10571.86 ACRES OF LAND IN T-30-N,
R-16-W, NMPM, SAN JUAN COUNTY, NEW
MEXICO

A P P L I C A T I O N

An application is hereby made by Pan American Petroleum Corporation for approval by the Oil Conservation Commission of a Unit Agreement entitled "Unit Agreement for the Development and Operation of the Northeast Hogback Unit Area, San Juan County, New Mexico", the said agreement having been entered into by the applicant herein as the Unit Operator and Working Interest Owners and Royalty Owners as have or may hereafter subscribe to or consent to the agreement.

The Northeast Hogback Unit Area embraces the following described lands located in San Juan County, New Mexico, to wit:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T-30-N, R-16-W

All of Sections 12, 13, 14,
15, 21, 22, 23, 24, 25, 26,
27, 28, 33, 34, 35, and 36.
The E/2 Section 11 and Lots
3, 4, E/2, SW/4, and SE/4,
Section 16

10,571.86 Acres

At the hearing hereinafter requested the requisite number of signed copies of the Unit Agreement will be submitted for approval. A complete and signed copy of the Unit Agreement will be filed in the office of the Commissioner of Public Lands of the State of New Mexico.

An unsigned copy of the Unit Agreement is being furnished by attachment to this application. The form of Unit Agreement has previously been considered and approved by the Commissioner of Public Lands. Geological evidence concerning the structure affected by this unitization has heretofore been submitted to the Commissioner of Public Lands and will be submitted at the hearing hereinafter requested.

With reference to the lands embraced in this Unit there is attached to the unsigned copy of the Unit Agreement, attached hereto, a map of Unit Area on which is shown the ownership of various lands embraced in the said unit, said map being marked Exhibit "A". There is likewise attached to the proposed said agreement, a schedule entitled Exhibit "B", on which is shown the ownership of the oil and gas interests and all lands embraced in the said unit. The applicant is continuing efforts to obtain commitments to the Unit Agreement from those owners of interests who have not yet joined and a full showing of the commitments will be made at the time of the hearing hereinafter requested.

Within six months after the Unit Agreement becomes effective, the Unit Operator is obligated to commence operations on an adequate test well. Should commercial production be discovered, the unitized operation will assure an orderly development program based on structural position and will enable production operations to be conducted in accordance with the best overall reservoir practices. Development and operation will be conducted in accordance with the plans having approval of the State authorities. It is submitted that the State of New Mexico as the owner of royalty in certain leases included in the area will receive its fair share of recoverable

oil and gas in place under the lands of the proposed Unit Area, that each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under those lands within the Unit Area, and that the Unit Agreement is in all respects for the best interests for the State of New Mexico and tends to eliminate waste and promote conservation of oil and gas.

The Unit Agreement makes express provision that additional parties may join and subject their interests to the said agreement after its final approval.

The Commission is respectfully requested to set this matter and application for hearing at the earliest possible date and following said hearing to give its approval to the Unit Agreement.

Respectfully submit this 27th date of August, 1959.

PAN AMERICAN PETROLEUM CORPORATION

By



Its Attorney-In-Fact

2/10/59