

A. J. LOSEE  
JOEL M. CARSON

LAW OFFICES  
**LOSEE & CARSON**  
300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

AREA CODE 505  
746-3508

20 March 1972

Mr. A. L. Porter, Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2008  
Santa Fe, New Mexico 87501

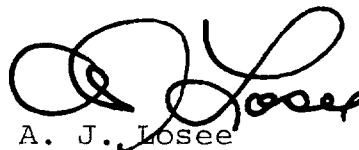
Dear Mr. Porter:

Enclosed herewith, you will please find Application in triplicate of Penasco Corporation for approval of the Penasco Shugart Queen Sand Unit Agreement, Eddy County, New Mexico.

Please set this matter on the docket for the next regular Examiner's hearing.

Very truly yours,

LOSEE & CARSON

  
A. J. Losee

AJL:jw  
Enclosure

cc: Penasco Corporation

8-1-1-10

Date 4-21-72

FILED  
FEB 1972

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
PENASCO CORPORATION FOR APPROVAL OF  
THE PENASCO SHUGART QUEEN SAND UNIT  
AGREEMENT, EDDY COUNTY, NEW MEXICO.

*Penasco*

APPLICATION

COMES PENASCO CORPORATION, by its attorneys, Losee & Carson, and states:

1. Applicant proposes to operate and develop as a unitized area, for the secondary recovery of oil from the Queen Sand, under and by virtue of the terms of the Unit Agreement, a copy of which is filed herewith and by reference made a part hereof, the following lands in Eddy County, New Mexico:

Township 18 South, Range 31 East, N.M.P.M.

Section 8: S/2 SE/4  
Section 9: S/2 SW/4  
Section 16: N/2 NW/4, SW/4 NW/4  
Section 17: NE/4, E/2 NW/4

containing 520 acres, more or less.

2. The participating area established by the Unit Agreement comprises 520 acres of which 400 acres are Federal lands and 120 acres are State lands.

3. Applicant is proposed to be the Operator of the unit area.

4. On December 16, 1971, the United States Geological Survey advised the applicant that the lands above described are acceptable as a logical unit area for secondary recovery operations, and approved the form of unit agreement that is attached to this application.

5. On December 27, 1971, the State of New Mexico approved the proposed unit agreement as to form and content.

6. Pursuant to Section 13.2, participation in production will be based upon primary oil recovery, as that term is therein defined, from each tract.

7. When the Unit Agreement has been approved by the United States and the State of New Mexico, a sufficient number of working and royalty interest owners will have executed or ratified the agreement so that it will become effective pursuant to Section 22.

8. The proposed plan for the development and operation of the Queen Sand underlying the above described unit area will promote the prevention of waste and protect correlative rights within the unit area, and the method of allocating production within the unit area is fair to all of the working and royalty interest owners.

WHEREFORE, applicant prays:

A. That this matter be set for hearing before an examiner appointed by the Commission, and that due public notice be given as required by law.

B. That the Commission approve the Penasco Shugart Queen Sand Unit Agreement for the development and operation of the unit area as a proper conservation measure.

DATED this March 20, 1972.

PENASCO CORPORATION

By: 

Losee & Carson  
P. O. Drawer 239  
Artesia, New Mexico

Attorneys for Applicant

RECEIVED  
JUN 21 1972  
U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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IN THE MATTER OF THE APPLICATION OF  
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AGREEMENT, EDDY COUNTY, NEW MEXICO.

*Case 1699*

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*See 4049*

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