

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

August 28, 1995

11382

HAND DELIVERED

RECEIVED

AUG 28 1995

Oil Conservation Division

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

**Re: North Carlsbad Unit
Application of H. L. Brown, Jr.
for Approval of an Exploratory Unit
Eddy County, New Mexico**

Dear Mr. Stogner:

On behalf of H. L. Brown, Jr., please find enclosed our referenced application for approval of his proposed North Carlsbad Unit which we request be set for hearing on the next available Examiner's docket now scheduled for September 21, 1995. Also enclosed is our proposed notice for this case.

Very truly yours,



W. Thomas Kellahin

cc: H. L. Brown, Jr.
Attn: C. Peter Courtney
cc: State Land Office
Attn: Pete Martinez
cc: Bureau of Land Management
Attn: Amando Lopez (Roswell)

SUGGESTED NMOCD NOTIFICATION

CASE 11382 Application of H. L. Brown, Jr. for approval of a unit, Eddy County, New Mexico. Applicant seeks approval of a voluntary exploratory unit to be called the North Carlsbad Unit for an area comprising 2560 acres, more or less of Federal, Fee and State lands in Sections 27, 28, 33 and 34, T24S, R23E. Said unit is located approximately 10 miles northwest of Whites City, New Mexico.

RECEIVED

AUG 28 1995

Oil Conservation Division

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR. FOR
APPROVAL OF NORTH CARLSBAD UNIT,
EDDY COUNTY, NEW MEXICO**

RECEIVED

AUG 28 1995

Oil Conservation Division

CASE NO. 11382

APPLICATION

Comes now H. L. BROWN JR., by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order approving its proposed North Carlsbad Unit, a voluntary exploratory for an area comprising 2560.00 acres, more or less, of fee, federal and state oil and gas leases underlying all of Sections 27, 28, 33 and 34, T24S, R23E, NMPM, Eddy County, New Mexico, and in support states:

(1) H. L. Brown Jr. (Brown"), is an oil and gas operator doing business in the State of New Mexico and is the lessee and the only working interest owner of the fee, federal and state oil and gas leases to be included in the proposed unit.

(2) Brown is the proposed operator of a voluntary exploratory unit to be called the "North Carlsbad Unit."

(3) The proposed area for which application is made for unitized operations is known as the "North Carlsbad Unit Area" and consists of state, federal and fee oil & gas leases located in Eddy County, New Mexico and comprises 2560.00 acres, more or less, identified as the "Unit Area" on Exhibit "A" attached and being the following described area:

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM

Section 27: All
Section 28: All
Section 33: All
Section 34: All

(4) Brown proposes to drill the initial unit well at a standard well location in Unit K of Section 28 to a depth sufficient to test the Devonian Formation or 7500 feet whichever is the lesser depth.

(5) There is a reasonable geologic basis for the proposed unit boundary.

(6) Approval of this unit will provide for the unified development and operation of an entire potential geologic prospect and will afford the most efficient and economical means for the exploration, drilling and production.

(7) The proposed operator with approval of this voluntary unit will have effective and efficient control of this potential reservoir which should afford the opportunity to maximize recovery, prevent waste and protect correlative rights.

(8) The proposed unitization and adoption of the methods of operation embodied in the Unit Operating Agreement will benefit the working interest owners and royalty owners of the oil and gas rights within the Unit Area.

(9) Applicant has filed to obtain preliminary approval from both the Commissioner of Public Lands of New Mexico and from the Bureau of Land Management and anticipates having both agency approvals prior to hearing.

NMOCD Application

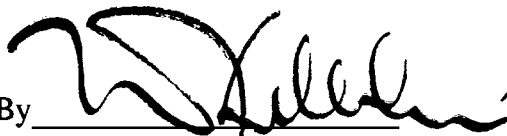
H. L. Brown, Jr.

Page 3

(10) Brown as the only working interest owner in the unit has sufficient percentage of the interest owners so that the unit operations will be orderly and efficient and therefore will avoid waste and protect correlative rights.

WHEREFORE, H. L. Brown requests that this application be set for hearing on September 21, 1995 before the Division's Examiner and that the Division enter its order approving the Unit Agreement and Unit Operating Agreement and providing for the unitized management, operations and further development of all the formations within the Unit Area.

Respectfully submitted,

By 

W. Thomas Kellahin

Kellahin & Kellahin

P. O. Box 2265

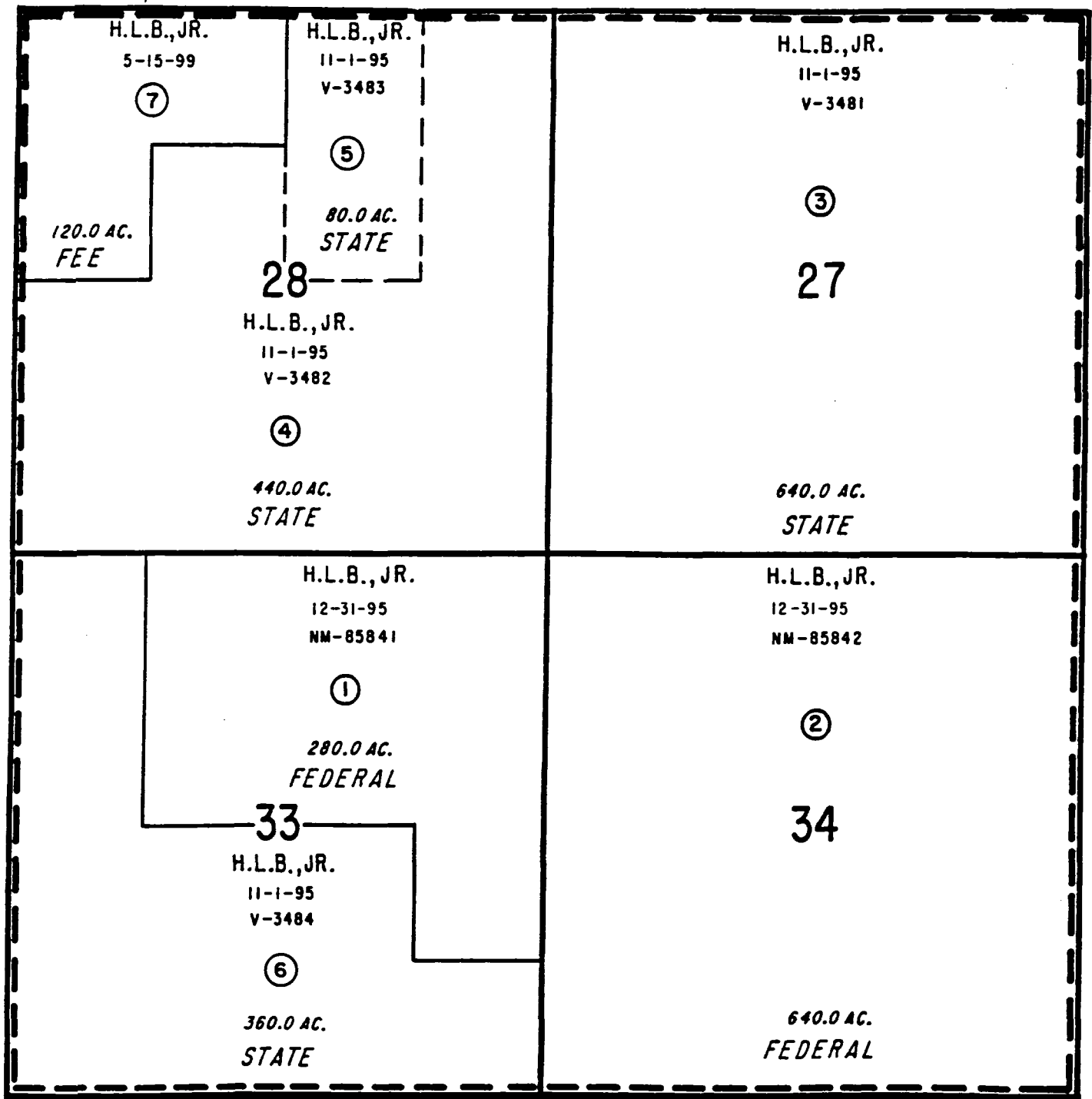
Santa Fe, New Mexico 87504

phone (505) 982-4285

ATTORNEYS FOR APPLICANT

STATE LAND: 1520 ACRES (59.3750% OF UNIT).
FEDERAL LAND: 920 ACRES (35.9375% OF UNIT).
FEE LAND: 120 ACRES (4.6875% OF UNIT).

TOTAL: 2560 ACRES.



H. L. BROWN, JR.
NORTH CARLSBAD UNIT AREA
EDDY COUNTY, NEW MEXICO

T-24-S , R-23-E

UNIT OUTLINE

○ - TRACT NUMBER

EXHIBIT "A"