

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF NEW MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1140

THE APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR APPROVAL OF THE TRES RANCHOS
UNIT EMBRACING 1200 ACRES, MORE OR LESS,
EDDY COUNTY, NEW MEXICO, IN TWP. 19 S.,
RGE. 23 E., N.M.P.M.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the undersigned, Magnolia Petroleum Company, a corporation with offices at Dallas, Texas, and files herewith two copies of the proposed Unit Agreement for the Development and Operation of the Tres Ranchos Unit, Eddy County, New Mexico, and hereby makes application for the approval of said Unit Agreement as provided by law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement embraces 1200 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 19 S., R. 23 E., Eddy County, New Mexico

Sec. 10: All
Sec. 11: $W\frac{1}{2}$ $W\frac{1}{2}$
Sec. 15: $N\frac{1}{2}$
Sec. 14: $W\frac{1}{2}$ $NW\frac{1}{4}$

That the lands embraced within the proposed unit area are all State lands.

2. That applicant is informed and believes, and upon such information and belief, states: That the proposed unit area covers substantially all of the geological feature involved, and in the event of the discovery of oil or 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.

3. That Magnolia Petroleum Company is designated as 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 com-

mencement of a test well for oil and gas upon some part of the lands embraced in the unit area within 60 days after the effective date of the unit agreement, which is to be effective upon approval by the Commissioner of Public Lands of the State of New Mexico, and for the drilling of said well with due diligence to a depth sufficient to test the Ellenburger Formation or to such depth as unitized substances shall be discovered in paying quantities if at a lesser depth; provided, however, that the operator is not required in any event to drill said well to a depth in excess of 10,000 feet.

4. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

5. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico.

6. 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, an approved copy thereof 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 and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste.

DATED this 9th day of August, 1956.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

By W. E. Bombardieri
Attorney and agent