

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Application for Approval of Black Hills Anticline
Unit Area, Chaves County, New Mexico

New Mexico Oil Conservation Commission
Santa Fe
New Mexico

COMES the undersigned the Magnolia Petroleum Company, a corporation of Dallas, Texas, and files herewith three copies of a proposed unit agreement for the development and operation of the Black Hills Anticline Unit Area, Chaves County, New Mexico, and hereby makes application for the approval of said agreement by the New Mexico Oil Conservation Commission and in support thereof, shows:

1. That the unit area designated in said agreement covers 17,626.62 acres situated in Townships 17 and 18 South, Ranges 19 and 20 East, N.M.P.M., Chaves County, New Mexico. All of the lands embraced in said unit area are lands of the United States except the following described lands which are lands of the State of New Mexico, to-wit:

S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 27; All Sec. 36, T 17 S., R 19 E., S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 20; All Sec. 32, W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 34, T 17 S., R 20 E., All Sec. 2, T 18 S., R 19 E., N.M.P.M. containing 2,170.56 acres, more or less.

That said unit area is more particularly shown by the plat attached to the copies of the proposed unit agreement filed herewith as Exhibit "A" and made a part thereof. The owners of all of the oil and gas leases or pending applications therefor embracing lands within the unit area have agreed to commit said leases to said agreement except the owner of State oil and gas lease B-7046 covering Lot 3, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ Sec. 2; and the owner of State oil and gas lease B-10102 covering Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 2, T 18 S., R 19 E., N.M.P.M.

2. That said unit area described in the unit agreement was designated by the Director of the United States Geological Survey on December 6, 1945 as one suitable and proper for unitization and all of the lands embraced therein are believed to be situated upon the same geological structure.

3. That the undersigned, Magnolia Petroleum Company is designated as unit operator in said agreement and the Unit Operator is given the authority under the terms of said agreement to carry on operations necessary for the exploration and development of the unit area for oil and gas, subject to the regulations of the Secretary of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission, and that under the terms thereof a test well for oil or gas is to be drilled upon some part of the unit area to a depth of 7,000 feet, unless oil or gas is found at a lesser depth, or unless at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable.

4. That said proposed unit agreement was approved as to form by the Acting Secretary of the Interior of the United States on March 14, 1946, and is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico, the Secretary of the Interior 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 conservation of oil and gas and the prevention of waste as contemplated by the oil conservation statutes of the

State of New Mexico.

5. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after the approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Secretary of the Interior of the United States, an approved copy of said 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 the regulations of the New Mexico Oil Conservation Commission, and that upon said hearing said unit agreement be approved by the New Mexico Oil Conservation Commission.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

BY *L. P. Hannifin*

COMMISSIONER OF PUBLIC LANDS
STATE LAND OFFICE
SANTA FE, NEW MEXICO

Re: Black Hills Anticline Unit Area
Chaves County, New Mexico
I. Sec. 448

APPLICATION FOR FURTHER EXTENSION OF TIME WITHIN WHICH TO COMPLY WITH THE
DRILLING REQUIREMENTS OF UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION
OF THE BLACK HILLS ANTICLINE UNIT AREA

Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico

COMES the undersigned, the Magnolia Petroleum Company, a corporation with offices at Dallas, Texas and the unit operator designated in the Unit Agreement for the operation and development of the Black Hills Anticline Unit Area, Chaves County, New Mexico, referred to as I. Sec. 448, and requests that the time within which to commence the drilling of a second well in accordance with the terms of said Unit Agreement be extended for a period of six months from May 6, 1950, and in support of such request respectfully shows:

I.

That the Unit Agreement for the Development and Operation of the Black Hills Anticline Unit Area, Chaves County, New Mexico, was approved by the Oil Conservation Commission of the State of New Mexico, and by the Commissioner of Public Lands of the State of New Mexico, on the 7th day of June, 1946, and by the Secretary of the Interior of the United States on the 26th day of July, 1946.

II.

That the Magnolia Petroleum Company, the Unit Operator designated in said Unit Agreement, commenced a test well for oil and gas in the center of the NW¹/₄ Section 31, T. 17 S., R. 20 E., N.M.P.M., upon a part of the lands embraced within said unit area, on June 27, 1946, and drilled said well, with due diligence, to a depth of 6,065 feet, at which depth it was completed on November 5, 1946, and abandoned with the approval of the Super-

visor of the United States Geological Survey, having failed to encounter oil or gas in paying quantities and the well having encountered, at or about said depth, igneous or metamorphic formations which rendered further drilling impracticable.

III.

That Section 8 of said Unit Agreement provides, in part, as follows:

"If said first well drilled as aforesaid fails to encounter unitized substances, Unit Operator, or his successors shall thereupon commence within 6 months after the completion of the former well and drill, one at a time additional wells until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing unitized substances; provided that the Secretary and the Commissioner may grant extension of time for the commencement of any such well....."

IV.

That the Magnolia Petroleum Company, being the unit operator designated in said Unit Agreement for the operation and development of the Black Hills Anticline Unit Area, will start a well within 30 days after the approval by the Director of the United States Geological Survey, the Oil Conservation Commission of the State of New Mexico and by the Commissioner of Public Lands, of the extension of time on which to start a well requested in this application, and drill said well to approximately 5000 feet to thoroughly test all horizons, including the Devonian, the well to be located in Section 31, T. 17 S., R. 20 E., N.M.P.M., and the probable location being in the SW $\frac{1}{4}$ of said section.

V.

That the Magnolia Petroleum Company is the owner and holder of that certain oil and gas lease made and entered into by and between the State of New Mexico, acting by and through its Commissioner of Public Lands and Herman R. Crile on May 24, 1937, bearing No. B-7046, insofar as said oil and gas lease covers and affects the SE $\frac{1}{4}$ Section 2, T. 18 S., R. 19 E., N.M.P.M., and that said oil and gas lease has been duly committed to said unit agreement and under the terms thereof will have expired on May 24, 1947, unless oil and gas is being produced from some portion of the lands embraced in said unit area. That the applicant desires to have said oil and gas lease extended so as to conform with the terms of said unit agreement and so that the same will remain

in full force and effect during any extension of time which may be granted by the Director of the United States Geological Survey and the Commissioner of Public Lands in conformity with Section 8 of said unit agreement, hereinabove referred to, and during the life of said unit agreement in the event any well drilled on said unit area should result in the production of oil and gas in commercial quantities.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

By *S. P. Hammit*
Authorized Representative

NEW MEXICO STATE LAND OFFICE

SANTA FE, NEW MEXICO

Re: Black Hills Anticline Unit Area,
Chaves County, New Mexico,
I Sec. 448

APPLICATION FOR EXTENSION OF TERM OF UNIT AGREEMENT FOR THE
DEVELOPMENT AND OPERATION OF THE BLACK HILLS ANTICLINE UNIT AREA
AND ALSO FOR AN EXTENSION OF TIME WITHIN WHICH TO COMPLY WITH THE
DRILLING REQUIREMENTS OF SAID UNIT AGREEMENT

Commissioner of Public Lands
Santa Fe, New Mexico

Comes the undersigned, the Magnolia Petroleum Company, a corporation with offices at Dallas, Texas, and being the unit operator designated in the Unit Agreement for the operation and development of the Black Hills Anticline Unit Area, Chaves County, New Mexico, referred to as I Sec. 448, and respectfully requests that the term of said Unit Agreement be extended for a period of three years from December 31, 1949, and that the time within which to commence further drilling operations under the terms of said Unit Agreement be extended until May 6, 1950, and in support of such request respectfully shows:

I.

That the Unit Agreement for the development and operation of the Black Hills Anticline Unit Area, Chaves County, New Mexico, was approved by the New Mexico Oil Conservation Commission on the 7th day of June, 1946, and by the Secretary of the Interior of the United States on the 26th day of July, 1946, and designated as I Sec. 448.

II.

That the Magnolia Petroleum Company, the unit operator designated in said Unit Agreement commenced a test well for oil and gas in the center of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 31, T. 17 S., R. 20 E., N.M.P.M., upon a part of the lands embraced within said Unit Area

on June 27, 1946, and drilled said well with due diligence to a depth of 6,085 feet, at which depth it was completed on November 5, 1946, and abandoned with the approval of the Supervisor of the United States Geological Survey, having failed to encounter oil and gas in paying quantities, and having encountered at or about said depth igneous or metamorphic formations which rendered further drilling impracticable.

III.

That said Unit Agreement provides in effect that if the first well drilled fails to encounter unitized substances that the unit operator shall within six months after the completion of said well commence drilling operations upon an additional well and continue such drilling operations until it is reasonably proved that the unitized land is not capable of producing unitized substances. That extensions have been granted from time to time by the Director of the United States Geological Survey and by the Commissioner of Public Lands of the State of New Mexico within which to commence further drilling operations under the terms of said Unit Agreement, the last extension being until May 6, 1949.

IV.

That Section 19 of said Unit Agreement provides that the same shall terminate on December 31, 1949, "unless (1) such date of expiration is extended by the Secretary and by the Commissioner".

V.

That there is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A" a letter of R. E. Murphy, District Geologist for the Magnolia Petroleum Company, addressed to Mr. Foster Merrell, Supervisor of the United States Geological Survey, on December 23, 1949, outlining the

geological work which has been performed by the Magnolia Petroleum Company having a bearing upon the Unit Area, and the work which is being carried on at the present time.

That there is also attached hereto, made a part hereof, and for purposes of identification marked Exhibit "B" a letter of the Magnolia Petroleum Company to Mr. Foster Morrell, Supervisor of the United States Geological Survey, under date of December 23, 1949, outlining the drilling program which has been carried on by the Magnolia Petroleum Company having a direct bearing upon the Black Hills Anticline Unit Area, and showing the expenditures made by the Magnolia Petroleum Company for such purpose.

VI.

That it is the intention of applicant at the present time to carry on further exploration and development operations on said Unit Area, and to drill or cause to be drilled at least one additional test well upon said Unit Area, but that it is for the best interest of all concerned to defer the location of said well until all geological and geophysical work contemplated by the Magnolia Petroleum Company in said area has been completed.

VII.

That an application similar to this application is being made by the undersigned to the Director of the United States Geological Survey, Washington, D. C.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

By *L. P. Hannigan*
Authorized Representative