

EXHIBIT "B"

BURRO HILLS UNIT AREAEDDY COUNTY, NEW MEXICOSCHEDULE SHOWING THE NATURE AND EXTENT OF OWNERSHIP
OF OIL AND GAS RIGHTS IN ALL LANDS IN THE UNIT
AREAFEDERAL LANDS

<u>OWNERSHIP OIL AND GAS LEASES OR APPLICATIONS</u>	<u>LAS CRUCES SERIAL NUMBER</u>	<u>NO. OF ACRES</u>
<u>Ruby S. Crosby</u> ✓ Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 3; Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 4; SW $\frac{1}{4}$ Sec. 8; W $\frac{1}{2}$ Sec. 17; NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 19; S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$, W $\frac{1}{2}$ Sec. 20; W $\frac{1}{2}$, NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 21; N $\frac{1}{2}$ Sec. 22; T. 21 S., R. 22 E.,	065709	2,520.32
<u>Ruby S. Crosby</u> ✓ N $\frac{1}{2}$, SE $\frac{1}{4}$ Sec. 11; All Secs. 14 and 23, T. 21 S., R. 22 E.	065895	1,760
<u>Ruby S. Crosby</u> ✓ E $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ Sec. 22; N $\frac{1}{2}$ Sec. 27, T. 21 S., R. 22 E.	065714	600
<u>Martha Donaldson</u> ✓ S $\frac{1}{2}$ Sec. 27; SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 28; N $\frac{1}{2}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 33; T. 21 S., R. 22 E.	063299	1,120
<u>C. C. Golden</u> ✓ Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 3; SW $\frac{1}{4}$ Sec. 4; N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ Sec. 8; All Sec. 9; S $\frac{1}{2}$ Sec. 10; All Sec. 15; E $\frac{1}{2}$ Sec. 17, T. 21 S., R. 22 E.	063297	2,480.28
<u>Dorothy Golden</u> ✓ SE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 19; N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 28; All Sec. 29; Lots 1, 3 and 4, E $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ Sec. 30; All Sec. 31, T. 21 S., R. 22 E.	063301	2,226.70
<u>Lucile Parker</u> ✓ S $\frac{1}{2}$ Sec. 3; Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ Sec. 4; N $\frac{1}{2}$ Sec. 10; N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20, T. 21 S., R. 22 E.	063288	1,040.04
<u>Thos. A. Powell</u> ✓ SW $\frac{1}{4}$ Sec. 11, T. 21 S., R. 22 E.	065258	160
<u>Emily Belle Smith</u> ✓ All Sec. 4, T. 22 S., R. 22 E.	065586	639.28

OWNERSHIP
OIL AND GAS LEASES
OR APPLICATIONS

LAS CRUCES
SERIAL
NUMBER

NO.
OF
ACRES

W. P. Thurman ✓

065138

40

NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 21, T. 21 S., R. 22 E.

Mrs Lea Walker ✓

065627

1,203.70

SE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 33, T. 21 S., R. 22 E.
All Sec. 5, Lots 1, 2, 3, 4, 5, 6, and 7,
SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec.6,
T. 22 S., R. 22 E.

Marion J. Welsch ✓

063307

801.20

All Sec. 5; NW $\frac{1}{4}$ Sec. 8, T. 21 S., R. 22 E.

Total Federal Lands

14,591.52

-- 0 --

STATE LANDS

PRESENT OWNER
OR LESSEE

STATE
LEASE NO.

ACRES

Magnolia Petroleum Company ✓

E-489

80

N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 16, T. 21 S., R. 22 E.

Magnolia Petroleum Company ✓

E-1446

200

N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 16; N $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 32,
T. 21 S., R. 22 E.

Magnolia Petroleum Company ✓

E-1476

160

N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 16; SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 19,
T. 21 S., R. 22 E.

Magnolia Petroleum Company ✓

B-8063

40

NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 16, T. 21 S., R. 22 E.

Magnolia Petroleum Company ✓

B-8187

80

N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 32, T. 21 S., R. 22 E.

Magnolia Petroleum Company ✓

B-8850

40

SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 32, T. 21 S., R. 22 E.

<u>PRESENT OWNER OR LESSEE</u>	<u>STATE LEASE NO.</u>	<u>ACRES</u>
<u>Thos. O. Cole</u>	B-8850	40
SW $\frac{1}{2}$ SW $\frac{1}{2}$ Sec. 32, T. 21 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-9141	40
SE $\frac{1}{2}$ NW $\frac{1}{2}$ Sec. 32, T. 21 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-9373	40
SW $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 16, T. 21 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-9425	120
NE $\frac{1}{2}$ SE $\frac{1}{2}$, S $\frac{1}{2}$ SW $\frac{1}{2}$ Sec. 16, T. 21 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-9839	160
SE $\frac{1}{2}$ Sec. 32, T. 21 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-10255	80
S $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 32, T. 21 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-10403 B-1043	180.74
SE $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 16; SW $\frac{1}{2}$ SE $\frac{1}{2}$ Sec. 22; Lot 2 Sec.30; SW $\frac{1}{2}$ NW $\frac{1}{2}$, NE $\frac{1}{2}$ SW $\frac{1}{2}$ Sec. 32, T. 21 S., R. 22 E.		
XXXXXXXXXXXX <u>Magnolia Petroleum Company</u> ✓	B-10497	40
SW $\frac{1}{2}$ SE $\frac{1}{2}$ Sec. 6, T. 22 S., R. 22 E.		
<u>Magnolia Petroleum Company</u> ✓	B-11116	120
S $\frac{1}{2}$ NW $\frac{1}{2}$, SW $\frac{1}{2}$ SE $\frac{1}{2}$ Sec. 16, T. 21 S., R. 22 E.		
Total State Lands		1,420.74

-- 0 --

FEE LANDS

<u>Lease Owner</u>	<u>Description</u>	<u>Acres</u>
Magnolia Petroleum Company	S $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 8, T. 21 S., R. 22 E.	80

RECAPITULATION

	<u>Acres</u>
Federal Lands.....	14,591.52
State Lands.....	1,420.74
Fee Lands.....	80
TOTAL NUMBER OF ACRES IN BURRO HILLS UNIT AREA.....	16,092.26

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 128

ORDER NO. 755

THE APPLICATION OF THE MAGNOLIA PETROLEUM
COMPANY FOR AN ORDER OF APPROVAL OF PROPOSED
BURRO HILLS UNIT AGREEMENT WHOSE UNIT AREA
COVERS 16,092.26 ACRES SITUATED IN TOWNSHIPS
21 and 22 SOUTH, RANGE 22 EAST, IN EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A. M.,
March 2, 1948, at Santa Fe, New Mexico, before the Oil Conser-
vation Commission of New Mexico, hereinafter referred to as
"Commission", and said hearing was continued by order of the
Commission to ten o'clock A. M., March 10, 1948, at Santa Fe,
New Mexico.

NOW, on this the 10th day of March, 1948, the
Commission having before it for consideration the testimony
adduced at the hearing of said case and being fully advised
in the premises:

FINDS that the proposed unit plan will in principle
tend to promote the conservation of oil and gas and the
prevention of waste;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"BURRO HILLS UNIT AGREEMENT ORDER"

SECTION 1. (a). That the project herein shall be
known as the Burro Hills Unit Agreement and shall hereinafter
be referred to as the Project.

(b) That the plan by which the Project shall be
operated shall be embraced in the form of unit agreement for the
development and operation of the Burro Hills Unit Area referred to
in the petitioner's petition and filed with said petition and such
plan shall be known as the Burro Hills Unit Agreement Plan.

SECTION 2. That the Burro Hills Unit Agreement Plan
shall be and is hereby approved in principle as a proper conser-
vation measure; provided, however, that notwithstanding any of
the provisions contained in said Unit Agreement, this approval
of said agreement shall not be considered as waiving or relinquis-
hing in any manner any rights, duties or obligations which are now
or may hereafter be vested in the New Mexico Oil Conservation

Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Burro Hills Unit Agreement or relative to the production of oil and gas therefrom.

SECTION 3. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

T. 21 S., R. 22 E.

All Sections 3, 4, 5, 8, 9, 10, 11,
14, 15, 16, 17, 20, 21, 22, 23, 27,
28, 29, 30, 31, 32, 33, E $\frac{1}{2}$ Section 17.

T. 22 S., R. 22 E.

All Sections 4, 5 and 6.

Eddy County, New Mexico,
containing 16,092.26 acres,
more or less.

(b) The Unit area may be enlarged or diminished as provided in said Plan.

SECTION 4. That the unit operator shall file with the Commission an executed original, or executed counterparts thereof, of the Burro Hills Unit Agreement not later than 30 days after the effective date thereof.

SECTION 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original of any such counterpart.

SECTION 6. That the order herein shall become effective on the first day of the calendar month next following the approval of Commissioner of Public Lands and the Secretary of the Interior and shall terminate ipso facto on the termination of said Unit Agreement. The last Unit Operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION


THOMAS J. MABRY, CHAIRMAN

JOHN E. MILES, MEMBER


R. R. SPURRIER, SECRETARY

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF BURRO HILLS

UNIT AREA, EDDY 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 Burro Hills Unit Area, Eddy County, New Mexico, and hereby makes application for the approval of said agreement by the New Mexico Oil Conservation Commission as provided by law, and in support thereof shows:

1. That the Unit Area designated in said Unit Agreement covers a total of 16,092.26 acres situated in Townships 21 and 22 South, Range 22 East, Eddy County, New Mexico. That 14,591.52 acres of the lands in said proposed Unit Area are lands of the United States, and 1,420.74 acres are lands of the State of New Mexico, and that 80 acres are fee or privately owned lands. That said Unit Area is more particularly described by the plat attached to said proposed Unit Agreement, made a part thereof and for purposes of identification marked Exhibit "A".

2. That the owners of all of the oil and gas leases or pending applications therefor embracing lands of the United States and the Magnolia Petroleum Company, which owns the oil and gas leases covering substantially all of the lands of the State of New Mexico, and the fee lands have all

agreed to commit the same to said Unit Agreement.

3. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by the Director of the United States Geological Survey as one suitable and proper for unitization, and that all lands embraced therein are believed to be situated upon the same geological structure; that there is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A", a duplicate original of the Geological Report and Geological Map, being based upon a gravity meter survey, which was filed with the United States Geological Survey and upon which the designation made by the Director was based, and which is to be treated as confidential.

4. That the undersigned, Magnolia Petroleum Company, is designated as the Unit Operator in said agreement, and the Unit Operator is given the authority under the terms of said agreement to carry on all operations which are 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, the New Mexico Oil Conservation Commission, and the terms of the respective leases. That a test well is now being drilled by the Magnolia Petroleum Company in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 16, Township 21 South, Range 22 East, N.M.P.M., upon lands of the State of New Mexico and being in approximately the center of the proposed Unit Area, and that said well is to be drilled to a depth of 7200 feet, unless at a lesser depth unitized substances shall be discovered which can be produced in paying quantities, or the Unit Operator shall establish to the satisfaction of the Commissioner of Public Lands that further drilling of said well would not be warranted.

5. That said Unit Agreement was approved as to form by the Acting Assistant Secretary of the Interior of the United States on January 30, 1948, 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.

6. 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 *S. P. Hannifin*

MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

EXPLORATION DEPARTMENT

P. O. BOX 900

DALLAS 1, TEXAS

October 2, 1947

S. A. THOMPSON
VICE PRESIDENT AND MANAGER
HENRY C. CORTES
ASSISTANT MANAGER
W. W. CLAWSON
CHIEF GEOLOGIST
PAUL E. NASH
GEOPHYSICAL EXPLORATION

Director
United States Geological Survey
Washington, D. C.

Dear Sir:

Request for Unitization - Burro Hill Prospect
Townships 21 and 22 South, Range 22 East
Eddy County, New Mexico

In support of our request for unitization of our Burro Hill Prospect, we submit the following geological information concerning the well we propose to drill.

We expect to encounter the following formations at the estimated depths shown:


Top San Andres lime	450'
Top Glorieta sand	1775'
Top Yesc formation	1805'
Top Abo formation	3905'
Top Pennsylvanian	5585'
Top Mississippian	5810'
Top Devonian (Percha)	6045'
Top Silurian (Pusselman)	6085'
Top Ordovician (Montoya)	6260'
Top El Paso lime	6620'
Top Cambrian sandstone	6975'
Top Granite	7210'

The above estimates are based on Magnolia No. 1 Black Hills, Section 31, Township 17 South, Range 20 East, Chaves County. This is the nearest well which has penetrated the entire sedimentary section.

The most likely reservoir formations are the Glorieta, Yesc, Fusselman, Montoya, and El Paso.

In support of this request, we are attaching a copy of our gravity survey. This is a first-order anomaly and is believed to indicate a deep-seated structure.

Very truly yours,



S. A. Thompson
Vice President and
Manager of Exploration

ILLEGIBLE

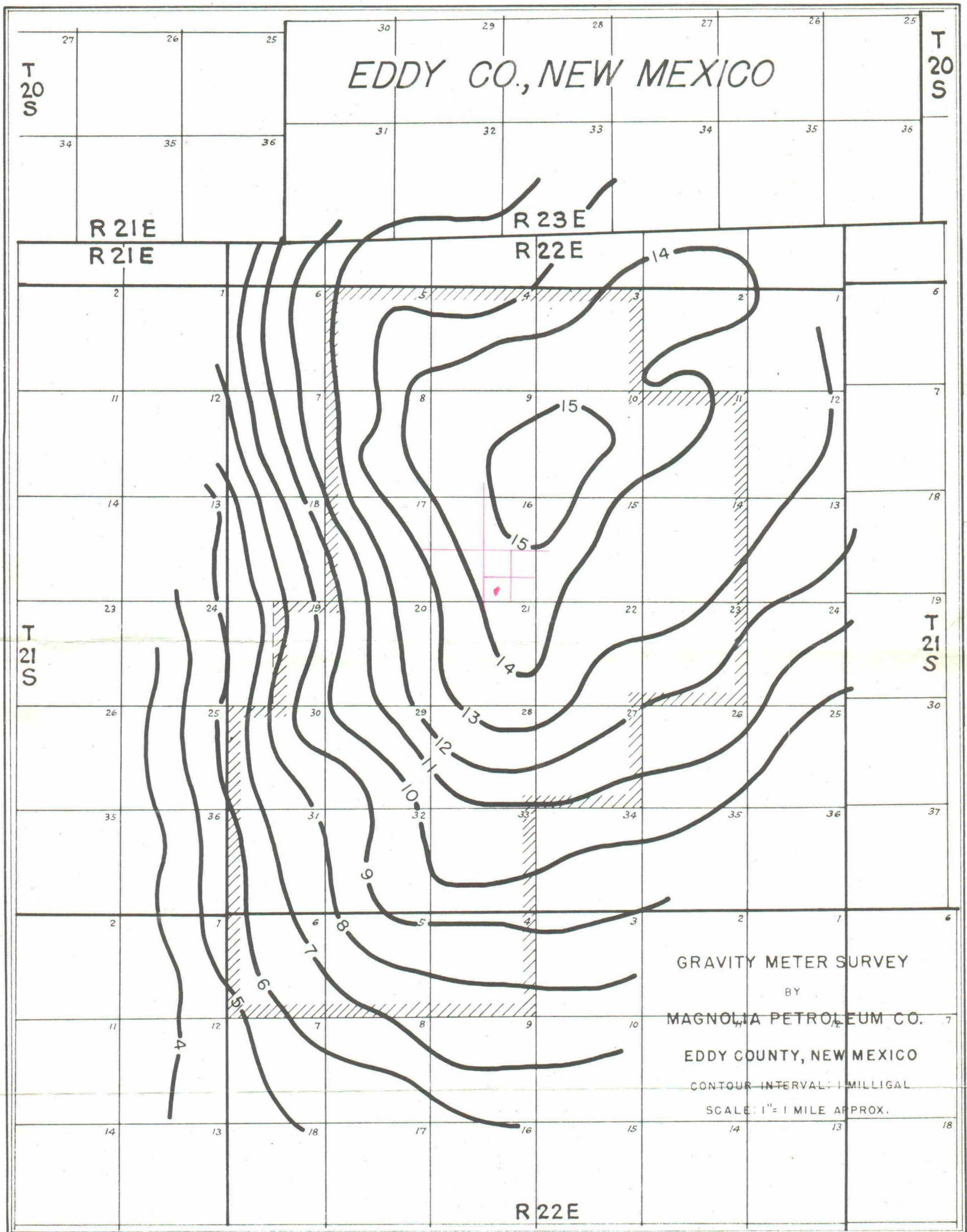


EXHIBIT "A"