

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF FOSTER 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 Foster Unit Area, Eddy County, New Mexico, and hereby makes application for the approval of said Unit 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 10,289.50 acres situated in Townships 20 and 20 $\frac{1}{2}$ South, Ranges 22, 23 and 24 East, N.M.P.M., Eddy County, New Mexico. That 9,227.54 acres of the lands in said proposed Unit Area are lands of the United States, and 1,061.96 acres are lands of the State of New Mexico. That said Unit Area is more particularly described by the plat attached to said 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, embrace lands of the United States and the Magnolia Petroleum Company, which owns or holds oil and gas leases issued by the State of New Mexico covering a substantial portion of the lands of the State of New Mexico embraced in said Unit Area, 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 suitable and proper for unitization, and that all lands embraced therein are believed to be situated upon the same geological structure, and that there is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A", a plain table structure map based upon the geology of Milton Hruby, Graduate Geologist employed by the Magnolia Petroleum Company, and which shows the relationship between the geological structure and the proposed unit area, and that said map is the same one submitted to 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 development and operation 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 Conservation Commission, and the terms of the respective leases. That the Magnolia Petroleum Company is preparing to commence immediate operations on the drilling of a test well for oil and gas to be located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 26, Township 20 South, Range 23 East, N.M.P.M., upon lands of the United States, and which will be in the approximate center of the proposed Unit Area, and that said well is to be drilled to a depth of 3700 feet, unless at a lesser depth unitized substances should be discovered which can be produced in paying quantities.

5. 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, 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 approval thereof by the Commissioner of Public Lands of the State of New Mexico, and the Secretary of the United States, an approved copy of the 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 upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY


