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LAW OFFICES
HERVEY, DOW & HINKLE
ROSWELL, NEW MEXICO

December 29, 1950

WILLIAM C. SCHAUER

New Mexico Oil Conservation
Commission
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

We enclose herewith in triplicate Application of the Magnolia Petroleum Company for approval of the Four Lakes Unit Area. The proposed Unit consists solely of State land situated in Lea County. We are anxious for you to give notice immediately of a hearing on the Unit as the Magnolia Petroleum Company is anxious to have the Agreement approved so that drilling operations may be commenced prior to February 1st.

You will note that the Application states that three copies of the proposed Unit Agreement are being filed. These have not yet been completed and will be forwarded to you just as soon as they are ready. We are sending the Application on to you at this time so that you may get out your notice with respect to the hearing.

Anything you can do to expedite the calling of the hearing in connection with this matter will be appreciated.

Yours very truly,

HERVEY, DOW & HINKLE

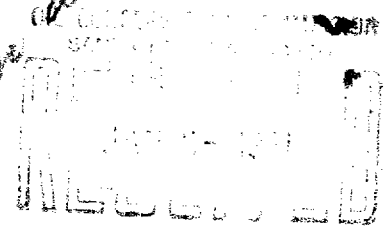
By Clarence E. Hinkle

CEH/se
Encl.

CC: J. P. Hannifin
Magnolia Petroleum Co.
Roswell, New Mexico

*Heard on
Feb. 1 RB*

*(Feb 10 is
operation date)*



NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF FOUR LAKES UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

COMES the undersigned, the Magnolia Petroleum Company, a corporation with offices at Dallas, Texas, and files herewith three copies of a proposed Unit Agreement for the development and operation of the Four Lakes Unit Area embracing land situated in Lea 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 Agreement comprises 3,200 acres situated in Lea County, New Mexico, more particularly described as follows:

S $\frac{1}{2}$ Sec. 10, S $\frac{1}{2}$ Sec. 11, all of
Secs. 14, 15, 22, 23, Twp. 10 S.,
Rge. 34 E., N.M.P.M.

That all of the above described lands are lands owned by the State of New Mexico upon which the applicant and others are the owners of oil and gas leases issued by the Commissioner of Public Lands of the State of New Mexico.

2. That there is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A" a plat reflecting the results of a seismograph survey made of the proposed Unit Area, and because of the geological and geophysical information available applicant believes that the above described area is an area suitable and proper for unitization.

3. 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 thereof to carry on all operations which are necessary for the development and the operation of the Unit Area for oil and gas subject to all applicable laws and regulations. That said Unit Agreement provides for the commencement of a test well for oil and gas upon some part of the lands committed to the Unit Agreement on or before February 1, 1951, and for the drilling of said well to a depth of 12,500 feet or a depth sufficient to test the Devonian formation expected to be encountered at about said depth.

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 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 produced 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 the Agreement will be in the interest of the 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 approval thereof by the Commissioner of Public Lands of the State of New Mexico, a fully executed and 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 will be approved by the New Mexico Oil Conservation Commission.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY

BY

J. P. Hannifin