

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF LINDRITH UNIT AREA

RIO ARRIBA 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 Lindrith Unit Area, Rio Arriba 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 28,459.39 acres situated in Townships 24 and 25 North, Ranges 2 and 3 West, N.M.P.M., Rio Arriba County, New Mexico. That 22,379.49 acres of the lands in said proposed Unit Area are lands of the United States, 6,039.90 acres are fee or privately owned lands, and 40 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 hereof, and for purposes of identification marked Exhibit "A".

2. That the owners of substantially all of the oil and gas leases or pending applications therefor embracing lands of the United States have agreed to commit said oil and gas leases to said Unit Agreement and the Magnolia Petroleum Company owns or holds oil and gas leases covering a substantial portion of the privately owned or fee lands and is willing to commit said leases

to said Unit Agreement as well as its lease covering the lands of the State of New Mexico embraced in said proposed Unit Area.

3. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by 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 and that there is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A", a map showing the result of a gravity meter survey, prepared 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 authority under the terms thereof to carry on all operations which are necessary for the development and operation of the Unit Area for oil and gas, subject to all applicable laws and regulations. The Magnolia Petroleum Company is preparing to commence operations upon a test well for oil and gas to be located upon some part of the lands embraced in the proposed Unit Area and it is anticipated that the same will be drilled in the approximate center of said Unit Area, and that said well will be drilled with due diligence to a depth of approximately 6500 feet, unless oil or gas in commercial quantities should be encountered at a lesser depth.

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 Interior 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

By *S. P. Hambrick*