

Exhibit "B"

Schedule of Lands Entitled to Participate

Lease:	SF-078061	
Lessee:	Shell Oil Company	
Participating Acreage:	400.00	
Percentage of Participation:	24.9673%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 17: $W\frac{1}{2}SE\frac{1}{4}$, $SW\frac{1}{4}$ Section 20: $NW\frac{1}{4}$	
Lease:	SF-078062	
Lessee:	Shell Oil Company	
Participating Acreage:	160.00	
Percentage of Participation:	9.9869%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 18: $SE\frac{1}{4}$	
Lease:	SF-078063	
Lessee:	Shell Oil Company	
Participating Acreage:	321.03	
Percentage of Participation:	20.0381%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 19: Lots 1 and 2, $E\frac{1}{2}NW\frac{1}{4}$, $NE\frac{1}{4}$	
Lease:	SF-078064	
Lessee:	Shell Oil Company	
Participating Acreage:	480.00	
Percentage of Participation:	29.9605%	
Description:	T. 25 N., R. 12 W., N.M.P.M. Section 13: $SE\frac{1}{4}$ Section 24: $NE\frac{1}{4}$, $SE\frac{1}{4}$	
Lease:	Indian Allotted Lands 14-20-603-1440	
Lessee:	Skelly Oil Company	
Participating Acreage:	80.00	
Percentage of Participation:	4.9935%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 20: $W\frac{1}{2}NE\frac{1}{4}$	
Lease:	Indian Allotted Lands 14-20-603-1285	
Lessee:	Phillips Petroleum Company	
Participating Acreage:	161.07	
Percentage of Participation:	10.0537%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 18: Lots 3 and 4, $E\frac{1}{2}SW\frac{1}{4}$	
Summary:	Acres	Percent
Total Federal Lands:	1361.03	84.9528%
Total Indian Lands:	241.07	15.0472%
Total Productive Acreage:	1602.10	100.0000%



SHELL OIL COMPANY

DESERET NEWS BUILDING
33 RICHARDS STREET
SALT LAKE CITY 1, UTAH

DAVIS 2-0471
TELEPHONE ~~3-0471~~

June 7, 1957

file

Subject: Carson Area
Carson Unit Agreement #2576
San Juan County, New Mexico

Humble Oil Company
Box 2180
Houston, Texas

Skelly Oil Company
Post Office Box 1650
Tulsa, Oklahoma

El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas

Phillips Petroleum Company
Bartlesville, Oklahoma

New Mexico Oil Conservation Commission ← THIS COPY FOR
125 Mabry Hall
Capitol Building
Santa Fe, New Mexico

Commissioner of Public Lands
125 Mabry Hall
Capitol Building
Santa Fe, New Mexico

Gentlemen:

We enclose herewith, for your information and files, a copy of the application for the initial participating area for the Carson Unit Area, which was approved by the Acting Director of the United States Geological Survey on May 27, 1957.

Yours very truly,

Original Signed By
JACK D. JONES

For J. E. Mohr
Division Land Manager

Enclosure

cc - Phillips Petroleum Company
301 Korber Building
Albuquerque, New Mexico (with 3 encls.)
Phillips Petroleum Company
Denver Club Building
Denver, Colorado (with encl.)



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Roswell, New Mexico

May 1, 1957

Shell Oil Company
Deseret News Building
32 Richards Street
Salt Lake City 1, Utah

Attention: Mr. J. J. Pickall

File

Gentlemen:

Your Supplemental Plan of Development for 1957, dated March 29, 1957, for the Carson Unit Area, San Juan County, New Mexico, has been approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Four approved copies of the plan are returned herewith.

Very truly yours,

(Orig. Sgd.) JOHN A. ANDERSON

JOHN A. ANDERSON

Copy to: Wash. w/copy of plan

Farmington w/copy of plan

Oil Conservation Commission, Santa Fe (letter only)



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Roswell, New Mexico

May 1, 1957

Shell Oil Company
Deseret News Building
32 Richards Street
Salt Lake City 1, Utah

Attention: Mr. J. J. Pickell

Gentlemen:

Your preliminary Plan of Development for 1957, dated February 20, 1957, for the Cargan Salt Area, San Juan County, New Mexico, has been approved by me on this date. Approvals by the New Mexico Oil Conservation Commission and the Commissioner of Public Lands were given on April 22 and April 24, 1957, respectively.

Four approved copies of the plan are returned herewith.

Very truly yours,

(Orig. Sgd.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: Wash. w/ copy of plan
Farmington w/ copy of plan
Oil Conservation Commission, Santa Fe (letter only)

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 29, 1957

file

Shell Oil Company
1901 Main Avenue
Durango, Colorado

Attention: Mr. F. W. Nantker

Re: Carson Unit Area
San Juan County, New Mexico
Supplemental Plan of
Development, 1957

Gentlemen:

This is to advise that the Supplemental Plan of Development, 1957, for the Carson Unit Area, dated March 29, 1957, has this date been approved by the New Mexico Oil Conservation Commission, subject to like approval by the United States Geological Survey and by the Commissioner of Public Lands of the State of New Mexico.

Inasmuch as only one copy of the plan was received, no approved copy is being returned.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.,
Secretary-Director

ALP:DSN/ga

cc USGS Roswell
Commissioner of Public Lands, Santa Fe

C
O
P
Y

April 24, 1957

In reply refer to:
Unit Division

Shell Oil Company
1901 Main Ave.
Durango, Colorado

Re: Carson Unit Agreement,
San Juan County, New Mexico -
Initial Participating Area for the
Gallup Pool and 1957 Preliminary
Plan of Development

Attention: Mr. F. W. Nantker,
District Landman

Gentlemen:

The Commissioner of Public Lands has today received eight copies each of the above designated documents from the New Mexico Oil Conservation Commission.

This is to advise you that the Commissioner has approved and is mailing seven copies each, as well as three copies of your geological and engineering report to the United States Geological Survey at Roswell, New Mexico, Attention: Mr. John A. Anderson, Supervisor.

We received a copy of your Supplemental Plan of Development for 1957 and find it quite satisfactory, subject to like approval by the United States Geological Survey and the New Mexico Oil Conservation Commission.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

By: Ted Bilberry, Supervisor
Oil and Gas Department

MEM:MMR/m

cc: USGS-Roswell, Attn: Mr. Anderson
OCC-Santa Fe

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 22, 1937

Shell Oil Company
1901 Main Avenue
Durango, Colorado

Attention: Mr. F. W. Nanther

Re: Carson Unit Area
San Juan County, New Mexico
Initial Participating Area
and 1937 Preliminary Plan
of Development.

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Initial Participating Area for the Carson Unit Area, dated February 18, 1937, and the 1937 Preliminary Plan of Development, dated February 20, 1937, subject to like approval by the United States Geological Survey and by the Commissioner of Public Lands of the State of New Mexico.

Eight approved copies are this date being handed the Commissioner of Public Lands for his consideration thereof, as well as four copies of the Geological and Engineering Report, as per your request dated April 8, 1937.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP:DSN/ga

cc USGS, Roswell
Commissioner of Public Lands, Santa Fe

C
O
P
Y



SHELL OIL COMPANY

1901 Main Avenue
Durango, Colorado

April 19, 1957

Subject: Carson Area
Carson Unit

return to DSN

New Mexico Oil Conservation Commission
125 Mabry Hall
Capitol Building
Santa Fe, New Mexico

Attention Mr. D. S. Mutter

Gentlemen:

We enclose a carbon copy of a letter to the U. S. Geological Survey in Roswell, New Mexico whereby we requested their approval of our Supplemental Plan of Development to our Carson Unit. We also enclose a copy of our Supplemental Plan of Development for your use.

On April 8, 1957, we forwarded the proposed Initial Participating Area and the Preliminary Plan of Development to the New Mexico Oil Conservation Commission requesting that they approve the plan and forward it to the Commissioner of Public Lands and that he in turn forward it to the U. S. Geological Survey. Since that time, Mr. John A. Anderson, Supervisor, U. S. Geological Survey, has requested that we file these plans concurrently and this we are doing at the present time.

Therefore, if this Supplemental Plan is satisfactory to you, we would appreciate your notifying Mr. Anderson and us of your approval.

Very truly yours,

F. W. Nantker
District Land Agent

Enclosures



SHELL OIL COMPANY

1901 Main Avenue
Durango, Colorado

April 19, 1957

Subject: Carson Area
Carson Unit Area

U. S. Geological Survey
P. O. Box 6721
Roswell, New Mexico

Attention Mr. John A. Anderson
Supervisor

Gentlemen:

As we have verbally advised you, we plan to drill eight additional wells within the Carson Unit area and enclose seven copies of a Supplemental Plan of Development for 1957 for your approval. By carbon of this letter we are submitting one copy of this Supplemental Plan to the New Mexico Oil Conservation Commission and one copy to the Commissioner of Public Lands of the State of New Mexico for their approval.

We submitted the first Preliminary Plan of Development for the Carson Unit Area and the Initial Participating Area for the Carson Unit in nine copies to the New Mexico Oil Conservation Commission by letter dated April 8, 1957, requesting that they and the Commissioner of Public Lands approve the Initial Plan and Participating Area and send seven copies to you with their approval. Since then you have advised us that you wish to have these plans submitted to the New Mexico Oil Conservation Commission, to the Commissioner of Public Lands and to yourself concurrently.

Recently Mr. D. S. Nutter of the Oil Conservation Commission advised us that they were processing the Initial Plan of Development and Initial Participating Area and should be in a position to send these papers to you in the near future.

You will also notice that four of the proposed additional wells are within the proposed Initial Participating area and accordingly, we enclose copies of communications from Skelly Oil Company and Phillips Petroleum Company showing their approval to our plans to drill the four wells within the proposed Initial Participating area.

If you have any questions regarding these papers, do not hesitate to call the undersigned in Durango collect, 1313, and we will be pleased to discuss this matter with you either by telephone or in person.

Very truly yours,

SHELL OIL COMPANY

Original Signed by
F. W. Nantker

F. W. Nantker
District Land Agent

cc - F. W. Nantker

Enclosures

- cc - U. S. Geological Survey (wo/encl.)
Farmington, New Mexico
- New Mexico Oil Conservation Commission (w/encl.) ✓
- Commissioner of Public Lands (w/encl.)
Mr. Murray Morgan

FARMINGTON 4-13-57 4-10 PM
COMMUNICATIONS DEPT. FILE COPY

FARMINGTON 4-13-57 4-10 PM

SALT LAKE CITY DIVISION - LAND

285 CANSON SUNIT WE RECEIVED WIRE

FROM PHILLIPS DATED 4-12-57 AS FOLLOWS -- "THIS WILL BE PHILLIPS
APPROVAL TO DRILL THE FOLLOWING LOCATIONS IN SAN JUAN COUNTY NEW MEXICO.
ALL WELLS ARE TO BE 5100 FEET THIRD MOSPAN "A" ZONE TEST. WELL 34-17
IN CENTER OF SW QUARTER SE QUARTER SECTION 17-25N-11W, WELL 34-13 IN
CENTER OF SW QUARTER SE QUARTER SECTION 13-25N12W, WELL 12-20 IN CENTER
OF SW QUARTER NW QUARTER SECTION 20-25N-11W, WELL 21-19 IN CENTER OF
NE QUARTER NW QUARTER SECTION 19-25N-11W. WOULD APPRECIATE BEING
ADVISED BY RETURN WIRE LEASE NAME ON WHICH EACH WELL IS LOCATED.
L E FITZGERALD, PHILLIPS PETROLEUM COMPANY."



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

April 10, 1957

LAND AND LEASE DEPARTMENT

A. L. CASHMAN, STAFF ASSISTANT
D. M. HILL, MR. GENERAL DIVISION
A. J. O'NEILL, MR. NORTHERN DIVISION
W. W. SIMPSON, MR. SOUTHERN DIVISION
T. F. THOMPSON, MR. LEASE RECORDS

Carson Unit Area
Supplemental Plan of Development
San Juan County, New Mexico

Skelly Oil Company
13 Richards Street
Salt Lake City 1, Utah

Att: J. E. Mohr

LAND		APR 15 1957		RECEIVED	
RECEIVED - RECORDS					
BY <u>6</u> TO <u>RECORDS</u> <u>4-15</u>					
BY <u>6</u> TO <u>RECORDS</u> <u>4-15</u>					
BY <u>6</u> TO <u>RECORDS</u> <u>4-15</u>					
BY <u>6</u> TO <u>RECORDS</u> <u>4-15</u>					

Gentlemen:

In reply to your letter of April 2, 1957, please be advised that Skelly concurs in the inclusion of four wells within the initial participating area which is now pending approval of the Governmental authorities.

We will participate in the drilling of these four wells in accordance with the terms of the Unit Operating Agreement.

Yours very truly,

LEASE RECORDS DIVISION


T. F. Thompson

TFT/b

cc: Phillips Petroleum Company
Denver Club Building
Denver, Colorado



MAIN OFFICE 600
21
SHELL OIL COMPANY

1901 Main Avenue
Durango, Colorado

April 8, 1957

Subject: Carson Area
Carson Unit Agreement

New Mexico Oil Conservation Commission
125 Mabry Hall
Capitol Building
Santa Fe, New Mexico

Attention Mr. D. S. Nutter

Gentlemen:

We enclose herewith nine (9) copies of the Preliminary Plan of Development for the Carson Unit Area. We also enclose Application for Approval of the Initial Participating Area for the Carson Unit Agreement in nine (9) copies together with a Geological and Engineering Report in five (5) copies.

In line with your Mr. Nutter's telephone conversation with our Mr. Nantker, we would appreciate your examining these papers and if in order, keep one copy and forward these papers to the Commissioner of Public Lands requesting his approval. If approval by both the Oil Conservation Commission and the Commissioner of Public Lands is obtained, we would appreciate your forwarding the remaining seven copies to Mr. John A. Anderson, Supervisor, U. S. Geological Survey, Roswell, New Mexico.

If you have any questions regarding these papers, do not hesitate to call the undersigned in Durango collect, 1313, and we will be pleased to discuss this matter with you either by telephone or in person.

Very truly yours,

F. W. Nantker
District Land Agent

Enclosures

cc - Mr. Murray Morgan
Commissioner of Public Lands
Santa Fe, New Mexico



MAIL OFFICE 800
APR 1 1957
SHELL OIL COMPANY

DESERET NEWS BUILDING
33 RICHARDS STREET
SALT LAKE CITY 1, UTAH

DAvis 2-0471
TELEPHONE ~~2-0471~~

March 29, 1957

Re: Carson Unit Area
San Juan County, New Mexico
/st Supplemental Plan of Development 1957

United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

Attention Mr. John A. Anderson

Gentlemen:

Pursuant to the Unit Agreement for the Carson Unit Area, San Juan County, New Mexico, we submit for your consideration the following supplementary plan of development to cover the drilling of eight Gallup sand wells on the Carson Unit. To date we have drilled a total of nine wells on the Unit, producers in the Gallup sandstone, with the results tabulated below:

<u>Well</u>	<u>Total Depth</u>	<u>Date Completed</u>	<u>Initial Production</u>	<u>Status</u>
Carson Unit 1	5983'	9-27-56	Flowed 806 B/D	Shut in
Carson Unit 2	5000'	3-6-57	Pumped 21 B/D	Shut in
Carson Unit 3	5004'	Not yet completed, will not flow		Shut in
Carson Unit 4	5043'	11-15-56	Flowed 657 B/D	Shut in
Carson Unit 33-24	5030'	3-9-57	Flowed 470 B/D	Shut in
Carson Unit 43-13	5054'			Testing
Carson Unit 41-13	5050'			Waiting for test.
Carson Unit 23-17	5075'	3-14-57	Flowed 312 B/D	
Carson Unit 23-20	5075'			Awaiting fracture treatment

We have already submitted to you a preliminary plan, dated February 20, 1957, covering the drilling of the last five wells above. We are now in the process of preparing a comprehensive plan of development which will provide for

drilling on the Unit for a one year period. This plan will be submitted to you in the near future. However, in order to minimize delay and to maintain continuous operations with one drilling string, we solicit your approval to drill the following wells, commencing at once:

<u>Well Number</u>	<u>Location</u>
Carson Unit 34-13	SE/4 SE/4 Sec. 13, T. 25 N., R. 12 W.
Carson Unit 14-13	SW/4 SW/4 Sec. 13, T. 25 N., R. 12 W.
Carson Unit 32-14	SW/4 NE/4 Sec. 14, T. 25 N., R. 12 W.
Carson Unit 41-23	NE/4 NE/4 Sec. 23, T. 25 N., R. 12 W.
Carson Unit 41-14	NE/4 NE/4 Sec. 14, T. 25 N., R. 12 W.
Carson Unit 34-17	SW/4 SE/4 Sec. 17, T. 25 N., R. 11 W.
Carson Unit 12-20	SW/4 NW/4 Sec. 20, T. 25 N., R. 11 W.
Carson Unit 21-19	NE/4 NW/4 Sec. 19, T. 25 N., R. 11 W.


Four of the first five wells will be of an exploratory nature designed to block out reserves west of Carson Unit 1 (see enclosed map) and the drilling sequence is planned as follows: Carson Unit 34-13, 14-13, 32-14, 41-23, and 41-14. This sequence provides for outstepping progressively westward from proven production at Carson Unit 1 in order to minimize the risk of drilling a non-commercial well. The remaining three proposed wells, Unit 34-17, 12-20, and 21-19 are at relatively proven locations. We plan to drill these wells in the event that any of the westerly outsteps require extensive testing or evaluation before proceeding farther westward, thus assuring a continuous operation.

Four of the locations, Unit 34-13, 34-17, 12-20, and 21-19, are within the Proposed Initial Participating Area of the Unit. We will obtain the approval of Phillips and Skelly before drilling these wells.

The current restricted market outlet for crude oil has limited production from wells in the Four Corners area. Preliminary work has been started on building the Four Corners Pipeline Company's crude line to California and completion is planned for early 1958. When completed, this line should provide a capacity market outlet and a maximum possible wellhead price. Until that time, we plan to produce only certain key wells for evaluation purposes on the Carson Unit; the remaining wells will be shut-in.

Your approval of this Plan of Development is respectfully requested.

Very truly yours,


J. J. Pickell
Exploitation Engineer

RDA:VM

Attachment

The foregoing Supplemental Plan of Development for the Carson Unit Area, San Juan County, New Mexico, is hereby approved.

Commissioner of Public Lands
State of New Mexico

Date

A. L. Porter

New Mexico Oil Conservation Commission

April 29, 1957

Date

United States Geological Survey

Date



SHELL OIL COMPANY

DESERT NEWS BUILDING
33 RICHARDS STREET
SALT LAKE CITY 1, UTAH

DAvis 2-0471
TELEPHONE 22-0471

February 20, 1957

Re: Carson Unit Area
San Juan County, New Mexico
Preliminary Plan of Development for 1957

United States Geological Survey
P. O. Box 6721
Roswell, New Mexico
Attention Mr. John A. Anderson

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Gentlemen:

Pursuant to the Unit Agreement for the Carson Unit Area, San Juan County, New Mexico, we submit for your consideration the following preliminary plan of development to cover the drilling of five wells on the Carson Unit subsequent to the approval of the Carson Unit Agreement on November 15, 1956. After completing and testing these five wells, a supplementary plan of development will be filed.

Prior to November 15, 1956, four wells, Carson Unit 1, 2, 3, and 4, had been drilled on the Carson Unit in accordance with Section 9 of the Unit Agreement. All four wells were completed in the Gallup (Upper Cretaceous) sandstone; however, Carson Unit 1 tested the Dakota (Cretaceous) sandstone and found it water bearing, before being plugged back to be completed in the Gallup. Initial rates have been established for Unit 1 and Unit 4, flowing 802 B/D oil and 643 B/D oil, respectively; only a very small amount of oil has been produced because of the limited market outlet for the crude. Initial rates have not yet been established for Unit 2 and Unit 3 as not all of the fracturing oil has been recovered from these wells.

The results of drilling in the Carson Unit-Bisti Field have indicated a productive band of good pay development trending northwest-southeast through the area as shown on the attached map. Electric log analysis indicates that Unit 1 and Unit 4 have fairly good pay development and thus are within this productive band while Unit 2 and Unit 3 have much poorer pay development and may be near the edge or outside the commercially productive limits.

return to DSM

Our preliminary plan covers the drilling of five Gallup sandstone wells on the Carson Unit at the following approximate locations:

Carson Unit 33-24, C NW/4 SE/4 Section, 24, T. 25 N., R. 12 W., NMPM.

Carson Unit 43-13, C NE/4 SE/4 Section, 13, T. 25 N., R. 12 W., NMPM.

Carson Unit 41-13, C NE/4 NE/4 Section, 13, T. 25 N., R. 12 W., NMPM.

Carson Unit 23-17, C NE/4 SW/4, Section 17, T. 25 N., R. 11 W., NMPM.

Carson Unit 23-20, C NE/4 SW/4, Section 20, T. 25 N., R. 11 W., NMPM.

*all 5 now completed
transferred to JSC
4/18/57*

Three of these wells, Carson Unit 33-24, 43-13, and 41-13, have been drilled to total depth but have not yet been production tested. It is planned that Carson Unit 23-17 and Carson Unit 23-20 will be drilled as a two-well continuous program and that Carson Unit 23-17 will be spudded about February 24, 1957.

The locations for these five wells were selected so as to establish lines of wells at right angles to the indicated productive band. Carson Unit 33-24, 43-13, and 41-13 infill between Carson Unit 1, 2, and 3 to provide one such line. Carson Unit 23-17 and 23-20 outstep to the north and south, respectively, from Carson Unit 4 to form a second line of wells across the trend. The data obtained from these five wells, together with that from the tests previously drilled, will help delineate the trend of the productive band and block out reserves on the Carson Unit.

Production from wells in the Four Corners area is limited at the present time by lack of a market outlet for the crude. The solution to the outlet problem is the building of a pipeline from the area to an adequate market outlet, which, we understand, is now in the planning stage. In general, we plan to produce only certain key wells for evaluation purposes on the Carson Unit; the remaining wells we plan to shut-in until the pipeline outlet is available.

Your approval of this preliminary Plan of Development is respectfully requested.

Approved.....

A. L. Oster
.....
Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION

Attachment

Very truly yours,

J. J. Pickell
.....
J. J. Pickell
Exploitation Engineer

THIS APPROVAL GRANTED SUBJECT TO LIKE APPROVAL
BEING GRANTED BY THE UNITED STATES GEOLOGICAL
SURVEY AND BY THE COMMISSIONER OF PUBLIC LANDS,
OF THE STATE OF NEW MEXICO.



MAIL OFFICE 603
FEB 20 1957

SHELL OIL COMPANY

DESERET NEWS BUILDING
33 RICHARDS STREET
SALT LAKE CITY 1, UTAH

TELEPHONE 22-0471

February 18, 1957

Subject: Application for Approval of
the Initial Participating Area
for the Gallup (Upper Cretaceous)
Pool - Carson Unit, San Juan
County, New Mexico
No. 14-08-001-3485

Director,
United States Geological Survey (7)
Washington, D. C.
through
Supervisor,
United States Geological Survey
Roswell, New Mexico

Return to DSN

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Commissioner of Public Lands
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Dear Sir:

Shell Oil Company, as Unit Operator under that certain Unit Agreement for the Carson Unit Area, approved by the Acting Commissioner of Indian affairs and by the Acting Director of the United States Geological Survey effective November 15, 1956, pursuant to the provisions of Section 11 thereof requiring the establishment of an initial participating area, respectfully submits for the approval of said Director the selection of the following described lands to constitute the initial participating area for the Gallup (Upper Cretaceous) Pool in the Carson Unit Area, to wit:

Township 25 North, Range 11 West, N.M.P.M.

Section 17: $SW\frac{1}{4}SE\frac{1}{4}$, $S\frac{1}{2}SW\frac{1}{4}$
Section 18: Lot 4, $SE\frac{1}{4}SW\frac{1}{4}$, $S\frac{1}{2}SE\frac{1}{4}$
Section 19: Lots 1 and 2, $E\frac{1}{2}NW\frac{1}{4}$, $NE\frac{1}{4}$
Section 20: $NW\frac{1}{4}$, $W\frac{1}{2}NE\frac{1}{4}$

Township 25 North, Range 12 West, N.M.P.M.

Section 13: $S\frac{1}{2}SE\frac{1}{4}$
Section 24: $NE\frac{1}{4}$

containing 1081.60 acres, more or less

Director,
United States Geological Survey (7)
Washington, D. C.
through
Supervisor,
United States Geological Survey
Roswell, New Mexico

2

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Commissioner of Public Lands
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

In support of this application, applicant attaches hereto and hereby makes a part hereof the following:


1. A map, marked Exhibit "A", showing thereon the boundary of the unit area and the proposed boundary of the initial participating area.
2. A schedule, marked Exhibit "B", showing the various lands entitled to participate in the unitized substances produced from the Gallup (Upper Cretaceous) formation, with the percentage of participation of each lease or tract indicated thereon.

Applicant has submitted separately, in triplicate, its geological and engineering report with attached geologic maps supporting its suggested selection of the proposed participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion of unit wells Nos. 1 and 4 on September 29, 1956, and November 15, 1956, respectively. Carson Unit 1 is located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, T. 25 N., R. 12 W., N.M.P.M., and was completed in the Gallup (Upper Cretaceous) interval 4875-4895' with an initial production rate of 802 B/D oil. Carson Unit 4 is located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, T. 25 N., R. 11 W., N.M.P.M. and was completed in the Gallup (Upper Cretaceous) intervals 4869-4888', 4900-4913', 4945-4949', 4961-4963', and 4979-4984' with an initial production rate of 643 B/D oil. We consider Unit No. 1 and Unit No. 4 wells to be paying wells under the Unit Agreement.

Wherefore, applicant respectfully requests that the said Director approve the hereinabove selection of lands to constitute the initial participating area to be effective November 15, 1956.

Approved.....19.....


Secretary-Director

Very truly yours,


J. E. Mohr
Division Land Manager

NEW MEXICO OIL CONSERVATION COMMISSION

THIS APPROVAL GRANTED SUBJECT TO LIKE APPROVAL
BEING GRANTED BY THE UNITED STATES GEOLOGICAL
SURVEY AND BY THE COMMISSIONER OF PUBLIC LANDS