

Case No.

81

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

P/107 et II

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. 81

ORDER NO. 659

THE PETITION OF THE GRAYBURG OIL COMPANY  
OF NEW MEXICO OPERATOR OF GRAYBURG COOPERATIVE  
AND UNIT AGREEMENT FOR AN ORDER FOR TRANSFER  
OF ALLOWABLE FROM IN-PUT WELLS TO OTHER  
WELLS OF SAME BASIC LEASES IN THE UNIT AREA  
OF GRAYBURG COOPERATIVE AND UNIT AGREEMENT,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, at ten  
o'clock A.M., June 7, 1946, before the Oil Conservation Commission of  
New Mexico, hereinafter referred to as the "Commission".

NOW, on this 7th day of June, 1946, 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:

FINDINGS

SECTION A. The Grayburg Cooperative and Unit Agreement of Eddy County,  
New Mexico, is a repressuring and pressure maintenance project in which several  
wells are either now being used or anticipated to be used as input wells. Such  
use incurs lost allowable for such wells and such lost allowable should be permitted  
to be taken from other wells on the same basic lease.

SECTION B. Said project consists entirely of lands under United States  
Government leases or permits and is defined as follows:

N.M.P.M., Eddy County, New Mexico:  
TWP. 17S, Range 29E  
Sec. 13, S<sup>1</sup>/<sub>2</sub>;  
Secs. 23 to 26, inclusive, all;  
  
TWP. 17S, Range 30E  
Sec. 18, all  
Sec. 19, all  
Sec. 30, all

SECTION C. The following wells are now being used as in-put wells and  
are capable of producing the top unit allowable:

Grayburg-U.S. 9B; NWSE Sec. 26; Twp. 17S. R. 29E  
Western-U.S. 12C, SWNE Sec. 25, 17S, 29E.

IT IS THEREFORE ORDERED THAT:

SECTION 1. The two input wells specifically described in the foregoing  
findings shall be permitted to produce lost allowables as top unit allowable wells

from other wells in other proration units upon the same basic lease within said project. In addition thereto said wells shall be permitted in the same manner to make up back allowables from May 1, 1946, not to exceed the maximum back allowable rate currently prescribed by the Commission.

SECTION 2. Any other input well may be permitted by the Commission administratively through its authorized agent and without hearing to produce allowable lost in the use as an input well from other wells upon other proration units within the same basic lease. A satisfactory showing shall be made by the operator as to the rating of such input well as marginal or non-marginal immediately prior to the time it was first used as an in-put well for the purpose of determining the amount of allowable to which such in put well may be entitled.

SECTION 3. Termination of the permission to take allowable lost by any in-put well from other wells upon the same basic lease shall be accomplished in the same manner as prescribed above for the obtaining of such permission.

SECTION 4. Application to produce allowable lost by any in-put well from other wells upon the same basic lease shall be by the operator upon Form C-102 in triplicate showing all pertinent data for the purpose herein as follows:

Description of the in-put well, the name and number of the basic lease, said in-put well's rating as marginal or non-marginal, the description of each well upon the same basic lease from which a part of the in-put well allowable is to be produced. When said C-102 is approved as herein indicated, it shall constitute the permit. Application to terminate such permit may be made in the same manner as far as pertinent to the purpose and when approved as herein indicated shall constitute the termination of such permit. Both the permit and the termination thereof must be effective as of the beginning of a proration month. When any such C-102 as mentioned in this section is thus approved the distribution thereof shall be as follows:

The Commission shall retain one copy at Santa Fe, New Mexico.  
One copy shall be transmitted to the operator.  
One copy shall be transmitted to the Proration Office, Hobbs, New Mexico.

SECTION 5. When any in-put well is permitted to produce its allowable from other wells upon other proration units in the same basic lease, the operator shall send monthly to the Proration Office in time for inclusion in the proration schedule, a nomination showing the desired distribution of the in-put well allowable in even number of barrels to each of the other wells upon other proration units.

SECTION 6. The effective date of this order shall be July 1, 1946.

Done at Santa Fe, New Mexico, as of the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

John J. Dempsey, Chairman

John E. Miles, Member

R. R. Spurrier, Secretary

(Official Seal)

June 28, 1946

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

October 16, 1946

Mr. E. J. Heard, Vice-President  
Grayburg Oil Company of New Mexico  
Box 416  
Lone Hills, New Mexico

Re: Case 81 - Order 699 - Grayburg Cooperative and  
Unit Agreement.

Dear Mr. Heard:

Enclosed please find two approved copies of C-102 for:

Western Production Company, Inc.-  
Early No. 12-8, SNW, 178-29E.

One approved copy is being transmitted to the Proration  
Office at Hobbs.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MSH  
cc Glenn Staley

C  
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P  
Y

**GRAYBURG OIL COMPANY  
OF NEW MEXICO**

**ARTESIA, NEW MEXICO**

October 11, 1946

Mr. Carl B. Livingston  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

Enclosed is a revised Form C-102 on our Western Production Company, Inc. Keely "C" Lease, showing the transfer of all allowable from input well to other wells on same basic lease. This form differs from our C-102 approved August 12, 1946, in that one well Keely 6-C, has been omitted from the list, and two new wells, Keely 14-C and Keely 15-C, have been added, both having been completed since August 12, 1946. /

Very truly yours,

Grayburg Oil Company of  
New Mexico



R. J. Heard,  
Vice President

RJH/nw

## NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

## MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of Intention to transfer allowable from input well to other wells on same basic lease.	X

Leco Hills, New Mexico

October 11, 1946

Place

Date

OIL CONSERVATION COMMISSION,  
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Western Production Company, Inc. Keely  
Company or Operator Lease  
of Sec. 25, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,  
Eddy County.

## FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable Well on Lease No. LC 028784-C, in Grayburg Cooperative & Unit Area of Eddy County, New Mexico, to the following Top Allowable wells on this same lease: Keely 4-C SE/4SE/4 Sec. 24-T17S-R29E; Keely 5-C SW/4SE/4 Sec. 24-T17S-R29E; Keely 7-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 8-C NE/4NE/4 Sec. 25-T17S-R29E; Keely 10-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 11-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 13-C SE/4NE/4 Sec. 25-T17S-R29E; Keely 14-C SW/4NW/4 Sec. 26-T17S-R29E; Keely 15-C NW/4SW/4 Sec. 26-T17S-R29E; Keely 16-C NE/4SW/4 Sec. 26-T17S-R29E; Keely 17-C NW/4SW/4 Sec. 25-T17S-R29E; Keely 18-C NE/4SW/4 Sec. 25-T17S-R29E; Keely 19-C NW/4 SE/4 Sec. 25-T17S-R29E; Keely 21-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 22-C SE/4SW/4 Sec. 26-T17S-R29E; Keely 23-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 24-C SE/4 SW/4 Sec. 25-T17S-R29E.

Approved 10-16, 1946  
~~approved 8-12-46~~ Differing from C-102  
approved 8-12-46 by the omission of  
Keely 6-C and the addition of Keely  
14-C and Keely 15-C.

OIL CONSERVATION COMMISSION,

By Paul B. Livingston  
Title Chief Clerk & Legal Adviser

Grayburg Oil Company of New Mexico

Company or Operator

By

R. J. Heard

Position

Vice President

Send communications regarding well to

Name Grayburg Oil Company of New Mexico

Address Box 416 Leco Hills, New Mexico

Please return two (2) copies to the above address.

L CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

August 12, 1946

Mr. R. J. Heard  
Vice President  
Grayburg Oil Company  
Alameda, New Mexico

Re: Case 81, Order 699 - Grayburg Cooperative and  
Unit Agreement.

Dear Mr. Heard:

Enclosed please find two approved copies of C-102 for each of  
the following leases:

Western Keely C  
Grayburg Keely B

One approved copy for each lease is being transmitted to the  
Production Office.

Very truly yours,

Chief Clerk & Legal Adviser

CHL:MSH  
cc Glenn Staley

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P  
Y

**GRAYBURG OIL COMPANY  
OF NEW MEXICO**

**ARTESIA, NEW MEXICO**

August 7, 1946

Mr. Carl B. Livingston  
Chief Clerk & Legal Advisor  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Livingston:


Enclosed are Forms C-102 Notices of Intention to transfer allowable from Input Wells to other wells on the same basic leases. The above forms are to replace the ones approved by you on June 26, 1946.

On Western Keely C lease we have added two wells, namely Keely 16-C and 22-C from which we will produce a portion of the allowable for Keely 12-C. On Grayburg Keely B lease we have deleted Keely 2-B for the reason that this well, although a top allowable well, was being produced in excess of the maximum efficiency rate.

Your earliest consideration of these enclosures will be appreciated.

Very truly yours,

Grayburg Oil Company of  
New Mexico

By:   
R. W. Heard,  
Vice President

RJH/nw  
Encl.



## NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

## MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of Intention to transfer allowable from Input Well to other wells on same basic lease.	X

Loco Hills, New Mexico

Place

August 7, 1946

Date

OIL CONSERVATION COMMISSION,  
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Western Production Company, Inc. Keely Well No. 12-C in SW/4NE/4  
Company or Operator Lease  
of Sec. 25, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,  
County.

## FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable well on Lease No. LC 028784-C, in Grayburg Cooperative & Unit Area of Eddy County, New Mexico, to the following Top Allowable wells on this same lease: Keely 4-C SE/4SE/4 Sec. 24-T17S-R29E; Keely 5-C SW/4SE/4 Sec. 24-T17S-R29E; 6-C NE/4NW/4 Sec. 26-T17S-R29E; Keely 7-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 8-C NE/4NE/4 Sec. 25-T17S-R29E; Keely 10-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 11-C SE/4NW/4 Sec. 25-T17S-R29E; Keely 13-C SE/4NE/4 Sec. 25-T17S-R29E; Keely 16-C NE/4SW/4 Sec. 26-T17S-R29E; Keely 17-C NW/4SW/4 Sec. 25-T17S-R29E; Keely 18-C NE/4SW/4 Sec. 25-T17S-R29E; Keely 19-C NW/4SE/4 Sec. 25-T17S-R29E; Keely 21-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 22-C SE/4SW/4 Sec. 26-T17S-R29E; Keely 23-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 24-C SE/4SW/4 Sec. 25-T17S-R29E.

Approved K-12-, 19 46  
~~Keely 16-C and Keely 22-C~~ Differing from C-102  
approved 6-26-46 by the addition of  
Keely 16-C and Keely 22-C in the above  
list.

OIL CONSERVATION COMMISSION,

By Paul B. Livingston  
Title Chief Clerk & Legal Adviser

Grayburg Oil Company of New Mexico

By R. J. Heard  
Position Vice President

Send communications regarding well to

Name Grayburg Oil Company of New Mexico

Address Box 416 Loco Hills, New Mexico  
Please return two (2) copies of this  
report to the above address.

## NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

## MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

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NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of intention to transfer allowable from input well to other wells on same basic lease	X

Loco Hills, New Mexico

Place

August 7, 1946

Date

OIL CONSERVATION COMMISSION,  
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Grayburg Oil Company of New Mex. Keely Well No. 9-B in NW/4SE/4  
Company or Operator Lease  
of Sec. 26, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,  
Eddy County.

## FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable Well on Lease No. LC 028784)-B. 028793)-B. in the Grayburg Cooperative & Unit Area of Eddy County, New Mexico to the following Top Allowable Wells on this same lease: Keely 5-B NW/4NW/4 Sec. 25-T17S-R29E; Keely 6-B NE/4NW/4 Sec. 25-T17S-R29E; Keely 7-B SW/4NE/4 Sec. 26-T17S-R29E; Keely 8-B SE/4 NE/4 Sec. 26-T17S-R29E; Keely 10-B NE/4SE/4 Sec. 26-T17S-R29E; Keely 11-B SW/4SE/4 Sec. 26-T17S-R29E; Keely 12-B SE/4SE/4 Sec. 26-T17S-R29E.

Approved 8-12- 1946  
except as follows: deferring from  
C-102 approved 6-26-46 by  
dropping Keely 2 B from the  
above list

OIL CONSERVATION COMMISSION,

By Carl B. Livingston  
Title Chief Clerk & Legal Advisor

Grayburg Oil Company of New Mexico  
Company or Operator

By R. J. Heard  
R. J. Heard,

Position Vice President

Send communications regarding well to

Name Grayburg Oil Company of New MexicoAddress Box 416 Loco Hills, New Mexico

Please return two (2) copies of this  
report to the above address.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

June 26, 1946

Mr. E. J. Heard, Vice-President  
Grayburg Oil Company of New Mexico  
Box 416  
Leco Hills, New Mexico

Re: Case 81 - Order 659

Dear Mr. Heard:

Enclosed please find executed original and one copy of the above captioned order. Also enclosed and attached to said order are two approved C-102s for each of your two in-pit wells.

Also enclosed is a carbon copy of letter written on this date to Mr. Glenn Staley of the Proration Office at Hobbs.

Very truly yours,

Chief Clerk & Legal Advisor

CEL:MSH

C  
O  
P  
Y

## NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

## MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

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NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of Intention to transfer Allowable from Input Well to other wells on same basic lease.	X

Loco Hills, New Mexico

June 20, 1946

Place

Date

OIL CONSERVATION COMMISSION,  
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Western Production Company, Inc. Keely Well No. 14-C in SW/4NE/4  
Company or Operator Lease  
of Sec. 25, T. 17-S, R. 29E, N. M. P. M., Grayburg-Jackson Field,  
Eddy County.

## FULL DETAILS OF PROPOSED PLAN OF WORK

## FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No 659, we request permission to transfer the allowable from the above Top Allowable well on Lease No. LC 028784-C, in Grayburg Cooperative & Unit Area of Eddy County, New Mexico, to the following Top Allowable wells on this same lease: Keely 4-C SE/4SE/4 Sec. 24-T17S-R29E; Keely 5-C SW/4SE/4 Sec. 24-T17S-R29E; 6-C NE/4NW/4 Sec. 26-T17S-R29E; Keely 7-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 8-C NE/4NE/4 Sec. 25-T17S-R29E; Keely 10-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 11-C SE/4NW/4 Sec. 25-T17S-R29E; Keely 13-C SE/4NE/4 Sec. 25-T17S-R29E; Keely 17-C NW/4SW/4 Sec. 25-T17S-R29E; Keely 18-C NE/4SW/4 Sec. 25-T17S-R29E; Keely 19-C NW/4SE/4 Sec. 25-T17S-R29E; Keely 21-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 23-C SW/4SW/4 Sec. 25-T17S-R29E; Keely 24-C SE/4SW/4 Sec. 25-T17S-R29E.

Approved 6-26-, 1946,  
except as follows:

OIL CONSERVATION COMMISSION,

By Carl E. Bingham  
Title Chief Clerk

Grayburg Oil Company of New Mexico

By R. J. Heard  
Position Vice President

Send communications regarding well to

Name Grayburg Oil Company of New Mexico

Address Box #16 Loco Hills, New Mexico  
Please return two(2) copies of this report  
to the above address.

## NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

## MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

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NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of intention to transfer Allowable from Input Well to other wells on same basic lease	X

Loco Hills, New Mexico

June 20, 1946

Place

Date

OIL CONSERVATION COMMISSION,  
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Grayburg Oil Company of New Mex. Keely Well No. 9-B in NW/4SE/4  
Company or Operator Lease  
of Sec. 26, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,  
Eddy County.

## FULL DETAILS OF PROPOSED PLAN OF WORK

## FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable well on Lease No. LC 028784)-B, in 028793)

the Grayburg Cooperative & Unit Area of Eddy County, New Mexico to the following Top Allowable wells on this same lease: Keely 2-B SE/4SW/4 Sec. 24-T17S-R29E; Keely 5-B NW/4NW/4 Sec. 25-T17S-R29E; Keely 6-B NE/4NW/4 Sec. 25-T17S-R29E; Keely 7-B SW/4NE/4 Sec. 26-T17S-R29E; Keely 8-B SE/4NE/4 Sec. 26-T17S-R29E; Keely 10-B NE/4SE/4 Sec. 27-T17S-R29E; Keely 11-B SW/4SE/4 Sec. 26-T17S-R29E; Keely 12-B SE/4SE/4 Sec. 26-T17S-R29E.

Approved 6-26-, 1946  
except as follows:

Grayburg Oil Co. of New Mexico

Operator

By

R. J. Heard,

Position Vice President

Send communications regarding well to

Name Grayburg Oil Company of New Mexico

Address Box 416 Loco Hills, New Mexico

Please return two (2) copies of this report to the above address.

OIL CONSERVATION COMMISSION,

By

Title

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. 81

ORDER NO. 659

THE PETITION OF THE GRAYBURG OIL COMPANY  
OF NEW MEXICO OPERATOR OF GRAYBURG COOPERATIVE  
AND UNIT AGREEMENT FOR AN ORDER FOR TRANSFER  
OF ALLOWABLE FROM IN-PUT WELLS TO OTHER  
WELLS OF SAME BASIC LEASES IN THE UNIT AREA  
OF GRAYBURG COOPERATIVE AND UNIT AGREEMENT,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, at ten o'clock A.M., June 7, 1946, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

Now, on this 7th day of June, 1946, 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:

FINDINGS

SECTION A. The Grayburg Cooperative and Unit Agreement of Eddy County, New Mexico, is a repressuring and pressure maintenance project in which several wells are either now being used or anticipated to be used as input wells. Such use incurs lost allowable for such wells and such lost allowable should be permitted to be taken from other wells on the same basic lease.

SECTION B. Said project consists entirely of lands under United States Government leases or permits and is defined as follows:

N.M.P.M., Eddy County, New Mexico:

TWP. 17S, Range 29E  
Sec. 13, S $\frac{1}{2}$ ;  
Secs. 23 to 26, inclusive, all;

TWP. 17S, Range 30E  
Sec. 18, all  
Sec. 19, all  
Sec. 30, all

SECTION C. The following wells are now being used as in-put wells and are capable of producing the top unit allowable:

Grayburg-U.S. 9B, NWSE Sec. 26, Twp. 17S, R. 29E.  
Western-U.S. 12C, SWNE Sec. 25, 17S, 29E.

IT IS THEREFORE ORDERED THAT:

SECTION 1. The two in-put wells specifically described in the foregoing findings shall be permitted to produce lost allowables as top unit allowable wells from other wells in other proration units upon the same basic lease within said project. In addition thereto said wells shall be permitted in the same manner to make up back allowables from May 1, 1946, not to exceed the maximum back allowable rate currently prescribed by the Commission.

SECTION 2. Any other in-put well may be permitted by the Commission administratively through its authorized agent and without hearing to produce allowable lost in the use as an in-put well from other wells upon other proration units within the same basic lease. A satisfactory showing shall be made by the operator as to the rating of such in-put well as marginal or non-marginal immediately prior to the time it was first used as an in-put well for the purpose of determining the amount of allowable to which such in-put well may be entitled.

SECTION 3. Termination of the permission to take allowable lost by any in-put well from other wells upon the same basic lease shall be accomplished in the same manner as prescribed above for the obtaining of such permission.

SECTION 4. Application to produce allowable lost by any in-put well from other wells upon the same basic lease shall be by the operator upon Form C-102 in triplicate showing all pertinent data for the purpose herein as follows:

Description of the in-put well, the name and number of the basic lease, said in-put well's rating as marginal or non-marginal, the description of each well upon the same basic lease from which a part of the in-put well allowable is to be produced. When said C-102 is approved as herein indicated, it shall constitute the permit. Application to terminate such permit may be made in the same manner as far as pertinent to the purpose and when approved as herein indicated shall constitute the termination of such permit. Both the permit and the termination thereof must be effective as of the beginning of a proration month. When any such C-102 as mentioned in this section is thus approved the distribution thereof shall be as follows:

The Commission shall retain one copy at Santa Fe, New Mexico  
One copy shall be transmitted to the operator.  
One copy shall be transmitted to the Proration Office, Hobbs, New Mex.

SECTION 5. When any in-put well is permitted to produce its allowable from other wells upon other proration units in the same basic lease, the operator shall send monthly to the Proration Office in time for inclusion in the proration schedule, a nomination showing the desired distribution of the in-put well allowable in even number of barrels to each of the other wells upon other proration units.

SECTION 6. The effective date of this order shall be July 1, 1946

Done at Santa Fe, New Mexico, as of the day and year hereinafter designated.

OIL CONSERVATION COMMISSION

  
JOHN J. DEMPSEY, CHAIRMAN

  
JOHN E. MILES, MEMBER

  
R. R. SPURRER, SECRETARY.

SEAL

**BEFORE THE OIL CONSERVATION COMMISSION**  
**OF THE STATE OF NEW MEXICO**

IN THE MATTER OF THE APPLICATION OF THE DEKALB AGRICULTURAL ASSOCIATION, INC.  
 FOR AN ORDER OF APPROVAL OF THE UNIT AGREEMENT FOR THE DEVELOPMENT AND OPER-  
 ATIONS OF THE BITTER LAKE UNIT AREA WITHIN T. 10S, RANGES 25 and 26 EAST,  
 S.W.P.M., CONTAINING 9,034.36 ACRES, MORE OR LESS, GRAVES COUNTY, NEW MEXICO.

Presented to notice by the Commission, duly made and published, setting  
 June 7, 1945 at 10:00 A. M. for hearing in the above-entitled matter,  
 said hearing was continued on said day at said hour in the Council Room of  
 La Piedad Hotel, Santa Fe, New Mexico, the Commission sitting as follows:

Commissioner of Public Lands John E. Miles, Member  
 R. B. Sprague, Secretary  
 Carl E. Hixington

**RECEIVED**

<b>NAME</b>	<b>ADDRESS</b>	<b>ADDRESS</b>
William E. Harty	Oil Conservation Commission	Artesia, N. M.
R. E. Lamb	State Bureau of Mines	Artesia, N. M.
E. W. Kunkin		Lawson, N. M.
Frank E. Gaudier	Shutlar Private Oil Company	Midland, Texas
R. A. Hargis	Langtry Oil Company	Artesia, N. M.
R. E. Hixson	Langtry Oil Company	Artesia, N. M.
W. F. Hixson		Santa Fe, N. M.
R. F. Hixson		Lawson, N. M.
Harvey Hixson	U. S. Geological Survey	Lawson, N. M.
R. A. Hixson	A. T. & S. F. Railway Company	Albuquerque, N. M.
R. C. Hixson	A. T. & S. F. Railway Company	Albuquerque, N. M.
Harvey Hixson	Shutlar Private Oil Company	Artesia, N. M.
John E. Gaudier, Jr.	Shutlar Corp. Rep. Agreement	Artesia, N. M.
William A. Knight	Shutlar Corp. Rep. Agreement	Artesia, N. M.
Charles E. Allen	Consolidated Oil Company	Artesia, N. M.
J. C. Bell	Petroleum Prod. Ref. & Pro. Co.	Pecos City, Chis.
W. E. Hixson	Petroleum Prod. Ref. & Pro. Co.	Santa Fe, N. M.
John E. Hixson	Independent Geologist	Santa Fe, N. M.
Clarence Hixson	Harvey, Dew and Hixson	Lawson, N. M.
Ray O. Hixson	Oil Conservation Commission	Lawson, N. M.
F. W. Hixson	Oil Conservation Commission	Santa Fe, N. M.

Gentlemen:

Gentlemen, the Commission is in session, and the Secretary will proceed with the order of business.

Mr. Hixson:

I am Clarence E. Hixson of Harvey, Dew and Hixson, representing the DeKalb Agricultural Association. This is an application by the DeKalb Agricultural Association for the approval of a unit agreement to be known as the Bitter Lake Unit Agreement. The proposed unit area covers approximately 9,034.36 acres situated in Township 10 South, Ranges 25 and 26 East. All of the lands embraced in the proposed area are lands of the United States, with the exception of 120 acres in Section 2, Township 10S, Range 25E, which is State land. The agreement has been executed by all of the owners of the leases and pending applications for leases, except the lands which are embraced in the so-called Bitter Lake Migratory Wildlife Refuge, and there is a question whether leases will be issued for those lands. The area has heretofore been designated by the Director of the U. S. Geological Survey upon the application of the several lease owners as suitable for unitization. Under the terms of the agreement the operator is given authority to carry on necessary operations to explore and develop the unit area. The agreement provides for a test well to be drilled to a depth of 6,500 feet, unless gas or oil is found at a lesser depth. The proposed unit agreement follows substantially the unit agreements which have heretofore been approved by the Commission. That you may have before you the proposed unit area, here is a plat which has heretofore been filed with you. I might say that at this time the DeKalb Agricultural Association has already started a well in Section 13, which is near the center of the proposed

ILLUSTRATION



unit away, and at the present time the well is below 3,500 feet. The geological information upon which this unit was founded was done by Mr. John Kelly, and I would like to have him sworn as a witness.

Mr. John M. Kelly, after being first duly sworn, testified as follows:

Mr. Hinkle:

What is your name?

Mr. Kelly:

John M. Kelly.

Mr. Hinkle:

What is your profession?

Mr. Kelly:

I am a graduate engineer and geologist, and registered to practice in New Mexico.

Mr. Hinkle:

How long have you practiced?

Mr. Kelly:

One year.

Mr. Hinkle:

Has your company the State Geologist?

Mr. Kelly:

That is right.

Mr. Hinkle:

Are you familiar with the area involved in the proposed Victor Lino Unit Agreement?

Mr. Kelly:

I am.

Mr. Hinkle:

Have you performed any work in connection with that Agreement?

Mr. Kelly:

Upon information furnished me by Mr. Whelan, who did the magnetometer work, I prepared a contour map of the anticline.

Mr. Hinkle:

I hand you herewith the applicant's Exhibit A, and ask you to state whether that is a duplicate of the map made with the application before the U. S. Geological Survey for the designation of the Unit Area.

Mr. Kelly:

It is.

Mr. Hinkle:

You are familiar with the designation which has been made, and the boundaries as shown by the plat attached to the agreement?

Mr. Kelly:

Yes.

Illegible

Mr. Middle:

State whether in your opinion the area covers all or substantially all of the geological features.

Mr. Kelly:

I believe it covers all of the features as shown by the geological map and the area map.

Mr. Middle:

Are you familiar with the agreement?

Mr. Kelly:

Yes.

Mr. Middle:

State whether the operations under this agreement would have a tendency to promote the conservation of oil and gas and the prevention of waste.

Mr. Kelly:

I believe it would promote proper development in the area.

Governer Niles:

Anyone else want to be heard in this case? If not, the application is granted.

Mr. Livingston:

The next case is No. 77 in the matter of the application of the Magnolia Petroleum Company for an order of approval of the Unit Agreement for the development and operation of the Black Hills Anticline Unit Area within Township 27 and 28 North, Range 29 and 29 East, R.M.P.M., containing 17,000 acres, more or less, Cheyenne County, New Mexico.

Mr. Middle:

I am Clarence E. Middle of New York, New York, and an attorney for the applicant, the Magnolia Petroleum Company. This is the application of the Magnolia Petroleum Company for the approval of the proposed Black Hills Anticline Unit Agreement. The unit agreement which has been filed with the Commission contains a plat which shows the proposed unit area. The proposed unit area contains approximately 17,000 acres. All of the lands are lands of the United States, except certain lands aggregating 2,170.96 acres. The unit agreement has been signed by the owners of oil and gas leases covering all of the lands, except the owners of two leases, which are a very small portion of the total acreage. The area involved in the agreement was approved by the Director of the U. S. Geological Survey and the Secretary of the Interior as one proper for unitization. The agreement designates the Magnolia Petroleum Company as the unit operator, and under the terms of the unit is given power to carry on all work necessary for the exploration of the area. The operators agree to commence a well within six months after the approval, and drill the same to a depth of 7,000 feet, unless gas or oil is found at a lesser depth. The form follows substantially the same form as heretofore approved by this Commission and the Commissioner of Public Lands. Mr. Steve Hamifin, the District Land Man for Magnolia, is here, and I would like to have him testify.

Mr. S. P. Hamifin, after being first duly sworn, testified as follows:

Mr. Middle:

Please state your name.

Mr. Hamifin:

S. P. Hamifin.

ILLEGIBLE

Mr. Hinkle:

Where do you reside?

Mr. Hamifin:

Lawell, New Mexico.

Mr. Hinkle:

What is your official position?

Mr. Hamifin:

District Land Man for Magnolia Petroleum Company.

Mr. Hinkle:

How long have you been with the Magnolia Petroleum Company?

Mr. Hamifin:

20 years.

Mr. Hinkle:

Are you familiar with the so-called Bitter Lake Anticline Unit Agreement in Chavez County, New Mexico, which is the subject of the proposed unit agreement?

Mr. Hamifin:

Yes, sir.

Mr. Hinkle:

Do you know whether any geological investigation has been made of this area?

Mr. Hamifin:

Several years ago such an investigation was made by J. B. Hedley.

Mr. Hinkle:

Did Mr. Hedley make a report in connection with the report of the designation of this area before the U. S. Geological Survey?

Mr. Hamifin:

He did, yes.

Mr. Hinkle:

I hand you herewith the report of Mr. J. B. Hedley, marked Exhibit A, on the Bitter Lake Anticline, Chavez County, and ask you whether it is a duplicate of the report filed with the application.

Mr. Hamifin:

It is.

Mr. Hinkle:

Does that map show the geological structure involved?

Mr. Hamifin:

Yes.

Mr. Hinkle:

Do you know whether the unit area covers all of the structures, according to the plat?

Mr. Hamifin:

It does.

ILLEGIBLE



Mr. McWhirter:

Yes.

Mr. Keith:

That development began many years ago?

Mr. McWhirter:

I think back in 1948 or 1949.

Mr. Keith:

This application today is to drill the well marked on this plat?

Mr. McWhirter:

That is well No. 44. The Bureau maintains there are the numbers we recognize drilling, but this is well No. 1 here.

Mr. Keith:

I would like to have this plat marked for attention.

(NOTE: The plat at this point was marked Exhibit A for the record).

Mr. Keith:

The location you seek for this well is merely to keep it at 640 feet?

Mr. McWhirter:

Yes, and to correct some of the previous locations and in drilling some of the wells we can try to keep them all within the proper spacing. They will all be the same distance from each other. We may have to come in and ask for another irregular spacing if it is necessary.

Mr. Keith:

Are all the wells on the same State lease owned by your company?

Mr. McWhirter:

Yes, sir.

Mr. Keith:

I believe that is all.

Governor Miles:

Anybody else want to be heard in this case? The application is granted.

Mr. Livingston:

The next case is No. 79. The petitioner, through his attorneys, Eiler and Sanchez, has requested that the hearing date upon this petition be vacated and that said petition be set down for a hearing at some future time, owing to the fact that the petitioner, with other operators in the Balcher Basin Gas Field, is endeavoring to formulate a spacing plan to present to the Commission.

The next case is No. 80 in the matter of the petition of Operators' Committee under Haljamar Cooperative Reprocessing Agreement for amendment to Order No. 483, as amended by Order No. 773 of the Commission, to provide for the running of back allowable from the Haljamar Cooperative Reprocessing area.

ILLEGIBLE

Mr. Cochran:

My name is John E. Cochran, Jr. I represent Maljamar Cooperative Representing Agreement. This is a matter in which the Maljamar Cooperative Representing Agreement asks that Order 483, as amended by Order 995 of this Commission to provide for the running of back allowable from the Maljamar Cooperative Representing Agreement. Order 483 entered by the Commission in Case 36 on November 14, 1942 was the order which approved the Maljamar Cooperative Representing Agreement and approved certain in-put wells and provided for the distribution on allowable on in-put wells to other wells. Order 995 entered by the Commission on January 8, 1945 amended the original order and set up an allocation production plan for the area. Before that order was entered, and while the study was being made, it was agreed that in the interest of conservation at that time no back allowable would be allowed the area, and there was written on February 11, 1944 a letter by Mr. Kelly, then State Geologist, which provided that no back allowable be run from leases in the Maljamar area. Since that time, however, the allocation plan approved has been so successful that the operators feel that it would not be detrimental to the properties to run some back allowable which occurred for the reasons I will tell you. During November Malco Refineries, Inc., who was a substantial crude buyer from the area had too much crude, and the Malco discontinued purchasing crude oil from a large number of leases in the area, and following that several operators had no pipe line connections, and a substantial back allowable accumulated by reason of having no outlet for the oil. As of June 1 there were approximately 20,000 barrels of back allowable which have not been run from certain leases within the area. This back allowable is in some instances unproduced, and in some cases has been produced and is in storage. All of the operators in the area feel that they should be allowed to run currently to the pipe line companies purchasing the oil a back allowable at a rate not to exceed the rate the Commission allowed the State generally. All operators of leases and wells in this area feel that the way this should be handled would be for individual operators to make application to the Operators' Committee, which is the manager of the Project, and designate the lease and the amount of back allowable that they feel should be run during a current month, which would not exceed the back allowable figure set for other parts of the State by the Commission. This would amount to probably a barrel a day per well, and in some instances three barrels a day per well, and where the oil is in storage a request would be made for permission to run this to the pipe line company, not to exceed ten barrels per day. After the applications have been made to the Operators' Committee by the operators, the operators feel that the Chairman of the Operators' Committee of the Maljamar Cooperative Representing Agreement should petition the Commission, or its deputies, administratively for authority to run back allowable during the current month. The reason for suggesting the matter be handled thus is when an operator makes application for back allowable the Operators' Committee will have an opportunity to study the request, and if it is in the interest of conservation the Chairman of the Operators' Committee would file the application with the Commission or its deputy. Due to the fact that the back allowable had its origin about the first of December, the Maljamar Representing Agreement asked that the Commission permit it to follow this procedure in requesting authority to run back allowable starting December 1, 1945. Mr. William J. Wright, Engineer for the Maljamar Cooperative Representing Agreement is here, and if the members of the Commission would care to ask him any questions he may be sworn. Do you have any questions you want to ask him?

Governor Miles:

Yes, will you bring him forward?

Mr. William J. Wright, after being first duly sworn, testified as follows:

Mr. Cochran:

Will you state your name?

Mr. Wright:

William J. Wright.

Mr. Cochran:

Where do you live?

ILLEGIBLE

Mr. Wright:

Maljamar.

Mr. Cochran:

What is your occupation?

Mr. Wright:

Project engineer for the Maljamar Cooperative Reprocessing Agreement.

Mr. Sparrow:

Mr. Wright, give us an approximation of what percent of the production of any one well would this additional production be; that is, what the back allowance would constitute.

Mr. Wright:

Even a daily run it should not exceed 15% of daily allowable, which would be from 1 to 3 barrels per day.

Mr. Cochran:

Mr. Wright, in your opinion, if the method of making up back allowable, as is hereby outlined, is followed, would that constitute underground waste?

Mr. Wright:

Definitely not.

Mr. Livingston:

Back to what period of time is it desired that back allowable be permitted to run?

Mr. Wright:

December 1, 1945.

Governor Miles:

Anyone else want to be heard in this case? If not, the application is granted.

Mr. Livingston:

The next case is 21 in the matter of the petition of the Grayburg Oil Company of New Mexico, Operator of Grayburg Cooperative and Unit Agreement, for an order for transfer of allowable from in-put wells to other wells of same basic leases in the unit area of Grayburg Cooperative and Unit Agreement, Eddy County, New Mexico.

Mr. Miller:

I am Raymond Miller of the Grayburg Oil Company, Artesia. The Grayburg Oil Company is the operator of a unit agreement located on Government lands. In connection with this unit cooperative agreement we are operating a reprocessing plant. The last several months we have converted two top allowable wells to in-put wells situated in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 26, Township 17, Range 29, the well known as Grayburg-Keeley 9-B. The other well, Western Production Company-Keeley 13-C, is located in SW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 25, Township 17, Range 29. These wells were top allowable wells at the time they were put on as in-put wells, and since then we have been losing that allowable, and we request this allowable be transferred to other wells situated on the same basic leases. The Keeley B basic lease covers the S $\frac{1}{2}$ NE $\frac{1}{4}$  Section 24, NE $\frac{1}{4}$ NE $\frac{1}{4}$  Section 25, E $\frac{1}{2}$  Section 26, Township 17, Range 29E. The Western-Keeley C lease covers the E $\frac{1}{2}$ SW $\frac{1}{4}$  and the NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 13, S $\frac{1}{2}$ SE $\frac{1}{4}$  Section 24, all of Section 25, except the NW $\frac{1}{4}$  and the W $\frac{1}{2}$  of Section 26, all in Township 17, Range 29E. Mr. R. J. Heard, Vice-President of the Grayburg Oil Company, is present, and I would like to have him heard.

Mr. E. J. Heard, after being first duly sworn, testified as follows:

Mr. Miller:

Your name is --

Mr. Heard:

E. J. Heard.

Mr. Miller:

Where do you reside?

Mr. Heard:

Artesia.

Mr. Miller:

Your position with the Oxyburg Oil Company?

Mr. Heard:

Vice-President.

Mr. Miller:

Mr. Heard, you have been in charge of the drilling and production of these injection wells?

Mr. Heard:

Yes.

Mr. Miller:

Do you know that these wells are capable of producing top unit allowable at the time they were converted to injection wells?

Mr. Heard:

Yes.

Mr. Miller:

In your opinion, if the wells were reconverted to producing wells at ~~this time, would they produce top unit allowable?~~

Mr. Heard:

Yes.

Mr. Miller:

Do you think this unit allowable could be produced from other wells on this same basic lease without waste?

Mr. Heard:

Yes.

Mr. Miller:

Is there any question you want to ask Mr. Heard?

Mr. Sparvier:

Approximately how many wells do you intend to allocate this in-pit production to, Mr. Heard?

Mr. Heard:

Approximately 17 wells on one basic lease, and I think around 12 or 14

EXHIBIT



on the other.

Mr. Spurr:

Then that would be about 2 or 3 barrels per day per well, would it not?

Mr. Board:

Yes, sir.

Mr. Spurr:

This would be something less than 10% of each well's production?

Mr. Board:

Yes, sir.

Mr. Miller:

We are requesting the Commission to make up back allowances on these wells, beginning May 1, 1944; that is, on these two subject in-pet wells. We are also requesting the Commission to reserve jurisdiction in this case, that they may act administratively in the case of corrections, etc.

Mr. Spurr:

You mean by that you contemplate drilling more in-pet wells?

Mr. Miller:

Yes, that is right. There are more wells being drilled at the present time on these leases, and it is our intention to convert these to in-pet wells.

Governor Miller:

Anyone else want to be heard in this case? If not, the petition is granted.

Mr. Livingston:

The next case is No. 82 in the matter of the application of I. K. Westbrock for an order of approval of an irregular oil and gas well location in Section 22, T. 20N, Range 12E, N.M.P.M., McKinley County, New Mexico. For I. K. Westbrock-Santa Fe Pacific Railroad Company Well No. 1, which location is 1594 feet South of the North line and 2111 feet West of the East line of said section. This well started off as a water well, and seems to be coming up as an oil well.

Mr. Idem:

My name is E. C. Idem, and I would like to have Mr. I. K. Westbrock and Mr. E. O. Hamerway sworn.

Mr. E. O. Hamerway, after being first duly sworn, testified as follows:

Mr. Idem:

Your name is E. O. Hamerway?

Mr. Hamerway:

Yes.

Mr. Idem:

You are connected with the Santa Fe Pacific Railroad Company?

Mr. Hamerway:

I am Land Commissioner at Albuquerque.

INDEXIBLE

Mr. Idem:

You are familiar with this application of I. K. Westbrook?

Mr. Hamways:

Yes.

Mr. Idem:

The Santa Fe Pacific Railroad Company is the owner of the land on which this well is located?

Mr. Hamways:

Yes.

Mr. Idem:

State to the Commission Mr. Westbrook's activities with reference to this land, particularly with reference to grazing leases prior to the time he acquired the oil lease.

Mr. Hamways:

Mr. Westbrook is a livestock operator in this part of McKinley County, and in connection with his livestock operations entered into a contract with a driller to drill him a deep water well, and when he got down a certain distance there was some showing of oil, and he immediately stopped his work on his water well and felt that there might be some advantage in attempting to get an oil well out of this prospect.

Mr. Idem:

You are familiar with the location of the well?

Mr. Hamways:

It is in Section 22, Township 20 North, Range 11 West. It is in the NE $\frac{1}{4}$  of the NE $\frac{1}{4}$ .

Mr. Idem:

I believe as shown by the petition, it is 274 feet South of the quarter section line 40-acre subdivision line. Is that correct?

Mr. Hamways:

That is about it. I think it is 274 feet South of the quarter line and 229 feet East of the West line of that 40-acre tract.

Mr. Idem:

Stated in another way, it is 1994 feet South of the North line and 2411 feet West of the East line?

Mr. Hamways:

Yes, sir.

Mr. Idem:

Did the grazing lease Mr. Westbrook had prior to an oil showing in the water well embrace other lands than this?

Mr. Hamways:

Yes, as I recall, it took in all oil holdings in that township.

Mr. Idem:

He still has the grazing lease?

ILLUSTRABLE

Mr. Henshaw:

He has a purchase contract for the purchase of the surface rights.

Mr. Idem:

After the showing you gave him an oil and gas lease on certain lands for the purpose of protecting him in drilling the well, further with the hope that he might get oil or gas?

Mr. Henshaw:

No.

Mr. Idem:

It covers 160 acres surrounding this prospect?

Mr. Henshaw:

No.

Mr. Idem:

Does your company own all of the acreage adjacent to this particular acreage?

Mr. Henshaw:

It is immediately adjacent. Section 16 covering to the Northwest is a school section. We own the others in the immediate vicinity.

Mr. Idem:

Generally speaking, how far is this from any other producing oil and gas wells?

Mr. Henshaw:

Approximately 15 or 16 miles Northwest of any present production.

Mr. Idem:

Do you know the depth of the water well?

Mr. Henshaw:

Approximately 1100 feet.

Mr. Idem:

Do you know of any possible objection in permitting this well to be drilled in this location?

Mr. Henshaw:

No.

Mr. Idem:

I think that is all.

Governor Kilmer:

What is the approximate distance from this well to the corner of the school section you speak of?

Mr. Henshaw:

About 2900 feet approximately to the Southeast corner of the school section.

ILLUSTRABLE

ILLUSTRATIVE

Mr. Idem:

Mr. Westbrook, will you take the stand?

Mr. Westbrook, after being first duly sworn, testified as follows:

Mr. Idem:

Your name is I. E. Westbrook?

Mr. Westbrook:

Yes, sir.

Mr. Idem:

Are you the petitioner in this matter?

Mr. Westbrook:

Yes, sir.

Mr. Idem:

Where do you live?

Mr. Westbrook:

Springdale.

Mr. Idem:

How long have you lived there?

Mr. Westbrook:

20 years.

Mr. Idem:

You are a rancher in that community?

Mr. Westbrook:

Yes, sir, I have been a rancher there 20 years.

Mr. Idem:

You have heard Mr. Ramsey's testimony. Was it correct in all respects?

Mr. Westbrook:

Yes, sir.

Mr. Idem:

You might desire to continue the drilling of this well with the hope of getting oil and gas?

Mr. Westbrook:

Yes, I would like to prospect for it.

Mr. Idem:

It was begun as a water well?

Mr. Westbrook:

Absolutely. Near the center of this township.

Mr. Idem:

At what depth did you encounter this oil and gas showing?

Mr. Westbrooke

1092 feet.

Mr. Sims

Is that where the well stands today?

Mr. Westbrooke

Yes, sir. There is quite a bit of oil comes off the water when you draw it.

Mr. Sims

So far as you know, would it make a commercial well at this time?

Mr. Westbrooke

I do not know. There is quite a little showing, and the driller states it may be a commercial well.

Mr. Sims

I believe that is all, unless the Commission has some questions.

Mr. Speaker

The question, Mr. Westbrooke. You have a lease. How do you have a plugging bond?

Mr. Westbrooke

The bond is accompanying my petition here.

Mr. Livingston

Mr. Westbrooke has on file a \$2500 corporate surety bond to go to a depth not to exceed 1500 feet, but the bond has not been accepted until the Commission grants the order.

Mr. Sims

Based on that showing, we ask that the petition be granted.

Governer Elias

Anyone else want to be heard on this case? If not, the application is granted. Nothing dismissed.

I certify that the above is a transcript of the proceedings in this matter as taken from my shorthand notes.

*Mary E. Martin*  
Mary E. Martin, Stenographer

ILLUSTRABLE

**GRAYBURG OIL COMPANY  
OF NEW MEXICO**

**ARTESIA, NEW MEXICO**

May 23, 1946

Mr. Carl B. Livingston  
c/o New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Livingston:

Replying to your letter of May 20, wish to advise  
that either I or our Superintendent, Mr. Heard  
will be in Santa Fe on June 7 for the hearing.

Yours very truly,

  
C.J. Dexter  
for

GRAYBURG OIL CO. OF NEW MEXICO

CJD:rl

**GRAYBURG OIL COMPANY  
OF NEW MEXICO**

**ARTESIA, NEW MEXICO**

June 3, 1946

*William J. Wright,  
"Attorney"  
Back Allowables  
denied to go back  
to 12-1-45 -  
when pipeline connection  
was broken.*

Mr. Carl B. Livingston  
Chief Clerk and Legal Advisor  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Livingston:

Enclosed is amended petition for transfer of allowables from in-put wells, which will replace the petition as originally filed on May 20, 1946.

The amended petition will be found to contain the corrections and additions as outlined in your conversation with Mr. Raymond Miller.

Grayburg Oil Company of New Mexico

*R. J. Heard*

R. J. Heard, Vice President

RM  
Encl:

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

AMENDED PETITION FOR TRANSFER OF ALLOWABLE FROM  
IN-PUT WELLS TO OTHER WELLS ON SAME BASIC LEASES  
IN THE UNIT AREA OF GRAYBURG COOPERATIVE AND  
UNIT AGREEMENT, EDDY COUNTY, NEW MEXICO.

TO THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

The Grayburg Oil Company of New Mexico is the operator of the Grayburg Cooperative and Unit Agreement of Eddy County, New Mexico, which is composed entirely of Government leases. In this Unit Area we have a repressuring and maintenance plant, from which we are using several of our wells as in-put wells. In operating these wells as in-put wells we are losing the allowables from same, and it is our wish to make up this lost allowable from other wells on the same basic lease.

1. Our in-put well No. 9-B, located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  Section 26, Township 17S, Range 29E, Eddy County, New Mexico, and located on Government lease Keely LC028784-028793B, is losing the present allowable, and we ask that this lost allowable be made up from other wells on this same basic lease, known as 2-B in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ , 3-B in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 24-17-29, 5-B in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ , 6-B in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ , Section 25-17-29, 1-B in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ , 4-B in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ , 7-B in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ , 8-B in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ , 10-B in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ , 11-B in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ , 12-B in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 26-17-29.

2. Our in-put well No. 12-C, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 25, Township 17S, Range 29E, Eddy County, New Mexico, and on Government lease Keely LC028784C is losing present allowable, and we ask that this lost allowable be made up from our wells in this same basic lease, these wells known as 4-C in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ , 5-C in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 24-17-29, 7-C in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ , 8-C in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ , 10-C in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ , 11-C in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ , 13-C in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ , 17-C in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ , 18-C in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ , 19-C in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ , 23-C in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ , 24-C in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 25-17-29, 1-C in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ , 6-C in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ , 9-C in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ , 21-C in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 26-17-29.

3. Also it is desired to make up back allowables from said wells, beginning May 1, 1946.

4. The operator further petitions the Commission to reserve jurisdiction in this case, so that any future additions, deletions or corrections to the above plan, may be acted upon by the Commission in executive session.

The petitioners herein request that the Commission call a hearing at the earliest possible time for the purpose of considering and granting that which is requested in this petition.

Attached hereto is a map of the Unit Area indicating in-put wells and basic leases on which transferred allowables will be produced, marked Exhibit "A" and made a part of this petition.

THE GRAYBURG OIL COMPANY OF NEW MEXICO,  
operator of Grayburg Cooperative and  
Unit Agreement


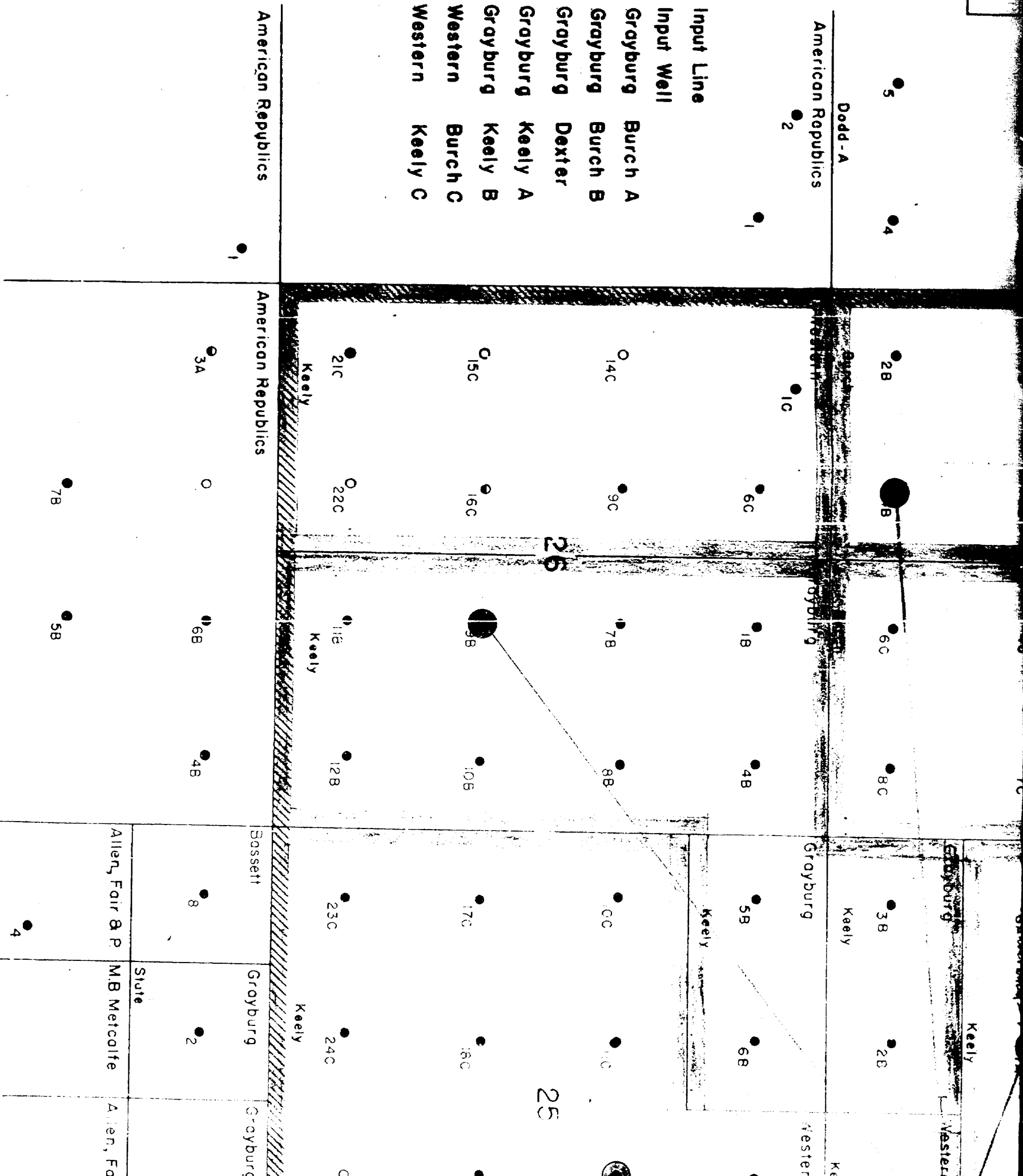
  
R. J. Heard, Vice President



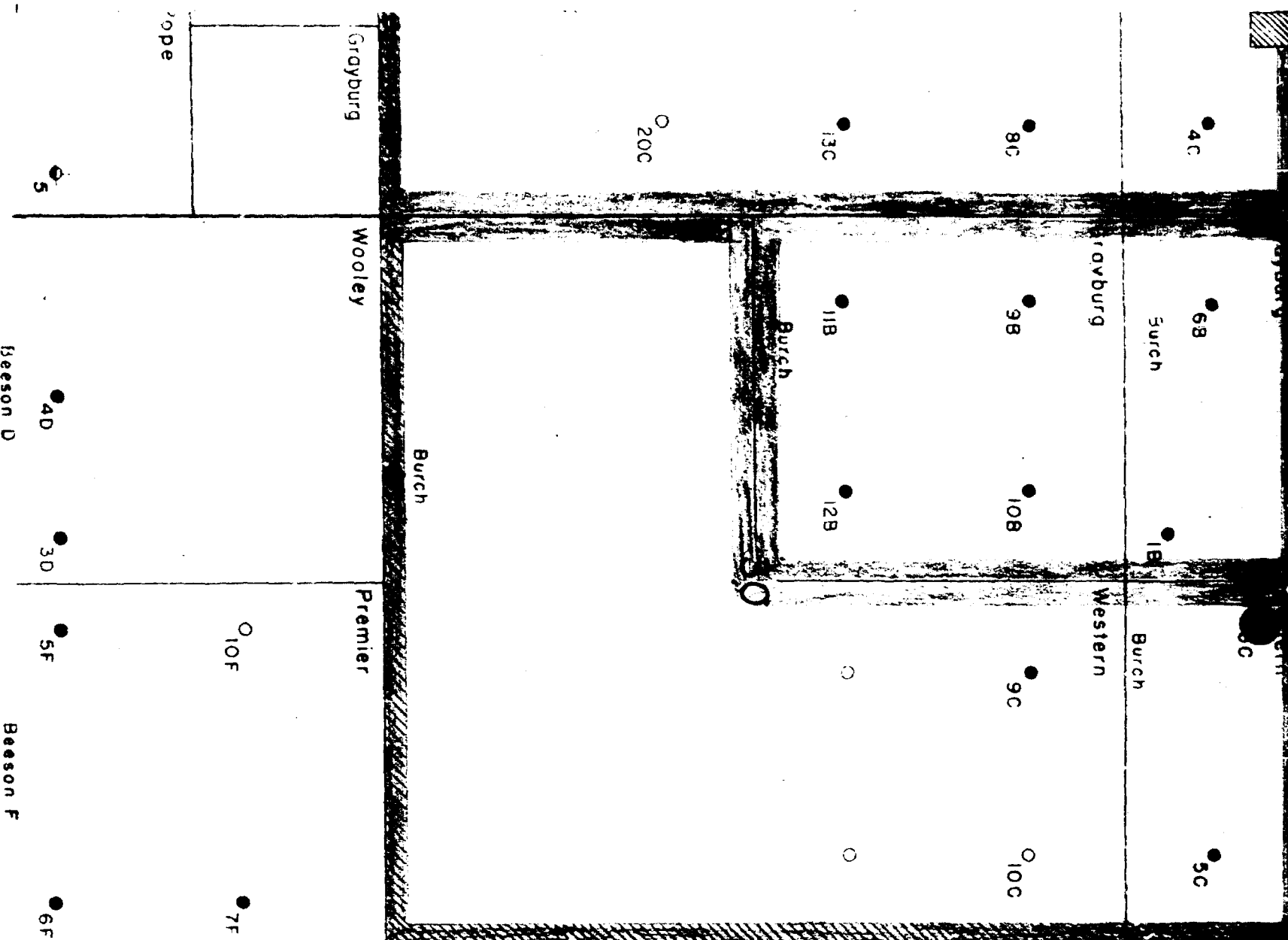
EXHIBIT "A"



- Input Line
- Input Well
- Grayburg Burch A
- Grayburg Burch B
- Grayburg Dexter
- Grayburg Keely A
- Grayburg Keely B
- Western Burch C
- Western Keely C

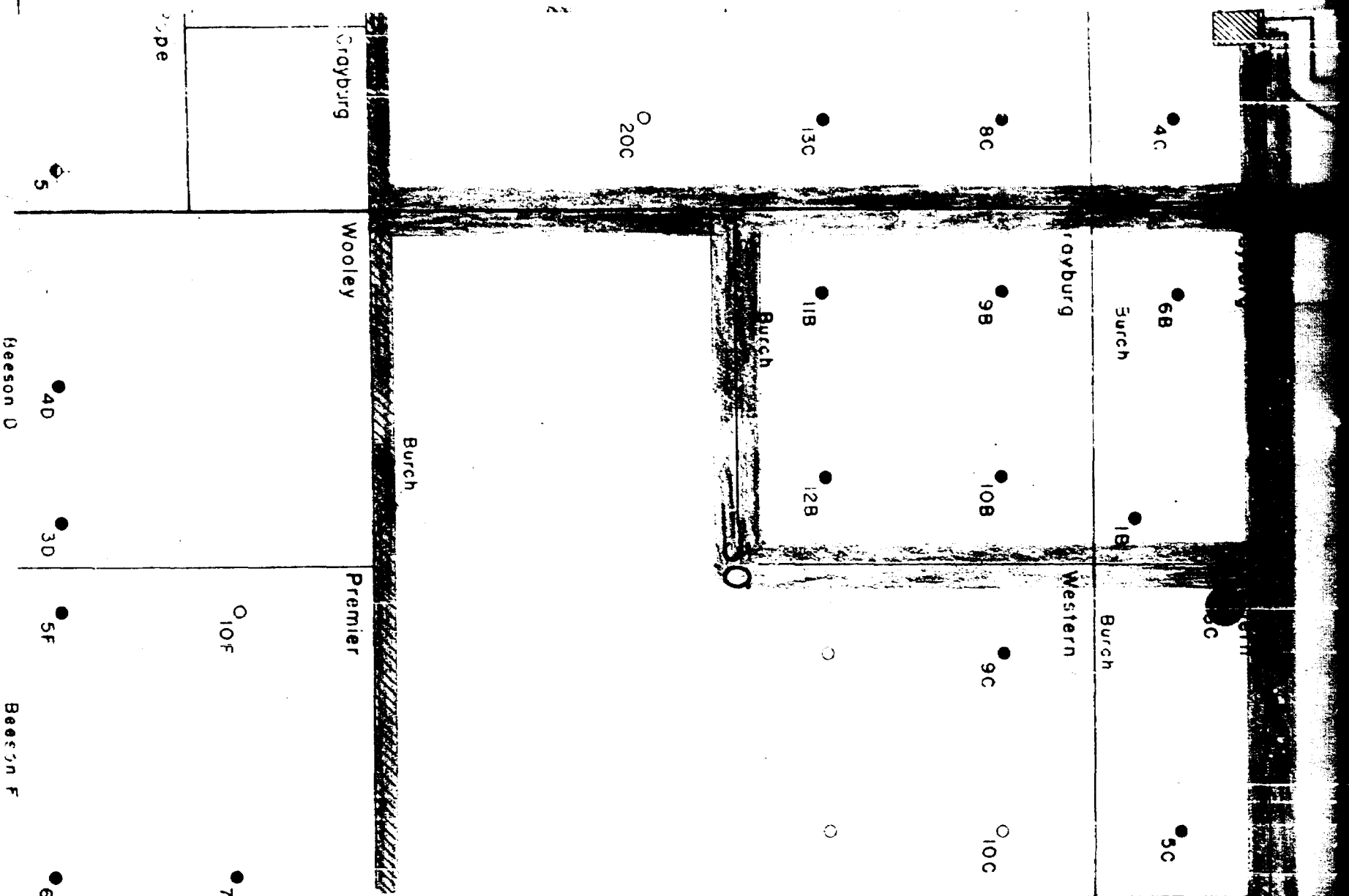


GRAYBURG COOPERAT



# **E AND UNIT AREA**

12-20-43 m.  
317-46



McIntyre G	McIntyre D
Aston & Four	Franklin
Beeson	
G. H. Ryd	
Beeson I	Beeson D
Wooler	
Beeson D	
Premier	
Beeson F	
ones-McKee	Premier
State	State
R. W. Four	
State	

# E AND UNIT AREA

12-20-43 m.  
3-7-46

### Affidavit of Publication

State of New Mexico,  
County of Eddy, ss.

F. B. Rigdon, being first duly sworn,  
on oath says:

That he is publisher of the Daily Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, State of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of this state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in a supplement thereof on the dates as follows, to-wit:

May 22, 19 46  
\_\_\_\_\_, 19\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_

that the cost of publication is \$ 2.16,  
and that payment therefor has been made  
and will be assessed as court costs.

*F. B. Rigdon*

Subscribed and sworn to before me this  
25th day of May, 19 46

*R. E. Smith*  
Notary Public.

My commission expires 7-12-49

(Published May 22, 1946)  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
The Oil Conservation Commission, as  
provided by law, hereby gives notice  
of the following hearing to be held at  
Santa Fe, New Mexico, at 10:00 A. M.,  
June 7, 1946:  
Case 21  
In the matter of the petition  
of the Grayburg Oil Company  
of New Mexico, Operator of  
Grayburg Co-operative and  
Unit Agreement, for an order  
for transfer of allowance from  
input wells to other wells of  
same basic lease in the unit  
area of Grayburg Co-operative  
and Unit Agreement, Eddy  
County, New Mexico.  
Given under the seal of said Com-  
mission at Santa Fe, New Mexico on  
May 20, 1946.  
OIL CONSERVATION COMMISSION  
By R. R. SPURRIER  
Secretary.  
(SEAL)

## Affidavit of Publication

State of New Mexico,  
County of Eddy, ss.

F. B. Rigdon, being first duly sworn,  
on oath says:

That he is publisher of the Daily Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, State of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of this state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in a supplement thereof on the dates as follows, to-wit:

May 22 1946

19

19

19

**2.16**

that the cost of publication is \$ 2.10,  
and that payment therefor has been made  
and will be assessed as court costs.

F. B. Rigdon

Subscribed and sworn to before me this  
25<sup>th</sup> day of May, 1946

R. E. Smith

Notary Public.

My commission expires 7-12-69

(Published May 22, 1946)  
**RECEIVED BY SECRETARIES  
 STATE OF NEW MEXICO**  
**OIL CONSERVATION COMMISSION**  
 The Oil Conservation Commission, as  
 provided by law, hereby gives notice  
 of the following hearing to be held at  
 Santa Fe, New Mexico, at 10:30 A. M.,  
 June 7, 1946:

Case #1

In the matter of the petition  
 of the Grayburg Oil Company  
 of New Mexico, Operator of  
 Grayburg Co-operative and  
 Unit Agreement, for an order  
 for transfer of allowable from  
 input wells to other wells of  
 same basic leases in the unit  
 area of Grayburg Co-operative  
 and Unit Agreement, Eddy  
 County, New Mexico.

Given under the seal of said Com-  
 mission at Santa Fe, New Mexico on  
 May 22, 1946.

**OIL CONSERVATION COMMISSION**  
 By H. R. SPURDIE,  
 Secretary.

(SEAL)

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico at 10:00 A. M., June 7, 1946:

Case 81.

In the matter of the petition of the Grayburg Oil Company of New Mexico, Operator of Grayburg Cooperative and Unit Agreement, for an order for transfer of allowable from input wells to other wells of same basic leases in the unit area of Grayburg Cooperative and Unit Agreement, Eddy County, New Mexico.

Given under the seal of said Commission at Santa Fe, New Mexico on May 20, 1946.

OIL CONSERVATION COMMISSION

By: *R. R. Spurrier*  
R. R. Spurrier, Secretary

SEAL

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

*Santa Fe, New Mexico*

JOHN M. KELLY  
DIRECTOR

May 20, 1946

Mr. C. J. Dexter, Secretary  
Grayburg Oil Company of New Mexico  
Artesia, New Mexico

Dear Mr. Dexter:

Re: Petition of Grayburg Oil Company for an order  
for transfer of allowable from input wells to  
other wells of same basic leases in unit area  
of Grayburg Cooperative and Unit Agreement.

The above-captioned case has been set for hearing at Santa  
Fe, New Mexico on June 7, 1946 at 10:00 A. M.

Will you please acknowledge receipt of this notice?

Very truly yours,

Chief Clerk and Legal Adviser

mm

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Y



STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

*Santa Fe, New Mexico*

JOHN M. KELLY  
DIRECTOR

May 20, 1946

AIR MAIL - SPECIAL DELIVERY

The Current Argus  
Carlsbad, New Mexico

Gentlemen:

Re: Notice of Publication - Case No. 81.

Please publish the enclosed notice once, immediately.  
Please proof-read the notice carefully and send a copy  
of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S  
AFFIDAVIT.

For payment please submit statement in duplicate, accompanied  
by voucher executed in duplicate. The vouchers must be signed  
by a notary in the space provided on the back of the voucher.  
The necessary blanks are enclosed.

Very truly yours,

Chief Clerk and Legal Adviser

MEM  
Encl

C  
O  
P  
Y

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

*Santa Fe, New Mexico*

JOHN M. KELLY  
DIRECTOR

May 20, 1946

The Santa Fe New Mexican  
Santa Fe, New Mexico

Gentlemen:

Re: Notice of Publication - Case Nos. 76, 77,  
78, 79, 80 and 81.

Please publish the enclosed notice once, immediately. Please  
proof-read the notice carefully and send a copy of the paper  
carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S  
AFFIDAVIT.

For payment please submit statement in duplicate, accompanied  
by voucher executed in duplicate. The vouchers must be signed  
by a notary in the space provided on the back of the voucher.  
The necessary blanks are enclosed.

Very truly yours,

Chief Clerk and Legal Adviser

RM  
Encl

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NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico at 10:00 A. M., June 7, 1946:

Case 72.

In the matter of the application of the DeHalls Agricultural Association, Inc. for an order of approval of the Unit Agreement for the development and operation of the Bitter Lake Unit Area within T. 18N, Ranges 25 and 26 East, N.M.P.M. containing 9,482.36 acres, more or less, Chaves County, New Mexico.

Case 73.

In the matter of the application of the Napaville Petroleum Company for an order of approval of the Unit Agreement for the development and operation of the Hawk Hills Anticline Unit Area within Townships 17 and 20 South, Ranges 19 and 20 East, N.M.P.M. containing 17,486.68 acres, more or less, Chaves County, New Mexico.

Case 74.

In the matter of the application of the Petroleum Products Refining and Producing Company for an order of approval of an irregular oil and gas well location in Section 36, T. 18N, R. 26, Huerfano Field, McKinley County, New Mexico, Well No. 48 to be located in the Southeast-Southeast-Southeast quarter of said section, 1200 feet East of the center section line, 330 feet North of the South line.

Case 75.

In the matter of the application of the Southern Union Production Company for an order providing for 160-acre spacing for gas wells in the Fulcher Basin Field, consisting of Sections 34 and 35, T. 30N, R. 12W, Sections 1, 2, 3, 4, 10, 11, 12 and 13, T. 29N, R. 12W, Sections 7, 17, 18, 19, 20 and 21, T. 28N, R. 11W, N.M.P.M., San Juan County, New Mexico.

Case 80.

In the matter of the petition of Operators' Committee under ~~Maljamar Cooperative Representing Agreement for amendment to~~ Order No. 485, as amended by Order No. 595 of the Commission, to provide for the running of back allowable from the Maljamar Cooperative Representing Area.

Case 81.

In the matter of the petition of the Grayburg Oil Company of New Mexico Operator of Grayburg Cooperative and Unit Agreement for an order for transfer of allowable from in-put wells to other wells of same basic leases in the unit area of Grayburg Cooperative and Unit Agreement, Eddy County, New Mexico.

Given under the seal of said Commission at Santa Fe, New Mexico on May 20, 1946.

OIL CONSERVATION COMMISSION

By:

R. R. Spurrier, Secretary

SEAL

ILLUSTRABLE

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

PETITION FOR TRANSFER OF ALLOWABLE FROM  
IN-PUT WELLS TO OTHER WELLS ON SAME BASIC  
LEASES IN THE UNIT AREA OF GRAYBURG CO-  
OPERATIVE AND UNIT AGREEMENT, EDDY COUNTY,  
NEW MEXICO.

TO THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

The Grayburg Oil Company of New Mexico is the operator of the Grayburg Cooperative and Unit Agreement of Eddy County, New Mexico, which is composed entirely of Government leases. In this Unit Area we have a repressuring and maintenance plant, from which we are using several of our wells as in-put wells. In operating these wells as in-put wells we are losing the allowables from same, and it is our wish to make up this lost allowable from other wells on the same basic lease.

1. Our in-put well No. 9-B, located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 26, Township 17S, Range 29E, Eddy County, New Mexico, and located on Government lease No. 028784-028793B, is losing the present allowable, and we ask that this lost allowable be made up from other wells on this same basic lease, known as 10-B in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ , 11B in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  and 12-B in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  Section 26-17-29.

2. Our in-put well known as 12-C, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 25, Township 17S, Range 29E, Eddy County, New Mexico, and on Government lease Keely 028784C, is losing present allowable, and we ask that this lost allowable be made up from our wells in this same basic lease, these wells known as 13-C in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ , 18-C in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  and 19-C in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 25-17-29.

3. The petitioners herein request that the Commission call a hearing at the earliest possible time for the purpose of considering and granting that which is requested in this petition.

Attached hereto is a map of the Area indicating in-put wells and the respective wells which allowable is to be transferred to or made up, marked "Exhibit A" and made a part of this petition.

The Grayburg Oil Company of New Mexico,  
operator of Grayburg Cooperative and  
Unit Agreement

  
C. J. Dexter, Secretary

*Ps. 3 - also it is desired to make up back allowables  
from said wells, beginning May 1, 1946.*