

Robinson "B" Lease are producing from the Grayburg-Jackson Pay of the Upper San Andres Formation, encountered at a depth of approximately 2800 feet, with the exception of F. M. Robinson "B" Wells Nos. 21 and 27, located in the NE/4 and E/2 NW/4 Section 27, Township 17 South, Range 29 East, N.M.P.M., which said two wells are producing from the Sub-Grayburg Section, encountered at an approximate depth of 3275 feet.

4. That of the total number of producing wells located upon the F. M. Robinson "B" Lease, three of such wells, namely; Wells Nos. 23, 24 and 25, are unorthodox "five spot" locations drilled by Applicant pursuant to permission granted in Order No. 819 of the New Mexico Oil Conservation Commission.

5. That the results that have, thus far, been obtained in the drilling of the unorthodox "five spot" locations, have been more than satisfactory in that, in nearly all cases, these wells have been completed as good wells and the drilling of these wells has definitely established the fact that this drilling program is economically sound and that by the drilling of such "five spot" locations, a much greater ultimate recovery of oil will be obtained in that substantial quantities of oil will be recovered that would not otherwise be obtained if these "five spot" locations were not drilled.

6. That it is the desire of American Republics Corporation, Applicant herein, to continue this unorthodox "five spot" location development program; that American Republics Corporation desires and proposes to make four

locations for unorthodox "five spot" line wells, to be located not nearer than twenty-five feet to the outermost lease boundary lines; that these proposed "five spot" line locations are shown on the map attached hereto, marked Exhibit "A", in circles that have been colored in red, and Applicant proposes to drill and complete each of said four unorthodox "five spot" line locations in the Grayburg-Jackson Pay of the Upper San Andres Formation.

7. That the well numbers and locations of these four "five spot" line wells which Applicant desires permission to drill, are as follows:

ROBINSON "B" WELL NO. 28, to be located:

1345 feet from the South Line and 2615 feet from the West Line of Section 27, Township 17 South, Range 29 East;

ROBINSON "B" WELL NO. 29, to be located:

2615 feet from the North Line and 1295 feet from the East Line of Section 27, Township 17 South, Range 29 East;

ROBINSON "B" WELL NO. 30, to be located:

1295 feet from the North Line and 1345 feet from the West Line of Section 35, Township 17 South, Range 29 East;

ROBINSON "B" WELL NO. 31, to be located:

2615 feet from the North Line and 2615 feet from the West Line of Section 27, Township 17 South, Range 29 East,

all of such locations being shown on map attached hereto, marked Exhibit "A".

8. That the lease offsetting each of the above described locations is owned by Applicant herein and is designated as its F. M. Robinson "A" Lease, Las Cruces Serial No. 028775(a), and covers the following described land in Eddy County, New Mexico. to-wit:

SE/4 Section 27, NE/4 Section 34, W/2 NW/4 Section 35, Township 17 South, Range 29 East, N.M. P.M., and containing 400 acres, more or less.

9. That the royalty payable to the United States Government under the F. M. Robinson "A" Lease ranges from 12-1/2% to 25% of all of the oil production; when the average production of oil for the calendar month in barrels, per well, per day, is not over 110 barrels the royalty shall be 12-1/2%, and the royalty payable to the United States Government under the F. M. Robinson "B" Lease ranges from 12-1/2% to 32% of the oil production and when the average production for the calendar month, in barrels, per well, per day is not over 50 barrels, the royalty shall be 12-1/2%. In the event the production, per well, per day, during any calendar month should exceed 50 barrels on the F. M. Robinson "B" Lease, the United States Government would be paid a royalty on the production from the wells on the F. M. Robinson "B" Lease at the higher step-scale rate provided in the F. M. Robinson "B" Lease.

10. That the F. M. Robinson "B" Lease described above is not subject to any overriding royalty or obligation payable out of production; that the F. M. Robinson "A" Lease, hereinabove described, in addition to the royalty payable to the United States Government is subject to an overriding royalty equal to 7-1/2% of all of the oil and gas produced, saved and marketed from the wells located upon the F. M. Robinson "A" Lease.

11. That American Republics Corporation, Applicant herein, proposes to, and is now in the process of entering into an Agreement with the owners of overriding royalty

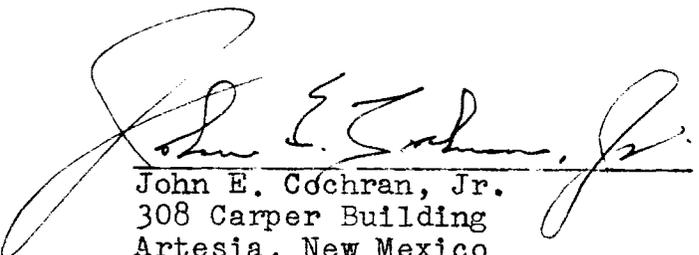
interests under the F. M. Robinson "A" Lease, wherein Applicant agrees to set separate tanks to be used for F. M. Robinson "B" Wells Nos. 28 and 29, and separate tanks to be used for F. M. Robinson "B" Well No. 30, and separate tanks to be used for F. M. Robinson "B" Well No. 31, as the same are completed, and to account for the oil produced from these wells separate and apart from all other wells located upon the F. M. Robinson "B" Lease, and Applicant herein further agrees, in said proposed agreement, that out of the oil produced from F. M. Robinson "B" Wells Nos. 28, 29 and 30 there shall be paid to the overriding royalty interest owners, under the F. M. Robinson "A" Lease, in proportion to the interests they own, respectively, $7\frac{1}{2}\%$ of one-half of all of the oil and gas produced, saved and marketed from F. M. Robinson "B" Wells Nos. 28, 29 and 30, and Applicant further agrees, in said agreement, that out of the oil produced from F. M. Robinson "B" Well No. 31, to pay to the F. M. Robinson "A" Lease overriding royalty interest owners, in proportion to the interest which they own, respectively, $7\frac{1}{2}\%$ of one-fourth of all of the oil and gas produced, saved and marketed from F. M. Robinson "B" Well No. 31, and, in consideration of these payments to be made by Applicant herein to overriding royalty owners under the F. M. Robinson "A" Lease, the said F. M. Robinson "A" Lease overriding royalty interest owners agree that they shall never demand or require that American Republics Corporation drill any wells on the F. M. Robinson "A" Lease offsetting, either directly, diagonally, or otherwise, F. M. Robinson "B" Wells Nos. 28, 29, 30 and 31, at the locations herein-
above set out

12. Heretofore, on the 25th day of April, 1949, the Oil Conservation Commission of the State of New Mexico entered Order No. 819 in Case No. 180, wherein certain specific tracts, more fully described in said Order, and to which Order reference is hereby made for the full particulars thereof, were unitized for proration purposes, and wherein American Republics Corporation was authorized to produce from each such unitized tract, described in said Order 819, the total allowable production, as fixed by the Oil Conservation Commission, for the total number of developed forty-acre units comprising such unitized tract, and was authorized to produce the total allowable so fixed by the Commission for each such unitized tract, from all of the wells that were located upon, or that may hereafter be drilled upon, such unitized tract, producing from the Grayburg-Jackson Pay, and said Order further provided that no well located upon any unitized tract should be permitted to produce at a rate in excess of the top allowable as fixed by the Oil Conservation Commission.

13. That it is not the intention, nor does Applicant herein ask for any additional allowable by reason of the drilling and completing of the hereinabove described unorthodox "five spot" line locations, as producing wells, but that it is Applicant's desire and intention to produce all such tracts unitized for proration purposes in accordance with the terms and provisions of Order No. 819 entered by the Oil Conservation Commission in Case No. 180; that is, that Applicant be authorized to produce from each F. M. Robinson "B" Lease tract, described in Order No. 819, unitiz-

ed for proration purposes, the total allowable production as fixed by the Commission for the total number of developed forty-acre units comprising each unitized tract, and that Applicant be authorized to produce the total allowable so fixed by the Commission for each unitized tract from all of the wells located upon or that may be hereafter drilled upon such unitized tract producing from the Grayburg-Jackson Pay, and that no well located upon any such unitized tract will be permitted to produce at a rate in excess of the top allowable as fixed by the Oil Conservation Commission.

WHEREFORE, Applicant prays that the Commission set a date for hearing this Application and give notice thereof in accordance with its rules and regulations, and that upon presentation of this Application an Order be entered granting Applicant permission to drill the four unorthodox "five spot" line locations hereinabove described and shown on map attached hereto, marked Exhibit "A"; and that the Commission further enter its Order authorizing such wells, upon completion as producing wells, to be produced in accordance with the terms and provisions of Order No. 819 entered by the Oil Conservation Commission of the State of New Mexico in Case No. 180.



John E. Cochran, Jr.
308 Carper Building
Artesia, New Mexico
Attorney for Applicant,
American Republics Corporation

STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

W. B. MACEY, being first duly sworn upon his oath,
deposes and states:

That he is District Superintendent for Applicant,
AMERICAN REPUBLICS CORPORATION, in the above and foregoing
Application; that he has read the same and from personal
knowledge knows the matters therein contained to be true
and correct, except such statements as are alleged upon in-
formation and belief, and as to those, he verily believes
them to be true.

W. B. Macey
W. B. Macey

SUBSCRIBED AND SWORN TO BEFORE ME, this 3rd day
of August, 1950.

Frank Marshall
Notary Public

My commission expires:

April 15, 1954