

BEFORE THE
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Santa Fe, New Mexico

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 715

Regular Hearing

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 16, 1954

IN THE MATTER OF:)

The application of General American Oil
Company of Texas, a Delaware Corporation,
for approval of the Grayburg deep unit
area embracing 5484.17 acres of land,
more or less, in Township 17 South, Ranges
29 and 30 east, Eddy County, New Mexico.

) Case No. 715
)

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. R. R. Spurrier

TRANSCRIPT OF HEARING

MR. SPURRIER: The next case on the docket is Case 715.

F O S T E R M O R R E L L,

called as a witness, having been first duly sworn, testified as follows:

MR. MORRELL: My name is Foster Morrell, Petroleum Consultant, Roswell, New Mexico, appearing in Case 715 on behalf of General American Oil Company of Texas, as applicant, and Wilshire Oil Company of Texas and Great Western Drilling Company as working interest owners, for approval of the Unit Agreement for the Development and Operation of the Grayburg Deep Unit Area, Eddy County, New Mexico.

Copies of the Unit Agreement have heretofore been filed with the Oil Conservation Commission. The unit area embraces 5484.17 acres, more or less, in Eddy County, New Mexico, described as follows: Township 17 South, Range 29 East, Section 12, S $\frac{1}{2}$; Section 13, all; Section 23, all; Section 24, all; Section 25, all; Section 26, all.

Township 17 South, Range 30 East, Section 7, W $\frac{1}{2}$ SW $\frac{1}{4}$; Section 18, all; Section 19, all; Section 30, all.

All lands within the unit area are Federal lands covered by outstanding oil and gas leases issued by the Department of the Interior.

Form of the Unit Agreement follows essentially the standard form suggested by the Department of the Interior and set forth under Title 30, Code of Federal Regulations, Section 226.12.

Great Western Drilling Company, a Texas corporation with offices at Midland, Texas, is designated as Unit Operator and here-with joins General American in its application for approval of the Grayburg Deep Unit Agreement. The New Mexico Oil Conservation Commission, by its Order 802 in Case 164, approved the Unit Agree-ment for certain tracts within the Grayburg Cooperative and Unit Area effective November 21, 1948. The Grayburg Deep Unit Area embraces the same lands included in the Grayburg Cooperative and Unit Area, together with additional lands described as the S/2 Section 12, and the N/2 Section 13, Township 17 South, Range 29 East, and the w/2 SW/4 Section 7, Township 17 South, Range 30 East.

The Unit Agreement for the Grayburg Deep Unit Area unitizes all oil and gas in any and all formations below a depth of 5,000 feet from the surface within the said unit area.

Under Section 22 of the Grayburg Deep Unit Agreement it is provided that "as to the Grayburg Cooperative and Unit Agreement, dated June 3, 1943, and approved by the Assistant Secretary of the Interior October 5, 1943, and designated contract Number 1, Section No. 370, it is hereby agreed that upon final approval of this agreement by the Secretary of the Interior, or his duly authorized representative, said Grayburg Cooperative and Unit Agreement shall be suspended as to all formations below a depth of 5,000 feet from the surface, and upon effective termination of this Grayburg Deep Unit Agreement such suspension of the Grayburg Cooperative and Unit Agreement, if said agreement is then in effect, shall automatically terminate and all of the provisions thereof shall again be in full force and effect as to all formations as fully and to the same extent as if said Grayburg Deep Unit Agreement had never been in existence."

The Grayburg Deep Unit Agreement has been duly executed by the Unit Operator and all working interests. Each and every holder of rights or interest in the Unit Area has been offered the opportunity to subscribe to and to commit such rights or interest to said agreement. As of this date, the majority of overriding royalty interests have executed Ratification and Joinders of the Unit Agreement.

Great Western Drilling Company, as Unit Operator, on May 30,

1954, commenced the drilling of the test well required under Section 9 of the Grayburg Deep Unit Agreement, said well being located 1980 feet from the North and West lines, Section 18, Township 17 South, Range 30 East, and is now drilling below a depth of 3,000 feet. This test well will be drilled to a depth of not less than 11,100 feet to test all formations to the top of the Mississippian formation.

It is further stated that the Grayburg Deep Unit Agreement will tend to promote conservation of oil and gas and the better utilization of reservoir energy, as well as prevent waste, and that such agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources. Also, that the said Unit Agreement is in other respects for the best interest of the State of New Mexico.

The Grayburg Deep Unit Agreement, embracing all Federal lands, was approved by the Acting Director of the U. S. Geological Survey on June 4, 1954, and the Unit Agreement became effective on that date. The Unit Operator agrees to file with the Commission an executed original or executed counterpart of the Grayburg Deep Unit Agreement not later than thirty (30) days after said effective date. That is all.

MR. SPURRIER: Are there any questions of the witness?
If not the witness may be excused.

(Witness excused.)

MR. SPURRIER: Does anyone else have a comment in the case?

If not we will take the case under advisement and move on to Case 716.

C E R T I F I C A T E

I, ADA DEARNLEY, do hereby certify that the above and foregoing transcript of proceedings before the New Mexico Oil Conservation Commission, Mabry Hall, Santa Fe, New Mexico on June 16, 1954, is a true and correct record to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 18th day of June, 1954.


Notary Public

My Commission Expires:
June 19, 1954

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