



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

MAIL OFFICE 000
PM 1:00

July 24, 1959

Subject: Eddy County, New Mexico
Henshaw Deep Unit

Q 1739

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Attention Mr. Porter

Gentlemen:

Attached are the original and two copies of our application for approval of the Henshaw Deep Unit Agreement, Eddy County, New Mexico. Attached to the application you will find a copy of the Unit Agreement that has been revised in accordance with the Department of Interior request together with their letter of June 9, 1959, designating said area as a logical subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

We would appreciate your scheduling a hearing for us on the Examiner Hearing date of August 19, 1959.

Yours very truly,

R. A. Clarke

R. A. Clarke
Roswell Division Land Department

Attachments

*Revised
Mailed 8-4-59
JW*

*Revised
Sent
9.15.59*

ORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF
HENSHAW DEEP UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

Case
1739

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the undersigned, SHELL OIL COMPANY, a corporation with offices
as, and files herewith three copies of the proposed unit agree-
development and operation of the Henshaw Deep Unit Area, Eddy
Mexico, and hereby makes application for the approval of said
ment as provided by law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement embraces
4 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 16-South, Range 30-East

Section 11: S-1/2
Section 12: S-1/2
Section 13: All
Section 14: All
Section 23: All
Section 24: All
Section 25: All

Township 16-South, Range 31-East

Section 7: SW-1/4
Section 18: W-1/2
Section 19: W-1/2
Section 30: W-1/2

2. That the unitized substances under the terms of said agreement shall include all oil and gas in any and all formations underlying unitized land at all depths below a horizon that is the stratigraphic correlative of the top of the Yeso formation occurring at a depth of 4127 feet on the Schlumberger electric log of the Great Western and Wilshire, Grayburg Deep Unit No. 1 well in the Southeast Quarter (SE-1/4) of the Northwest Quarter (NW-1/4) of Section 18, Township 17-South, Range 30-East, N.M.P.M., Eddy County, New Mexico.

3. That of the lands embraced within the proposed unit area, 4,783.84 acres or 99.17% are Federal lands, and 40.00 acres or 0.83% are lands of the State of New Mexico. That said area has heretofore been designated by the Acting Director of the United States Geological Survey as an area suitable and proper for unitization, a copy of said designation being attached

hereto, made a part hereof, and for purposes of identification marked Exhibit "A".

4. That applicant is informed and believes, and upon such information and belief, states: That the proposed unit area covers a substantial part of the geological feature involved, and in the event of the discovery of oil or gas thereon, that said unit agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of the unitized substances.

5. That SHELL OIL COMPANY is designated as the unit operator in said unit agreement and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas, subject to all applicable laws and regulations. That said unit agreement provides for the drilling of an initial test well to a depth sufficient to test the Devonian formation. However, the unit operator is not required to drill said well to a depth in excess of 12,300 feet.

6. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

7. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico.

8. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, an approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said unit agreement

and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste.

DATED this the 25 day of July, 1959.

Respectfully submitted,

SHELL OIL COMPANY

By R. L. Baker