



# SHELL OIL COMPANY

P. O. Box 1858  
Roswell, New Mexico

September 25, 1964

Subject: Eddy County, New Mexico  
Proposed China Canyon Unit

MAIN OFFICE

'64 SEP 28 AM 6

*Case 3127*

New Mexico Oil and Gas Commission  
Santa Fe, New Mexico

Gentlemen:

We are enclosing our formal Application for Approval of the Proposed China Canyon Unit Area.

The formal application states that the Unit Agreement for the Development and Operation of the Unit is attached. As you can see, of course, it is not attached, but we are in the process of preparing it, and a copy will be sent to you within the next few days.

If there is anything further you need from us, other than a copy of the Unit Agreement itself, please do not hesitate to call us.

Yours very truly,

Lee Farris  
Roswell Division Land Department

Enclosure

DOCKET MAILED

Date ~~10-1-64~~

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF THE  
CHINA CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

MAIN OFFICE 0100

'64 SEP 28 AM 8 00

*Case 3127*

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Shell Oil Company, with offices at Midland, Texas, files herewith one copy of a proposed Unit Agreement for the development and operation of the China Canyon Unit Area, Eddy County, New Mexico, and makes application for approval of said Unit Agreement as provided by law, and in support thereof states:

1. That the proposed Unit Area covered by this agreement embraces 7,610.77 acres of land, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN

Township 23 South, Range 23 East

Section 24: All

Section 25: East 1/2

Township 23 South, Range 24 East

Section 17: All

Section 18: All

Section 19: All

Section 20: All

Section 21: All

Section 28: All

Section 29: All

Section 30: All

Section 31: North 1/2

Section 32: All

Section 33: All

Containing 7,610.77 acres, more or less.

2. That the lands embraced within the proposed unit area contain 6,810.77 acres of Federal lands, 640 acres of State of New Mexico lands, and 160 acres of fee or patented lands.

3. That application is being made for the designation of said unit area and for the approval of the form of Unit Agreement by the Commissioner of Public Lands of the State of New Mexico.

4. That applicant is informed and believes, and upon such information and belief states, that the proposed unit area contains all, or substantially all, of the geological feature involved, and that in the event of the discovery of oil or gas thereon, that said Unit Agreement will permit the producing areas 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 the Unit Agreement, and as such is given authority under the terms of the agreement 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 the Unit Agreement provides for the drilling of an initial test well to a depth sufficient to test the Siluro-Devonian formation, but that applicant is not obligated to drill said well, in any event, to a depth in excess of 11,300 feet.

6. That applicant believes 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 the Unit Agreement, to the end that the maximum recovery will be obtained of unitized substances, and that the Unit Agreement is in the interest of conservation and prevention of waste as contemplated by the New Mexico Oil Conservation Commission Statutes and Regulations.

7. 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 after approval by the United States Department of the Interior, an approved copy will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of the approval of the Unit Agreement, and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interests of conservation and the prevention of waste.

Dated this 25th day of September, 1964.

Respectfully submitted,

SHELL OIL COMPANY

By   
O. V. Lawrence, Division Land Manager  
Roswell, New Mexico

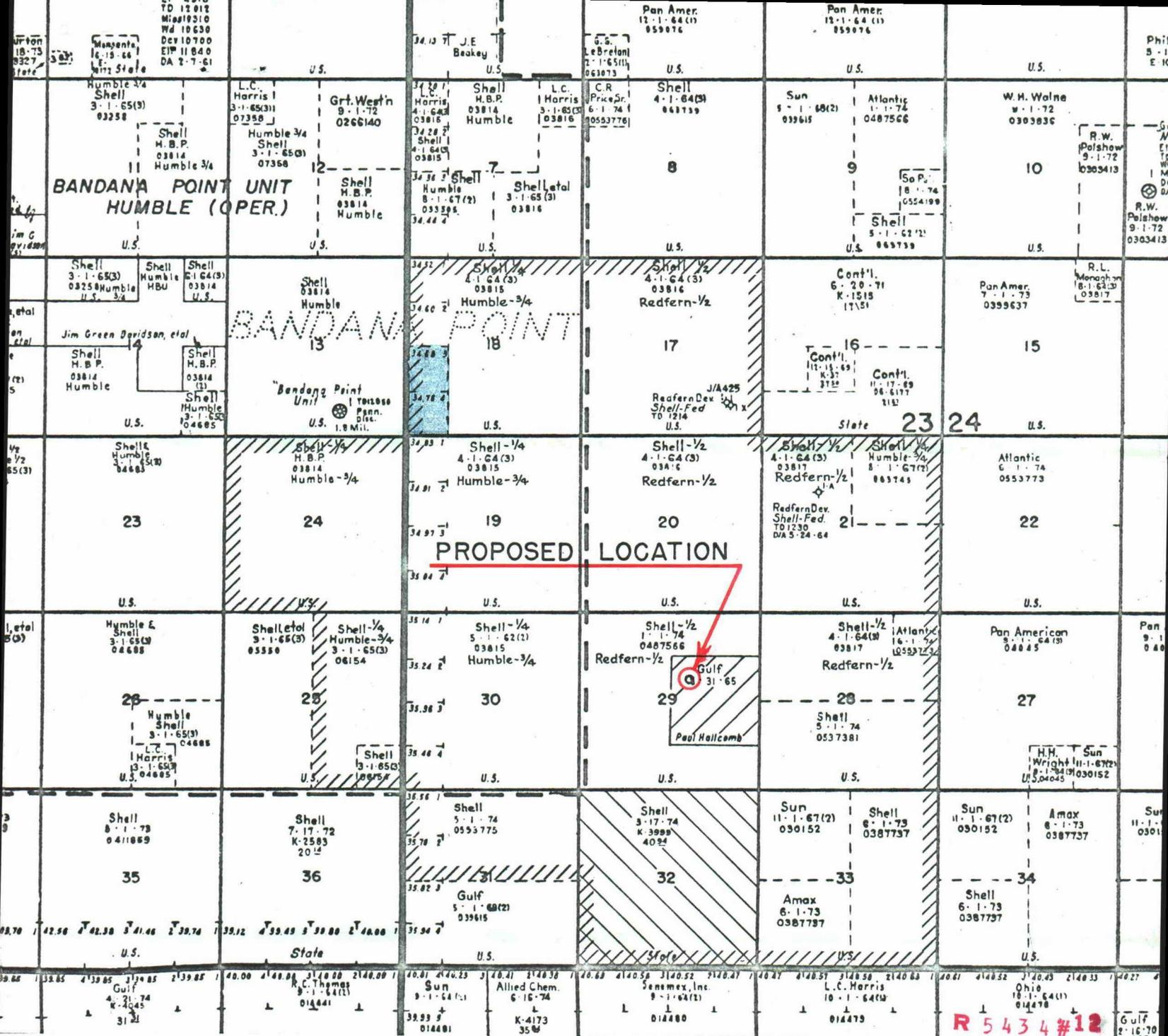
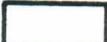


EXHIBIT A

To Accompany Application  
For Designation of  
China Canyon Unit Area

Unit Outline

-  Federal Acreage
-  State Acreage
-  Fee Acreage
-  Open KGS Acreage