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January 29, 1991

11253

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

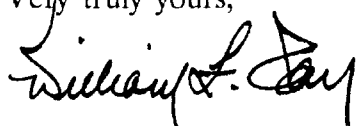
RECEIVED  
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JAN 31 1991  
OIL CONSERVATION DIVISION  
OIL CONSERVATION DIVISION

Re: In the Matter of the Application of Amerada Hess Corporation for Statutory  
Unitization of the North Monument Grayburg/San Andres Unit Area, Lea  
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Amerada Hess Corporation in the above-referenced case. Amerada Hess Corporation respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on February 21, 1991.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Mr. J. C. Hefley

BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF  
AMERADA HESS CORPORATION FOR  
STATUTORY UNITIZATION OF THE  
NORTH MONUMENT GRAYBURG/SAN ANDRES  
UNIT AREA, LEA COUNTY, NEW MEXICO.

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JAN 11 1978

OIL CONSERVATION DIVISION

CASE NO. 10-253

APPLICATION

AMERADA HESS CORPORATION, pursuant to the provisions of the New Mexico Statutory Unitization Act (Sections 70-7-1 through 70-7-21, N.M.S.A. 1978 Comp.) hereby applies to the Oil Conservation Division for an order unitizing the North Monument Grayburg/San Andres Unit, Lea County, New Mexico, and in support of its application states:

1. Amerada Hess Corporation is a Delaware corporation authorized to transact business in the State of New Mexico and is engaged in the business of, among other things, producing and selling oil and gas.

2. Amerada Hess Corporation seeks an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the proposed North Monument Grayburg/San Andres Unit Area which consists of 13,385 acres, more or less, of Federal, State and Fee lands located in Lea County, New Mexico, and is more particularly described as follows:

**TOWNSHIP 19 SOUTH, RANGE 36 EAST, N.M.P.M.**

Section 13: E/2 SE/4  
Section 23: S/2 SE/4; SE/4 SW/4  
Section 24: E/2; E/2 SW/4; SW/4 SW/4  
Section 25: All  
Section 26: E/2; SW/4; E/2 NW/4  
Section 34: E/2 E/2; SW/4 SE/4  
Sections 35 and 36: All

**TOWNSHIP 19 SOUTH, RANGE 37 EAST, N.M.P.M.**

Section 7: SE/4; E/2 SW/4  
Section 8: W/2 SW/4; SW/4 NW/4  
Section 17: W/2 NE/4; SE/4; W/2  
Section 18: E/2; E/2 W/2; W/2 W/2 (Lots 1, 2, 3 & 4)  
Section 19: E/2; E/2 W/2; W/2 W/2 (Lots 1, 2, 3 & 4)  
Section 20: All  
Section 21: W/2 NW/4; SW/4  
Section 28: W/2  
Section 29: All  
Section 30: E/2; E/2 W/2; W/2 W/2 (Lots 1, 2, 3 & 4)  
Section 31: E/2; E/2 W/2; W/2 W/2 (Lots 1, 2, 3 & 4)  
Section 32: All  
Section 33: All  
Section 34: SE/4; S/2 SW/4

**TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M.**

Section 1: SW/4; S/2 NW/4; N/2 NW/4 (Lots 3 & 4)  
Section 2: S/2; S/2 N/2; N/2 N/2 (Lots 1, 2, 3 & 4)  
Section 3: E/2 SE/4; S/2 NE/4; NE/4 NE/4 (Lot 1)

**TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.**

Section 3: SW/4 NE/4; S/2 NW/4; NW/4 SW/4; N/2 N/2 (Lots 1, 2, 3 & 4)  
Section 4: S/2; S/2 N/2; N/2 N/2 (Lots 1, 2, 3 & 4)  
Section 5: NE/4 SE/4; S/2 SE/4; NW/4 SW/4; S/2 N/2; N/2 N/2  
(Lots 1, 2, 3 & 4)  
Section 6: S/2 N/2; N/2 N/2 (Lots 1, 2, 3 & 4)  
Section 8: NE/4 NE/4  
Section 9: S/2 NE/4; NW/4 NE/4; NW/4

A map of the proposed Unit Area is attached to this application as Exhibit A.

3. The vertical limits of the formations to be included within the proposed Unit Area extends from an upper limit described as the top of the Grayburg formation to a lower limit at the base of the San Andres formation; the geologic markers having been previously found to occur at 3,642 feet and 5,050 feet on the electric log for the AHC-Monument Abo Unit No. 1 Well located in Section 2, Township 20 South, Range 36 East, Lea County, New Mexico.

4. The portions of the reservoirs involved in this application have been defined by development.

5. The type of operations to be conducted in this Unit initially include secondary recovery by means of waterflooding. At a later date, carbon dioxide flooding or other methods of secondary recovery may be conducted in the proposed unit.

6. Attached to this application as Exhibit "B" and incorporated herein is a copy of the proposed plan of unitization which Amerada Hess Corporation considers fair, reasonable and equitable.

7. Attached to this application as Exhibit "C" and incorporated herein is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.

8. Amerada Hess Corporation further states:

- a. Unitized management, operating and further development of the portion of the Grayburg and San Andres formations, Eunice Monument Pool, which is the subject of this application, is reasonably necessary in order to effectively carry

on secondary recovery operations and to substantially increase the ultimate recovery of oil from the unitized portion of the pool.

- b. Unitized methods of operation applied to this portion of the Eunice Monument Pool are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil from the pool than would otherwise be recovered.
- c. The estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil recovered plus reasonable profit.
- d. Unitization and adoption of unitized methods of operation will benefit the working interest owners and the royalty owners of the oil and gas rights within this portion of the pool.
- e. Amerada Hess Corporation, as operator, has made a good faith effort to secure voluntary unitization within the portion of the Monument Grayburg/San Andres Pool affected by this application.
- f. The participation formula contained in the

unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis.

9. Statutory unitization of the North Monument Grayburg/San Andres Unit Area, Eunice Monument Pool, is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Amerada Hess Corporation respectfully requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 21, 1991 and, that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application statutorily unitizing the North Monument Grayburg/San Andres Unit Area, Lea County, New Mexico.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR AMERADA HESS  
CORPORATION

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OIL CONSERVATION DIVISION

Ms Florene Davidson  
Staff Specialist  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

Case 10-253

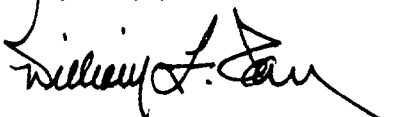
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Unitization of the North Monument Grayburg/San Andres Unit Area, Lea  
County, New Mexico

Dear Mr. LeMay:

Enclosed please find a revised Exhibit A to the above-referenced application which we  
filed on January 29, 1991. I would appreciate it if you would replace Exhibit A with this  
exhibit.

Thank you for your assistance in this matter.

Very truly yours,

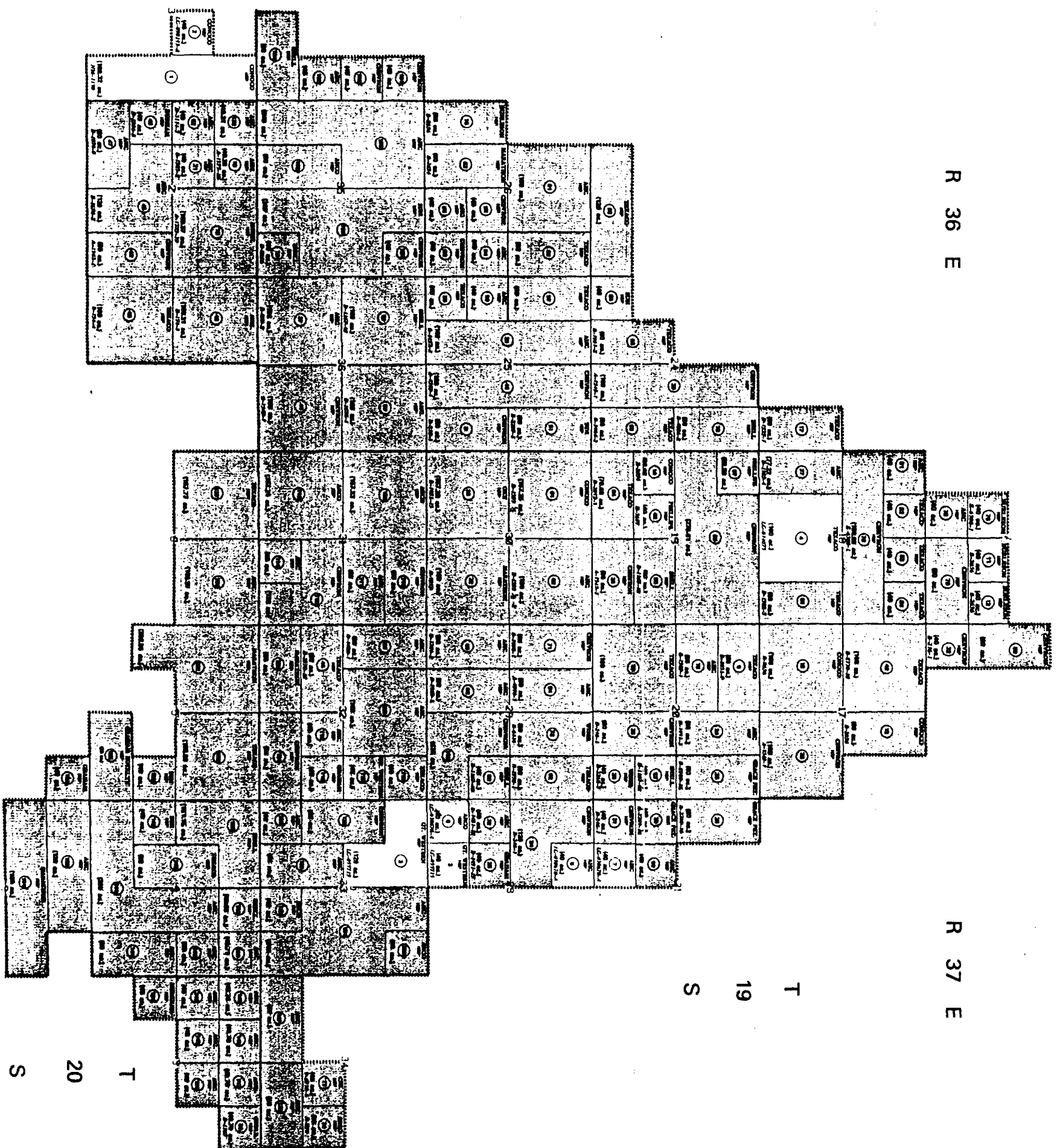






WILLIAM F. CARR

WFC:mlh

Enclosure

cc w/enc.: Mr. J. C. Hefley



LEGEND			
	<u>ACREAGE</u>	<u>PERCENTAGE</u>	
	STATE	6,349.49	47.44
	FEDERAL	640.32	4.78
	FEE	6,475.07	47.78
TOTAL		13,384.88	100.00
	TRACT NUMBER		
UNIT OUTLINE			

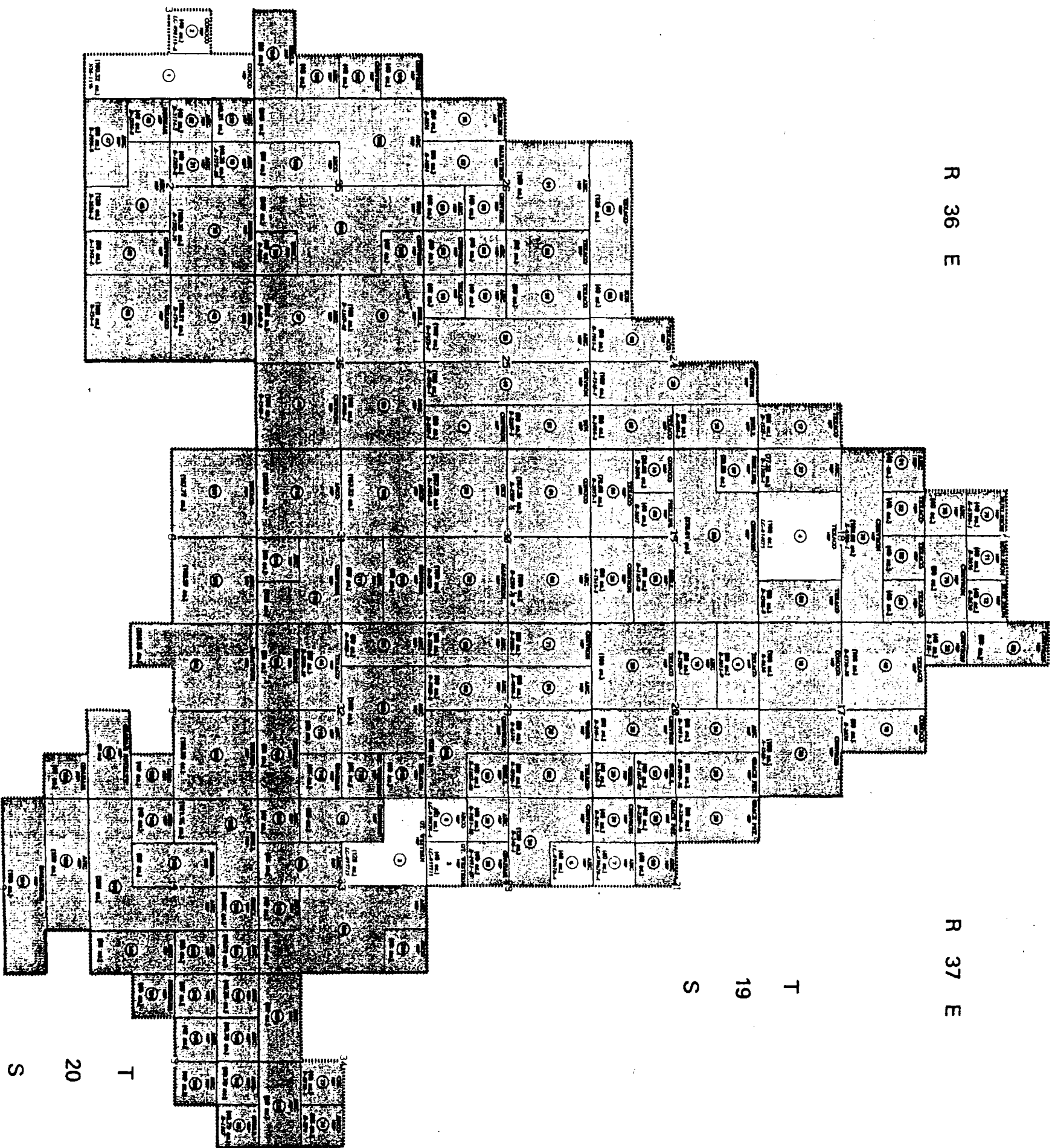
SCALE




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AMERROD HESS CORPORATION  
NORTH MONUMENT GRAYBURG/  
SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO  
EXHIBIT A





LEGEND			
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	FEDERAL	640.32	4.78
	FEE	6,475.07	47.78
TOTAL		13,364.88	100.00
TRACT NUMBER			
UNIT OUTLINE			
SCALE			
0 1/4 1/2 1			
MILE			

PAMERAD HESS CORPORATION

**NORTH MONUMENT GRAYBURG/  
SAN ANDRES UNIT**

LEA COUNTY, NEW MEXICO

EXHIBIT 4