

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 234  
ORDER NO. R-29

THE APPLICATION OF AMERICAN REPUBLICS  
CORPORATION FOR AN ORDER GRANTING IT  
PERMISSION TO DRILL FOUR UNORTHODOX LINE  
"FIVE SPOT" LOCATIONS ON ITS F. M. ROBIN-  
SON "B" LEASE, IN SECTIONS 27 AND 35, TOWN-  
SHIP 17 SOUTH, RANGE 29 EAST, N.M.P.M., IN  
THE GRAYBURG-JACKSON POOL OF EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 10:00 A.M. on the 24th day of August, 1950, at Santa Fe, New Mexico before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 5th day of September, 1950, the Commission, having before it for consideration the testimony adduced at said hearing, and being fully advised in the premises,

FINDS:

1. That due public notice having been given, as provided by law, the Commission has jurisdiction of this cause.

2. That American Republics Corporation is the owner and holder of the following described Oil and Gas Lease, situated in Eddy County, State of New Mexico, to-wit:

F. M. ROBINSON "B" LEASE, Las Cruces Serial No. 028775(b), described as NE/4, E/2 NW/4 and E/2 SW/4 Section 27; E/2 NW/4 and E/2 SW/4 Section 27; E/2 W/2 and E/2 Section 35, Township 17 South, Range 29 East, N.M.P.M. and containing 800 acres, more or less.

3. That from inception of production to date there have been drilled a total of twenty-four wells on the F. M. Robinson "B" Lease, described above; that two of said wells, F. M. Robinson "B" Well No. 3, and F. M. Robinson "B" Well No. 18, were dry holes and were plugged and abandoned at the time they were drilled; and that there are twenty-two producing wells on the F. M. Robinson "B" Lease at the present time.

4. That all of said wells, located upon the F. M. Robinson "B" Lease, are producing from the Grayburg-Jackson Pay of the Upper San Andres Formation, encountered at an approximate depth of 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.

5. 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 this Commission.

6. That the drilling of such unorthodox "five spot" locations has definitely established the fact that this drilling program is economically sound and that by the drilling of such "five spot" locations a 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.

7. That American Republics Corporation 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 line; that American Republics Corporation 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, to be encountered at approximately 2800 feet.

That the well numbers and locations of these four "five spot" unorthodox 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.

That the lease offsetting each of the above described locations is owned by American Republics Corporation 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, State of 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.

8. That the proposed unorthodox "five spot" line locations, being on Federal lands, have been approved by the Roswell Office of the United States Geological Survey.

9. That the F. M. Robinson "B" Lease, described above, is not subject to any overriding royalties or obligations 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  $7\frac{1}{2}\%$  of all of the oil and gas produced, saved and marketed from the wells located upon the F. M. Robinson "A" Lease.

10. That American Republics Corporation 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 American Republics Corporation 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,

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 said F. M. Robinson "B" Wells Nos. 28, 29 and 30, and American Republics Corporation 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 the F. M. Robinson "B" Well No. 31. In consideration of these payments to the overriding royalty interest owners under the F. M. Robinson "A" Lease, they 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, the F. M. Robinson "B" Wells Nos. 28, 29, 30 and 31, at the locations hereinabove set out.

11. That heretofore, on the 25th day of April, 1949, this Commission entered Order No. 819 in Case No. 180, wherein certain specific tracts comprising portions of the F. M. Robinson "B" Lease, were unitized for proration purposes and wherein American Republics Corporation was authorized to produce from each such unitized tract described in said Order No. 819, the total allowable production as fixed by this Commission for the total number of developed forty acre units comprising such unitized tract, and also was authorized to produce the total allowable, so fixed by the Commission, for each such unitized tract, from all of the wells located on or that may hereafter be drilled upon such unitized tract, producing from the Grayburg-Jackson Pay, and said Order No. 819 provided that no well located upon such unitized tract should be permitted to produce at a rate in excess of the top allowable, as fixed by the Commission.

12. That Applicant does not ask for any additional allowable by reason of the drilling and completing any of the unorthodox "five spot" line locations, described in its Application, but that it is Applicant's desire to produce all such tracts unitized for proration purposes in accordance with Order No. 819 entered by the Commission in Case No. 180.

IT IS THEREFORE ORDERED BY THE COMMISSION that the Application of American Republics Corporation for an Order granting permit to drill the four unorthodox "five spot" line locations, at the locations designated in said Application, and hereinabove set forth, be and the same is hereby granted and approved.

IT IS FURTHER ORDERED that as American Republics Corporation completes the above described unorthodox "five spot" line location wells, as producing wells, that such wells be produced in accordance with the terms and provisions of Order No. 819 entered in Case No. 180 by the Commission, wherein certain specific tracts, more fully described in said Order, were unitized for proration purposes, and wherein American Republics Corporation was authorized to produce from each such unitized tract, described in Order No. 819, the total allowable production as fixed by the Commission for the total number of developed forty acre proration units, comprising such unitized tracts, and that American Republics Corporation be, and it is hereby authorized to produce the total allowable, so fixed by the Commission, for each such unitized tract, from all wells located on or that may hereafter be drilled upon such unitized tract, producing from the Grayburg-Jackson Pay.

IT IS FURTHER ORDERED that no well located upon any such unitized tract be permitted to produce at a rate in excess of the top allowable, as fixed by the Commission.

IT IS FURTHER ORDERED that American Republics Corporation shall file with the Commission copies of Federal location notices for the hereinabove described locations, after approval thereof by the Oil and Gas Supervisor.

Done at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPURRIER, SECRETARY