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. 715
Order No. R-506

THE APPLICATION OF GENERAL AMERICAN OIL
COMPANY OF TEXAS FOR AN ORDER APPROVING
A PROPOSED UNIT AGREEMENT FOR THE DEVELOP-
MENT AND OPERATION OF THE GRAYBURG DEEP
UNIT AREA, CONSISTING OF 5,484.17 ACRES, MORE
OR LESS, SITUATED IN TOWNSHIP 17 SOUTH, RANGE
29 EAST AND TOWNSHIP 17 SOUTH, RANGE 30 EAST,
NMPM., EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., June 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 7th. day of July, 1954, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"GRAYBURG DEEP UNIT AGREEMENT ORDER"

SECTION 1. (a) That the project herein shall be known as the Grayburg Deep Unit Agreement and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Grayburg Deep Unit Area referred to in the Petitioner's petition and filed with

said petition and such plan shall be known as the Grayburg Deep Unit Agreement
Plan.

SECTION 2. That the Grayburg Deep Unit Agreement shall be, and is
hereby approved in principle as a proper conservation measure; provided, however,
that notwithstanding any of the provisions contained in said unit agreement, this
approval of said agreement shall not be considered as waiving or relinquishing in
any manner any rights, duties, or obligations which are now or may hereafter be
vested in the New Mexico Oil Conservation Commission by law relative to the
supervision and control of operations for exploration and development of any lands
committed to said Grayburg Deep Unit Agreement or relative to the production of
oil or gas therefrom.

SECTION 3. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

Township 17 South, Range 29 East
Section 12: S/2
Section 13: All
Section 23: All
Section 24: All
Section 25: All
Section 25: All

Township 17 South, Range 30 East
Section 7: W/2 SW/4
Section 18: All
Section 19: All
Section 30: A ll

containing 5484.17 acres, more or less.

(b) The Unit Area may be enlarged or contracted as provided
in said Plan.

SECTION 4. That the unit operator shall file with the Commission an executed
original or executed counterpart thereof of the Grayburg Deep Unit Agreement not later
than 30 days after the effective date thereof.

SECTION 5. That any party owning rights in the unitized substances who does
not commit such rights to said Unit Agreement before the effective date thereof may
thereafter become a party thereto by subscribing to such agreement or a counterpart
thereof. The Unit Operator shall file with the Commission within 30 days an original
or any such counterpart.

SECTION 6. That this order shall become effective on the first day of the calendar month next following the approval of the Director of the United States Geological Survey and shall terminate ipso facto in the termination of said Unit Agreement. The last Unit Operator shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary and Member

SEAL