

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF THE SCHEURICH UNIT FOR APPROVAL
OF A UNIT OPERATION AGREEMENT; FOR
AN UNORTHODOX LOCATION AND FOR MODI-
FICATION OF ORDER #562

TO THE HONORABLE OIL CONSERVATION COMMISSION, STATE OF NEW MEXICO:

The petitioner herein, appearing by its attorney, Donald S. Bush, hereby makes application for the approval of a Unit Operations Agreement and an Unorthodox Location, located 2310 feet from the North line and 1260 feet from the West line of Section 32, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, said location being closer to the boundary line of the unit than is permitted by present general rules and regulations, and for a modification of Order #562, and, in support of such request, respectfully state as follows:

1. That this application involves the S/2 of the NW/4 and the N/2 of the SW/4 of said Section 32, which 160 acre tract was originally one basic lease from the State of New Mexico.

2. That subsequent assignments of portions of this lease have lodged ownership therein as follows:

- a. SE/4 NW/4 - Aston and Fair, a Tenancy in Common composed of Bert Aston and R. W. Fair.
- b. SW/4 NW/4 - Kinfolks Trust, a Trust Estate.
- c. N/2 SW/4 - A Joint Ownership composed of Bert Aston, R. W. Fair, C. A. Scheurich, Mrs. Wirt Franklin and Carl Hatch.

3. That all of said acreage is subject to the rules and regulations of the Loco Hills Pressure Maintenance Association and Order #562 of this Commission, effective April 1, 1944.

4. That said Order #562 designated certain wells as input wells, one of which is the Aston and Fair-Scheurich State #4 located on the NE/4 SW/4 of said Section 32; that said order was made and issued with the understanding that the Loco Hills

Pressure Maintenance Association Inc. would compensate the owners of such input wells by 60% of the production of each such well.

5. That said Order #562 expressly repealed paragraph 3 of previous Order #339, which permitted the owner of an input well to produce lost allowable from other wells on such owner's lease; that the Loco Hills Pressure Maintenance Association Inc. has now ceased payment of said 60% compensation for the use of said Scheurich State #4 well as an input well and that so long as paragraph 3 of Order #339 remains repealed, the owners of said well are unable to be compensated for its use as an input well.

6. That petitioner desires to drill a well on the unorthodox location, as above set out, for the following reasons, to wit:

a. That three dry holes have been drilled immediately to the South and East of said Scheurich State #4 as evidenced by a map of said area hereto attached and marked exhibit "A", and that it would be extremely hazardous and impractical to attempt the drilling of a producing well in said direction.

b. That it would not be feasible to drill a well too close to said Scheurich State #4 for the reason that such a well would merely siphon off the gas from said input well.

c. That the wells located on the SW/4 NW/4 and the SE/4 NW/4 are both 10 acre locations and that a well drilled on the location herein requested would more efficiently drain said area and furnish maximum ultimate recovery of oil therefrom and therefore will serve to compensate the owners of said Scheurich State #4 well for their lost production.

7. That neither the owners of the SW/4 NW/4 nor the SE/4 NW/4 will contest said unorthodox location, as shown by their signatures approving this petition.

8. That the owners of the acreage contained in this said 160 acre tract desire to enter into a unit operations agreement, for the purposes and under the terms and conditions as set

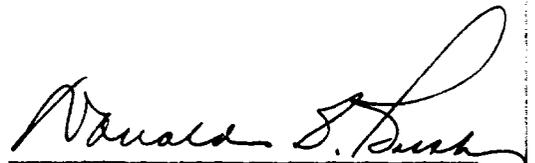
out in said agreement, a copy of which is hereto attached and marked Exhibit "B".

In consideration of the foregoing statements, the petitioner respectfully requests that the Commission give notice as required by the rules and regulations of the Commission; that a hearing on this matter be held; that petitioner be permitted to offer proof of the facts herein stated and that the Commission make the following findings and orders, to wit;

a. That the unit operations agreement, marked Exhibit "B", be approved.

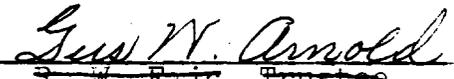
b. That the unorthodox location herein requested be approved.

c. That the Commission modify its Order 562, insofar as same applies to this 160 acre tract, to allow the transfer of allowable from the Aston and Fair-Scheurich State #4 Well, to the wells on the same basic lease within the unit.

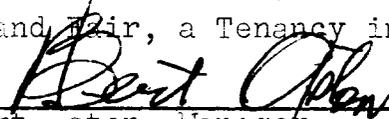

Donald S. Bush
Attorney for Petitioner

We, the undersigned, hereby enter our general appearance in the above matter and do hereby expressly waive any objections to the requests made in said petition, and consent to the orders requested therein without further notice to us.

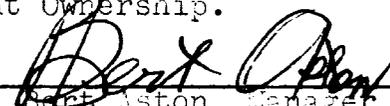
Kinfolks Trust, a Trust Estate

By 
~~R. W. Fair, Trustee~~
Gus W. Arnold, Agent

Aston and Fair, a Tenancy in Common

By 
Bert Aston, Manager

Bert Aston, R. W. Fair, C. A. Scheurich,
Mrs. Wirt Franklin, and Carl Hatch, a
Joint Ownership.

By 
Bert Aston, Manager

Loco Hills Pressure Maintenance Association,
Inc.

By 
Martin Yates, Jr., Vice Pres.