

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION OF GRAYBURG OIL COMPANY OF NEW MEXICO, AND WESTERN PRODUCTION COMPANY, INC., FOR AN ORDER GRANTING PERMISSION TO UNITIZE CERTAIN TRACTS WITHIN THE BOUNDARIES OF THE GRAYBURG COOPERATIVE AND UNIT AREA, IN TOWNSHIP 17 SOUTH, RANGES 29 AND 30 EAST, N.M.P.M., IN THE GRAYBURG-JACKSON POOL OF EDDY COUNTY, NEW MEXICO, FOR PRORATION AND ALLOWABLE PURPOSES

CASE NO. 164

APPLICATION

GRAYBURG OIL COMPANY OF NEW MEXICO, and WESTERN PRODUCTION COMPANY, INC., Applicants herein, are both corporations organized and existing under and by virtue of the laws of the State of New Mexico, and in connection herewith respectfully show to the Oil Conservation Commission:

1. Applicants are the owners and holders, respectively, of all of the Federal Oil and Gas Leases comprising what is known as the Grayburg Cooperative and Unit Area, situated in Eddy County, State of New Mexico.

That leases covering the following described lands in said Grayburg Cooperative and Unit Area are owned by Grayburg Oil Company of New Mexico:

BURCH "A" LEASE, Las Cruces Serial No. 028792, described as S/2 S/2 Section 18, N/2 and N/2 S/2 Section 19, T.17 S, R.30 E, N.M.P.M.

BURCH "B" LEASE, Las Cruces Serial No. 028793-84, described as NW/4, N/2 SW/4 Section 18, S/2 SW/4 Section 19, NW/4 Section 30, T.17 S, R.30 E; NE/4 and SW/4 Section 23, T.17 S, R.29 E, N.M.P.M.

KEELY "A" LEASE, Las Cruces Serial No. 028784, described as NE/4 SE/4, S/2 S/2 Section 13, N/2 NW/4 SW/4 NW/4, N/2 SW/4, NE/4, N/2 SE/4 Section 24, T.17 S, R.29 E, N.M.P.

KEELY "B" LEASE, Las Cruces Serial No. 028784-93, described as S/2 SW/4 Section 24, N/2 NW/4 Section 25 and E/2 Section 26, T.17 S, R.29 E, N.M.P.M.

DEXTER LEASE, Las Cruces Serial No. 054406, described as SE/4 NW/4 Section 24, T.17 S, R.29 E, N.M.P.M.

That leases covering the following described lands in said Grayburg Cooperative and Unit Area are owned by Western Production Company, Inc.

BURCH "C" LEASE, Las Cruces Serial No. 028793, described as NE/4, N/2 SE/4 Section 18, S/2 SE/4 Section 19, NE/4 and S/2 Section 30, T.17 S, R.30 E, N.M.P.M.; NW/4 and SE/4 Section 23, T.17 S, R.29 E, N.M.P.M.

KEELY "C" LEASE, Las Cruces Serial No. 028784, described as N/2 SW/4, NW/4 SE/4 Section 13, S/2 SE/4 Section 24, S/2 NW/4, NE/4 and S/2 Section 25, W/2 Section 26, T.17 S, R.29 E, N.M.P.M.

2. That from inception of production to the present time there have been drilled a total of 80 producing oil wells and a total of 5 gas injection wells; that said producing wells are all producing from the Grayburg-Jackson Pay of the Upper San Andres Formation encountered at an approximate depth of 2800 feet, with the exception of the Keely Well No. 27-C of Western Production Company, Inc., located in the NW/4 of Section 26, T.17 S, R.29 E, N.M.P.M., which is producing from the sub-Grayburg Section encountered at an approximate depth of 3300 feet. That each of said producing wells has been drilled on a spacing pattern of one well to a legal forty-acre subdivision, except Grayburg Oil Company of New Mexico's Burch Well No. 13-B, located in the SE/4 SW/4 Section 19, T.17 S, R.30 E, and its Keely Well No. 11-A, located in the NE/4 SE/4 Section 24, T.17 S, R.29 E, which said two wells are drilled on a ten-acre spacing pattern, and its Keely Well No. 13-B in the SE/4 NE/4 of Section 26, T.17 S, R.29 E, N.M.P.M., which is drilled on a "five spot" location.

3. That heretofore, in Case No. 152, upon which hearing was held before the New Mexico Oil Conservation Commission on July 29, 1948, the Oil Conservation Commission granted to Applicants herein permits to drill twenty-eight unorthodox "five spot" locations upon the leases hereinabove described, said locations being shown on map attached hereto, marked Exhibit "A" and by reference made a part hereof.

That reference is hereby made to the complete file of the New Mexico Oil Conservation Commission in Case No. 152 for the exact locations from section lines of said twenty-eight unorthodox locations.

4. That it is Applicants' belief that by unitizing certain tracts out of the above described leases for allowable and proration purposes, that the creation of such unitized tracts will enable Applicants to produce the wells upon such respective tracts at a more efficient rate of withdrawal; that a greater ultimate recovery of oil could be obtained from each of said unitized tracts, and that such method of operation of Applicants' wells would be in the interest of conservation and prevent waste, and that substantial quantities of oil could be produced which would not otherwise be recovered.

5. That Applicants desire to create and establish the following tracts of land into unitized tracts for proration and allowable purposes only:

GRAYBURG OIL COMPANY OF NEW MEXICO UNITS:

UNIT G-1, described as S/2 S/2 section 18, N/2 and N/2 S/2 section 19, T.17 S, R.30 E, N.M.P.M.

UNIT G-2, described as S/2 SW/4 section 19, NW/4 section 30, T.17 S, R.30 E, N.M.P.M.

UNIT G-3, described as SW/4 section 23, T.17 S, R.29 E, N.M.P.M.

UNIT G-4, described as N/2 NW/4, SW/4 NW/4, N/2 SW/4, N/2 SE/4 and NE/4 section 24, T.17 S, R.29 E, N.M.P.M.

UNIT G-5, described as S/2 SW/4 section 24, N/2 NW/4 section 25, E/2 section 26, T.17 S, R.29 E, N.M.P.M.

WESTERN PRODUCTION COMPANY, INC. UNITS:

UNIT W-1, described as S/2 SE/4 section 19, N/2 NE/4 section 30, T.17 S, R.30 E, N.M.P.M.

UNIT W-2, described as SE/4 section 23, T.17 S, R.29 E, N.M.P.M.

UNIT W-3, described as W/2 section 26, T.17 S, R.29 E, N.M.P.M.

UNIT W-4, described as S/2 SE/4 section 24, S/2 NW/4, SW/4 and E/2 section 25, T.17 S, R.29 E, N.M.P.M.

That each of said above described units are shown and outlined on map attached hereto, marked Exhibit "A" and by reference made a part hereof.

6. That upon each of said above units permits have heretofore been granted by the Oil Conservation Commission to drill one or more "five spot" locations.

7. That in the drilling of the unorthodox locations, in nearly all instances, the drilling of each location will constitute a second well upon a forty acre proration unit and, in the event an order is entered by the Oil Conservation Commission granting permission to unitize for allowable and proration purposes the tracts hereinabove last described, it is not Applicants' intention, nor do Applicants ask that they be granted any allowable in addition to the daily allowable as fixed by the Oil Conservation Commission for the total number of developed forty acre proration units comprising the unitized tracts hereinabove described, nor is it Applicants' intention to produce any well on any unitized tract in excess of the current top allowable set by the Oil Conservation Commission, but Applicants desire to produce the total allowable, as fixed by the Oil Conservation Commission, for each unitized tract, hereinabove described, from all of the wells located upon such unitized tract, insofar as all wells located on said unitized tracts are producing from the same horizon.