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. 180
ORDER NO. _____

THE APPLICATION OF AMERICAN REPUBLICS CORPORATION FOR AN ORDER GRANTING PERMISSION TO DRILL EIGHT UNORTHODOX LOCATIONS, ON ITS ROBINSON "A" AND "B" LEASES, LOCATED IN SECTIONS 27, 34 AND 35, TOWNSHIP 17 SOUTH, RANGE 29 EAST, N.M. P.M. IN THE GRAYBURG JACKSON POOL OF EDDY COUNTY, NEW MEXICO, AND FOR PERMISSION TO UNITIZE CERTAIN TRACTS FOR PRORATION AND ALLOWABLE PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 10 o'clock A. M. on the 18th day of April, 1949, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this ____ day of _____, 1949, 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 the acreage involved in the Application is Federally owned and the Supervisor of the United

States Geological Survey interposes no objections to the Application.

3. That leases covering the following described land are owned by American Republics Corporation:

> ROBINSON "A" LEASE, Las Cruces Serial No. 028775(a), described as SE/4 Section 27, NE/4 Section 34 and W/2 NW/4 Section 35, Township 17 South, Range 29 East, N.M.P.M. in Eddy County, New Mexico, and containing 400 acres;
>
> 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 and E/2 W/2 Section 35, Township 17 South, Range 29 East, N.M.P.M., and containing 800 acres.

4. That one well located in the center of each forty acre legal subdivision is not sufficient to obtain all of the recoverable oil under any forty acre tract and that the drilling of "five spot" wells, as proposed in the Application of American Republics Corporation, at the locations designated, would be in the interest of conservation, prevent waste and enable Applicant to obtain a greater ultimate recovery of oil, in that Applicant would be able to recover substantial quantities of oil which would otherwise not be produced if such "five spot" locations were not drilled.

5. That the creation and establishment of the tracts of land described in the Application of American Republics Corporation into unitized tracts for proration and allowable purposes will enable American Republics Corporation to produce the wells upon the respective proposed unitized tracts at a more efficient rate of

withdrawal; that a greater ultimate recovery of oil will be obtained from each of said unitized tracts and that such method of operation will be in the interest of conservation, prevent waste and enable Applicant to produce substantial quantities of oil that would not otherwise be recovered.

IT IS THEREFORE ORDERED by the Commission that the Application of American Republics Corporation for an order granting permits to drill eight unorthodox "five spot" locations, described in said Application, be and the same is hereby granted and approved. The numbers and locations of the wells to be drilled being as follows:

> ROBINSON "A", Well No. 13: Section 27, Township 17 South, Range 29 East, N.M.P.M., 1345 feet from the South Line and 1345 feet from the East Line;
>
> ROBINSON "A", Well No. 14: Section 27, Township 17 South, Range 29 East, N.M.P.M., 25 feet from the South Line and 1295 feet from the East Line;
>
> ROBINSON "A", Well No. 15: Section 34, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 1345 feet from the East Line;
>
> ROBINSON "A", Well No. 16: Section 34, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 25 feet from the East Line;
>
> ROBINSON "B", Well No. 23: Section 35, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 2615 feet from the West Line;
>
> ROBINSON "B", Well No. 24: Section 35, Township 17 South, Range 29 East, N.M.P.M. 1295 feet from the North Line and 1295 feet from the East Line;

ROBINSON "B", Well No. 25: Section 35, Township 17 South, Range 29 East, N.M.P.M., 2615 feet from the North Line and 1295 feet from the East Line;

ROBINSON "B", Well No. 26: Section 27, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 1345 feet from the East Line.

IT IS FURTHER ORDERED That the Application of American Republics Corporation for an order authorizing the unitization for proration and allowable purposes, of the tracts therein described, be and the same is hereby granted and approved; and it is further ordered that the following tracts of land, located in the Grayburg-Jackson Pool of Eddy County, New Mexico, are hereby established as unitized tracts for proration and allowable purposes:

UNIT AREA I, Robinson "B" Lease, NE/4, E/2 NW/4 and E/2 SW/4 Section 27, Township 17 South, Range 29 East, N.M.P.M.

UNIT AREA II, Robinson "A" Lease, SE/4 Section 27, NE/4 Section 34, W/2 NW/4 Section 35, Township 17 South, Range 29 East, N.M.P.M.

UNIT AREA III, Robinson "B" Lease, E/2, E/2 W/2 Section 35, Township 17 South, Range 29 East, N.M.P.M.

IT IS FURTHER ORDERED, and Applicant is hereby authorized to produce from each unitized tract, hereinabove described, the total allowable production, as fixed by the Commission for the total number of developed forty acre proration units comprising such unitized tract, and that Applicant is hereby authorized to produce the total allowable, so fixed by the Commission for

each unitized tract, from all of the wells located upon or that may be hereafter drilled upon such unitized tract, producing from the Grayburg-Jackson Pay.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

CHAIRMAN

MEMBER

R. R. Spurrier

SECRETARY

Appurtenants 6-L # 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 997
Roswell, New Mexico
March 29, 1949

Mr. John E. Cochran, Jr.
Carper Building
Artesia, New Mexico

Re: Leases Las Cruces 028775(a) and (b)

Dear Mr. Cochran:

Reference is made to your letter of March 26 transmitting a copy of an application executed by you as attorney for applicant, American Republics Corporation, which you are filing with New Mexico Oil Conservation Commission for permission to drill eight unorthodox well locations in secs. 27, 34 and 35, T. 17 S., R. 29 E., Grayburg-Jackson pool, Eddy County, New Mexico.

The lands in which the proposed wells are to be drilled are embraced by Federal oil and gas leases Las Cruces 028775(a) and (b).

The unorthodox well locations as described in the application are approximately 25 feet from the common intersections of the boundaries of 40-acre legal subdivisions. No encroachment of the outer boundaries of the leaseholds is involved as the proposed locations are more than 330 feet from lease boundaries.

No objection is offered by this office to the well spacing plan providing for the drilling of additional wells numbered 13, 14, 15 and 16 on lease Las Cruces 028775(a) and 23, 24, 25 and 26 on lease Las Cruces 028775(b) at the unorthodox locations specified in the application. It is the opinion of this office that the drilling of additional wells should be encouraged to increase the ultimate recovery of oil and gas from the Grayburg-Jackson pool.

Approval to drill the proposed wells at the unorthodox locations will be contingent upon (1) the approval of such locations by the Oil Conservation Commission of the State of New Mexico for proration purposes and (2) the filing of a stipulation in triplicate, executed by the American Republics Corporation, wherein it agrees to treat the 40-acre tracts surrounding each of the proposed wells as a single unit for purposes of assignment and that none of the 40-acre tracts involved will be separately assigned until the wells have been properly plugged and abandoned.

Very truly yours;

R. E. Canfield

R. E. Canfield, Acting
Supervisor, Oil and Gas Operations

cc: Mr. Cochran (2)

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION OF AMERICAN REPUBLICS CORPORATION FOR AN ORDER GRANTING PERMISSION TO DRILL EIGHT UNORTHODOX LOCATIONS, ON ITS ROBINSON "A" AND "B" LEASES, LOCATED IN SECTIONS 27, 34 AND 35, TOWNSHIP 17 SOUTH, RANGE 29 EAST, N.M.P.M. INTHE GRAYBURG JACKSON POOLOF EDDY COUNTY, NEW MEXICO, AND FOR PERMISSION TO UNITIZE CERTAIN TRACTS FOR PRORATION AND ALLOWABLE PURPOSES	NO. _____

APPLICATION

AMERICAN REPUBLICS CORPORATION, Applicant herein, in connection herewith respectfully shows to the Oil Conservation Commission:

1. Applicant is the owner and holder of the following described Oil and Gas Leases, situated in Eddy County, State of New Mexico, to-wit:

ROBINSON "A" LEASE, Las Cruces Serial No. 028775(a), described as SE/4 Section 27, NE/4 Section 34 and W/2 NW/4 Section 35, Township 17 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico, and containing 400 acres;

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 and E/2 W/2 Section 35, Township 17 South, Range 29 East, N.M.P.M., and containing 800 acres.

2. That from inception of production to the present time there have been drilled a total of eleven wells on the Robinson "A" Lease, described above; that ten of said wells are producing at the present time and

one well, Robinson "A" Well No. 2, was temporarily abandoned on January 1, 1948.

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

4. That all of said wells located upon the Robinson "A" and "B" Leases are producing from the Grayburg-Jackson Pay of the upper San Andres formation, encountered at a depth of approximately 2800 feet, with the exception of Robinson "B" Wells Nos. 21 and 22, located in the NE/4 of 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. That each of said producing wells has been drilled on a spacing pattern of one well in the center of a legal forty-acre subdivision, except Robinson "B" Wells Nos. 21 and 22, which are producing from the sub-Grayburg, or Keely-Grayburg Section.

5. That Applicant, on the basis of geological and engineering information, is advised and is of the opinion and belief, that one well located in the center of each forty-acre legal subdivision is not sufficient to obtain all of the recoverable oil under any one forty-acre

tract and that the drilling of "five spot" wells on said leases, at the locations shown on the map attached hereto, marked Exhibit "A" and by reference made a part hereof, would be in the interest of conservation, prevent waste and enable applicant to obtain a greater ultimate recovery of oil, in that Applicant would be able to recover substantial quantities of oil which would not otherwise be produced if such "five spot" locations are not drilled. That the drilling of said "five spot" locations would enable Applicant to produce the wells on each of said leases at a more efficient rate of withdrawal.

6. That American Republics Corporation desires and hereby makes application to drill eight "five spot" locations, to be located upon the leases owned by it, hereinabove described, said wells to be numbered and located, as follows:

> ROBINSON "A", Well No. 13: Section 27, Township 17 South, Range 29 East, N.M.P.M., 1345 feet from the South Line and 1345 feet from the East Line;
>
> ROBINSON "A", Well No. 14: Section 27, Township 17 South, Range 29 East, N.M.P.M., 25 feet from the South Line and 1295 feet from the East Line;
>
> ROBINSON "A", Well No. 15: Section 34, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 1345 feet from the East Line;
>
> ROBINSON "A", Well No. 16: Section 34, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 25 feet from the East Line;

ROBINSON "B", Well No. 23: Section 35, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 2615 feet from the West Line;

ROBINSON "B", Well No. 24: Section 35, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 1295 feet from the East Line;

ROBINSON "B", Well No. 25: Section 35, Township 17 South, Range 29 East, N.M.P.M., 2615 feet from the North Line and 1295 feet from the East Line;

ROBINSON "B", Well No. 26: Section 27, Township 17 South, Range 29 East, N.M.P.M., 1295 feet from the North Line and 1345 feet from the East Line;

the locations of each of said wells being shown on the map attached hereto, marked Exhibit "A".

7. That if permits are granted to Applicant to drill the unorthodox locations hereinabove described, that said drilling program, as to said locations will be carried on in an orderly and continuous manner, and that while Applicant proposes to drill all of said locations, it does not wish to be obligated to do so, for the reason that as such locations are drilled, the data and information obtained from the drilling of such wells, may cause Applicant to change or modify its future program with reference to the drilling of all eight unorthodox locations hereinabove described.

8. That it is Applicant's 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 Applicant to produce its 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 Applicant's wells would be in the interest of conservation, prevent waste, and that substantial quantities of oil could be produced which would not otherwise be recovered.

9. That Applicant desires to create and establish the following tracts of land into unitized tracts for proration and allowable purposes only:

> UNIT AREA I, Robinson "B" Lease, NE/4, E/2 NW/4 and E/2 SW/4 Section 27, Township 17 South, Range 29 East, N.M.P.M.
>
> UNIT AREA II, Robinson "A" Lease, SE/4 Section 27, NE/4 Section 34, W/2 NW/4 Section 35, Township 17 South, Range 29 East, N.M. P.M.
>
> UNIT AREA III, Robinson "B" Lease, E/2, E/2 W/2 Section 35, Township 17 South, Range 29 East, 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.

10. That in the drilling of the unorthodox locations hereinabove described, in all instances, the drilling of each location will constitute a second well upon a forty-acre proration unit and in the event the Commission grants permits to drill said unorthodox "five-spot" locations and grants Applicant permission to unitize, for allowable and proration purposes, the tracts hereinabove last described, it is not Applicant's intention, nor does Applicant ask that it 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 Applicant's intention to produce any well on any unitized tract in excess of the current top allowable set by the Oil Conservation Commission, but Applicant desires to produce the total allowable as fixed by the Oil Conservation Commission for each unitized tract hereinabove described, from all wells located upon such unitized tract insofar as all wells located on said unitized tracts are producing from the same horizon.

WHEREFORE, Applicant prays that the Oil Conservation Commission set a date for hearing this Application and give notice thereof in accordance with its rules and regulations, and that upon presentation of this Application, an order be entered granting Applicant permission to drill the eight unorthodox "five spot" locations hereinabove described, and shown on map attached hereto, marked Exhibit "A"; that the Commission further enter its order unitizing the tracts hereinabove last described, respectively, for proration and allowable purposes; that Applicant be permitted to produce from each unitized tract the total allowable production as fixed by the Oil Conservation Commission for such unitized tract from all the wells located upon such unitized tract, but that no well

located upon any unitized tract shall be permitted to produce at a rate in excess of the top allowable as fixed by the Oil Conservation Commission.

John E. Cochran, Jr., 308 Carper Building, Artesia, New Mexico, Attorney for Applicant, American Republics Corporation

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

W. B. MACEY, being first duly sworn upon his oath, deposes and states: That he is Petroleum Engineer and Agent for Applicant, American Republics Corporation, in the above and foregoing Application; that he has read the same and from personal knowledge knows the matters therein contained to be true and correct, except such statements as are alleged upon information and belief and as to those, he verily believes them to be true.

W. B. Macey

SUBSCRIBED AND SWORN TO BEFORE ME, this 24th day of March, 1949.

Notary Public

My commission expires: April 15, 1950