

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. 210
ORDER NO. R-7

THE APPLICATION OF GENERAL AMERICAN OIL
COMPANY OF TEXAS FOR AN ORDER GRANTING
PERMISSION TO DRILL SEVENTEEN UNORTHO-
DOX "FIVE SPOT" LINE LOCATIONS ON LEAS-
ES WITHIN THE BOUNDARIES OF THE GRAY-
BURG COOPERATIVE AND UNIT AREA IN TOWN-
SHIP 17 SOUTH, RANGES 29 AND 30 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 7th day of February, 1950, at Santa Fe, New Mex-
ico, before the Oil Conservation Commission of New Mex-
ico, hereinafter referred to as the "Commission".

NOW, on this 7th day of February, 1950,
the Commission, having before it for consideration the
testimony adduced at said hearing and being fully advis-
ed 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 General American Oil Company of Texas,

Applicant herein, on December 1, 1949, by purchase, acquired all of the oil and gas leases comprising what is known as the Grayburg Cooperative and Unit Area, situated in Eddy County, State of New Mexico, formerly owned by Grayburg Oil Company of New Mexico and Western Production Company, Inc. That leases covering the following described lands, in the Grayburg Cooperative and Unit Area, are owned by General American Oil Company of Texas:

BURCH "A" LEASE, Las Cruces Serial No. 028793, described as S/2 S/2 Section 18, N/2 and N/2 S/2 Section 19, Township 17 South, Range 30 East, 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, Township 17 South, Range 30 East; NE/4 and SW/4 Section 23, Township 17 South, Range 29 East, N.M.P.M.

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, Township 17 South, Range 30 East, N.M.P.M.; NW/4 and SE/4 Section 23, Township 17 South, Range 29 East, 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, Township 17 South, Range 29 East, N.M.P.M.

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, Township 17 South, Range 29 East, 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, Township 17 South, Range 29 East, N.M.P.M.

DEXTER LEASE, Las Cruces Serial No. 054406, described as SE/4 NW/4 Section 24, Township 17 South, Range 29 East, N.M.P.M.

3. That all of the leases covering the lands above described comprise, and are situated within the boundaries of, the Grayburg Cooperative and Unit Area.

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" line locations, as proposed in the Application of General American Oil Company of Texas, 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" line locations are not drilled.

5. That it is the intention of General American Oil Company of Texas to continue the development program started by Grayburg Oil Company of New Mexico, and General American Oil Company of Texas desires and proposes to make seventeen locations for "five spot" line wells, to be located not nearer than twenty-five feet to the outermost lease boundary lines, at the locations designated in its Application.

6. That all leases within the boundaries of the Grayburg Cooperative and Unit Area are Federal leases and all leases on which "five spot" line locations are proposed are either (b) or (c) leases providing for the payment of royalty to the United States Government of not less than 12-1/2 per cent, and that the royalty due the United

States Government is uniform under each location, thereby eliminating any question of drainage. That in the case of each location there is at least a forty acre legal subdivision between the proposed location and any (a) lease upon which the royalty to be paid to the United States Government is five per cent, thereby making each proposed "five spot" line location at least a legal forty acre subdivision away from any lease upon which the royalty payable to the United States is less than 12-1/2 per cent.

7. That the owners of overriding royalty interests affected by the drilling of such "five spot" locations have agreed to and approved in writing the proposed "five spot" line locations spacing pattern set forth in the Application filed herein, thereby eliminating any question of overriding royalty owners being adversely affected by the proposed "five spot" spacing pattern.

8. That heretofore, on November 19, 1948, the Commission entered Order No. 802 in Case No. 164, wherein certain specific tracts, more fully described in said Order, were unitized for proration purposes and wherein Grayburg Oil Company of New Mexico and Western Production Company, Inc., the former owners of all leases comprising the Grayburg Cooperative and Unit Area, were authorized to produce from each such unitized tract described in said Order No. 802, the total allowable production as fixed by the Oil Conservation Commission for the total number of developed forty acre units comprising such unitized tracts and were authorized to produce the total allowable so fixed by the Commission for each such unitized tract from all

of the wells that were located upon, or that may hereafter be drilled upon, such unitized tract producing from the Grayburg-Jackson Pay, and said Order further provided that no well located upon any unitized tract should be permitted to produce at a rate in excess of the top allowable as fixed by the Oil Conservation Commission.

9. That Applicant herein does not ask for any additional allowable by reason of drilling and completing any of the "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 the terms and provisions of Order No. 802 entered by the Oil Conservation Commission in Case No. 164.

10. That the proposed unorthodox "five spot" line location plan, being on Federal lands, has been approved by the Washington and Roswell, New Mexico offices of the United States Geological Survey.

IT IS THEREFORE ORDERED by the Commission that the Application of General American Oil Company of Texas, as successor to Grayburg Oil Company of New Mexico and Western Production Company, Inc., for an Order granting permits to drill seventeen unorthodox "five spot" line locations at the locations designated in said Application, be and the same is hereby granted and approved.

That the numbers and locations of the wells to be drilled by General American Oil Company of Texas, are as follows:

- Burch No. 17-B: Section 23, Township 17 South, Range 29 East, N.M.P.M., SE/4 SW/4, 1295 feet from South Line, 2615 feet from West Line;
- Burch No. 18-B: Section 30, Township 17 South, Range 30 East, N.M.P.M., SW/4 NW/4, (Lot 2) 1345 feet from the North Line, 25 feet from the West Line;
- Burch No. 13-C: Section 23, Township 17 South, Range 29 East, N.M.P.M., NW/4 SE/4, 2615 feet from South Line, 1345 feet from East Line;
- Burch No. 14-C: Section 23, Township 17 South, Range 29 East, N.M.P.M., SW/4 SE/4, 25 feet from South Line, 1345 feet from East Line;
- Burch No. 15-C: Section 30, Township 17 South, Range 30 East, N.M.P.M., NW/4 NE/4, 25 feet from North Line, 2615 feet from East Line;
- Keely No. 17-B: Section 26, Township 17 South, Range 29 East, N.M.P.M., NW/4 NE/4, 25 feet from North Line, 2615 feet from East Line;
- Keely No. 18-B: Section 25, Township 17 South, Range 29 East, N.M.P.M., NW/4 NW/4, 25 feet from North and West Lines;
- Keely No. 19-B: Section 26, Township 17 South, Range 29 East, N.M.P.M., SE/4 NE/4, 1345 feet from North Line, 25 feet from East Line;
- Keely No. 20-B: Section 25, Township 17 South, Range 29 East, N.M.P.M., NE/4 NW/4, 1295 feet from North Line, 2615 feet from West Line;
- Keely No. 21-B: Section 26, Township 17 South, Range 29 East, N.M.P.M., NW/4 SE/4, 2615 feet from South and East Lines;
- Keely No. 22-B: Section 26, Township 17 South, Range 29 East, N.M.P.M., SE/4 SE/4, 1295 feet from South Line, 25 feet from East Line;
- Keely No. 39-C: Section 25, Township 17 South, Range 29 East, N.M.P.M., NW/4 NE/4, 25 feet from North Line, 2615 feet from East Line;
- Keely No. 40-C: Section 25, Township 17 South, Range 29 East, N.M.P.M., NE/4 NE/4, 25 feet from North Line and 25 feet from East Line;
- Keely No. 41-C: Section 26, Township 17 South, Range 29 East, N.M.P.M., SE/4 NW/4, 1345 feet from North Line, 2615 feet from West Line;

Keely No. 42-C: Section 25, Township 17 South, Range 29 East, N.M.P.M., SE/4 NW/4, 1345 feet from North and West Lines;

Keely No. 43-C: Section 25, Township 17 South, Range 29 East, N.M.P.M., NW/4 SW/4, 2615 feet from South Line, 25 feet from West Line;

Keely No. 44-C: Section 26, Township 17 South, Range 29 East, N.M.P.M., SE/4 SW/4, 1295 feet from South Line, 2615 feet from West Line.

IT IS FURTHER ORDERED that as General American Oil Company of Texas 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. 802 entered in Case No. 164 by the Commission, wherein certain specific tracts more fully described in said Order, were unitized for proration purposes and wherein Grayburg Oil Company of New Mexico and Western Production Company, Inc., the former owners of all the leases comprising the Grayburg Cooperative and Unit Area, were authorized to produce from each such unitized tract described in said Order No. 802 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 General American Oil Company of Texas be, and it is hereby 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.

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 Oil Conservation Commission.

IT IS FURTHER ORDERED that General American Oil Company of Texas 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

CHAIRMAN


MEMBER


SECRETARY