

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION OF
AMERICAN REPUBLICS CORPORATION
FOR AN ORDER GRANTING IT PERMIS-
SION TO DRILL AN UNORTHODOX LO-
CATION ON ITS C.A. RUSSELL LEASE
LOCATED IN THE NW/4 OF SECTION
18, TOWNSHIP 17 SOUTH, RANGE 31
EAST, N.M.P.M., IN THE GRAYBURG-
JACKSON POOL OF EDDY COUNTY, NEW
MEXICO.

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 Lease, situated in Eddy
County, State of New Mexico, to-wit:

C. A. Russell Lease, Las Cruces Serial No.
029548, described as Lots 1 and 2, E/2 NW/4
and W/2 NE/4 Section 18, Township 17 South,
Range 31 East, N.M.P.M., containing 224.09
acres, more or less.

2. That from inception of production to the
present time there have been drilled a total of six wells
on the C. A. Russell Lease, described above; all of said
wells are producing at the present time.

3. That all of said wells are producing from
the Grayburg-Jackson Pay of the upper San Andres forma-
tion, encountered at a depth ranging from 3105 feet to
3480 feet.

4. That Applicant, on the basis of geologi-

cal and engineering information, is advised and is of the opinion and belief that one well located on 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 an unorthodox location, designated as Well No. 10, at the location shown on the map attached hereto, marked Exhibit "A", and by reference made a part hereof, and which would constitute the second producing well on the SE/4 NW/4 of Section 18, Township 17 South, Range 31 East, N.M.P.M., would be in the interest of conservation, prevent waste and enable Applicant to obtain a greater recovery of oil, in that Applicant would be able to recover substantial quantities of oil which would not otherwise be produced if such location is not drilled.

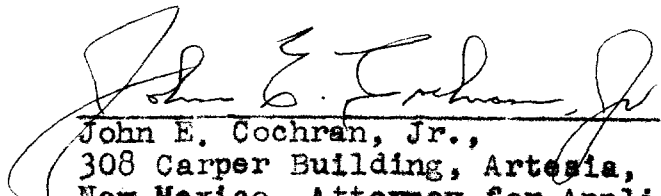
5. American Republics Corporation desires and hereby makes application to drill C. A. Russell Well No. 10, at the following location:

Well No. 10: Section 18, Township 17 South, Range 31 East, N.M.P.M., to be located 2200 feet South of the North Line and 2665 feet West of the East Line of said Section 18.

6. That in the event an order is entered by the Oil Conservation Commission granting permission to Applicant to drill the hereinabove described unorthodox location at the location designated, it is not Applicant's intention, nor does Applicant ask that it be granted any allowable in addition to the daily allowable as fixed monthly by the Oil Conservation Commission for the forty acre proration unit upon which said unorthodox location

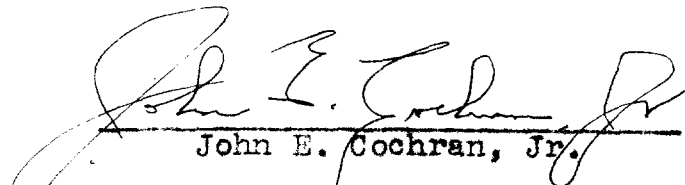
is drilled, and which will constitute a second well upon said forty acre legal subdivision, but it is the intention of Applicant to produce from the two wells producing from the Grayburg-Jackson Pay, located upon this forty acre legal subdivision, the allowable as fixed by the Oil Conservation Commission for said forty acre proration unit upon which said two wells are located, and in no event will the combined daily production from the two wells located upon this forty acre legal subdivision exceed the allowable as fixed by the Oil Conservation Commission for such forty acre proration unit.

WHEREFORE, Applicant prays that the Commission set a date for hearing this Application, in accordance with its rules and regulations; that upon presentation of this Application, Applicant be granted permission to drill the unorthodox location hereinabove described, and that a proper order be entered granting permission to Applicant to produce the daily allowable from the forty acre proration unit upon which such unorthodox location is located, and which constitutes a second well upon such forty acre proration unit, at such rate as will, in no event, exceed the allowable as fixed by the Oil Conservation Commission for the forty acre proration unit upon which said two wells are located.

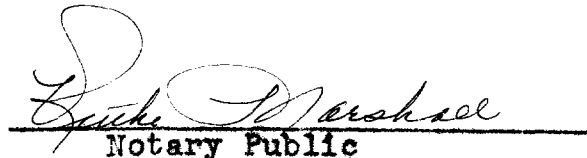

John E. Cochran, Jr.,
308 Carper Building, Artesia,
New Mexico, Attorney for Appli-
cant, American Republics Corp-
oration.

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

JOHN E. COCHRAN, JR., being first duly sworn upon his oath, deposes and states: That he is attorney for the Applicant 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; that this verification is made by him on behalf of AMERICAN REPUBLICS CORPORATION because a representative or agent of American Republics Corporation is not available to sign this Application.


John E. Cochran, Jr.

SUBSCRIBED AND SWORN TO BEFORE ME, this 12th day of November, 1949.


Notary Public

My commission expires: April 15, 1950

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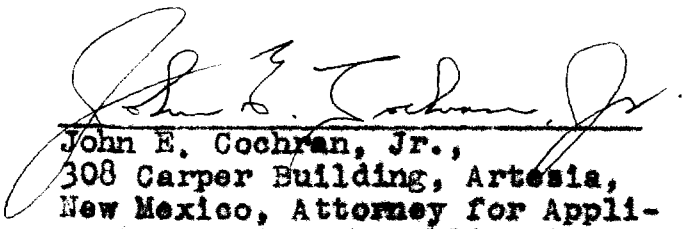
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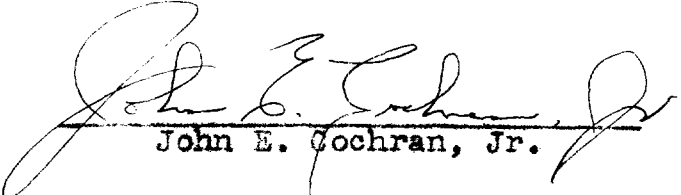
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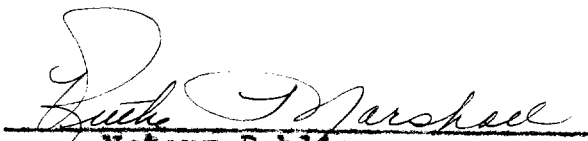

John E. Cochran, Jr.,
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John E. Cochran, Jr.

SUBSCRIBED AND SWORN TO BEFORE ME, this 12th day of November, 1949.


Ruth Marshall
Notary Public

My commission expires: April 15, 1950