

Case # 1184

LAW OFFICES

HERVEY, DOW & HINKLE

FIRST NATIONAL BANK BUILDING

ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510

J. M. HERVEY 1874-1953

HIRSH M. DOW

CLARENCE E. HINKLE

W. E. BONDURANT, JR.

GEORGE H. HUNKER, JR.

HOWARD C. BRATTON

S. B. CHRISTY IV

J. PENROD TOLES

LEWIS C. COX, JR.

November 13, 1956

*Send copy of
Docket to
Clarence
Hinkle
on 11/13/56*

New Mexico Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Gentlemen:

We enclose in triplicate application of Harold Kersey, d/b/a Kersey & Company for approval of the Red Lake Premier Sand Unit Agreement. We also enclose three copies of the proposed form of agreement.

We would appreciate your giving the necessary notice and setting this matter down for hearing as soon as possible, either before an examiner or before the Commission. If it will expedite the hearing, we have no objection to the hearing being heard at Hobbs before an examiner.

You will note that this unit is limited to the Premier Sand in the Red Lake Field and is for the purpose of conducting a water flood operation. No specific drilling requirements are required, but a plan of operation must be submitted under Section 9 of the agreement within thirty (30) days after the effective date. A pilot plant is already in operation and it is believed that it has proven successful and that the operation will result in the production of considerable oil which would not otherwise be produced.

Please send us a copy of the notice published in connection with this matter.

Yours very truly,

HERVEY, DOW & HINKLE

BY: *Clarence E. Hinkle*
CH

CEH:jy
Encl.

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

APPLICATION OF HAROLD KERSEY,
DBA KERSEY & COMPANY, FOR APPROVAL
OF THE RED LAKE PREMIER SAND UNIT
AGREEMENT EMBRACING 1760 ACRES,
MORE OR LESS, EDDY COUNTY, NEW
MEXICO, WITHIN TOWNSHIP 17 SOUTH,
RANGE 28 EAST, N.M.P.M.

CASE NO. _____

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the undersigned, Harold Kersey, dba Kersey & Company, of Artesia, New Mexico, and files herewith three copies of the proposed unit agreement for the development and operation of the Red Lake Premier Sand Unit Area, Eddy County, New Mexico, and hereby makes application for the approval of said unit agreement as provided by law, and in support thereof, shows:

1. That the proposed unit area to be covered by said agreement embraces 1760 acres, more or less, in Eddy County, New Mexico, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 17 S., R. 28 E.

Sec. 19: $SE\frac{1}{4}$
Sec. 20: $NE\frac{1}{4}NW\frac{1}{4}$, $S\frac{1}{2}NW\frac{1}{4}$, $NE\frac{1}{4}$, $S\frac{1}{2}$
Sec. 21: $SW\frac{1}{4}NW\frac{1}{4}$, $SW\frac{1}{4}$, $W\frac{1}{2}SE\frac{1}{4}$
Sec. 28: $NW\frac{1}{4}$, $NW\frac{1}{4}NE\frac{1}{4}$, $NW\frac{1}{4}SW\frac{1}{4}$
Sec. 29: $N\frac{1}{2}$
Sec. 30: $NE\frac{1}{4}$

2. That of the lands embraced within the proposed unit area, 480 acres are federal lands and 1280 acres are state lands. That said area has heretofore on September 19, 1956 been designated by the Acting Director of the United States Geological Survey as an area suitable and proper for unitization, a copy of said designation being attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A".

That said designation was made on the application of The Ibex Company of Graham, Texas, but it has subsequently been agreed by the working interest owners that the undersigned shall be designated as operator in said unit agreement.

3. That Section 3 of the proposed unit agreement is limited to the "Premier Sand" which is defined as the basal member of the Grayburg formation in the Red Lake Field lying immediately above the San Andres dolomite, the top of which is found at a depth of 1755 feet above sea level in the Kersey & Company No. 5 Thompson well located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 20, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

4. That the main object and purpose of the unit agreement is to formulate and put into effect a secondary recovery project by water flooding the Premier Sand in order to effect the greatest recovery of unitized substances and to prevent waste and to conserve natural resources. It is proposed to inject water into the Red Lake Premier Sand Pool through wells which have already been completed and wells which may be drilled for such purpose. The location of input wells and the rates of injection shall be governed by standards of good geologic and petroleum engineering practices and approved conservation methods.

5. That applicant is informed and believes, and upon such information and belief, states: That the proposed unit area covers most, if not all, of the producing area of the Red Lake Premier Sand Pool or Field and that the water flood project to be carried on pursuant to said unit agreement will be in the interest of conservation and the prevention of waste.

6. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, except that no drilling operations are required; the plan of operation being set forth in Section 9 of the agreement, and except that allocation of unitized substances is predicated upon a formula based on acreage and cumulative tract production as set forth in Section 10 of the unit agreement.

7. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico.

3. That upon an order being entered into by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, an approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said unit agreement and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste.

DATED this 9th day of November, 1956.

Respectfully submitted,

KERSEY & COMPANY

BY: Harold Kersey
Harold Kersey

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

SEP 19 1956

The Ibox Company
c/o Clarence Hinkle
1st National Bank Bldg.
Roswell, New Mexico

Gentlemen:

Reference is made to your undated application filed in the Supervisor's office July 25 requesting the designation of 1,760 acres, more or less, in Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. As the proposed unitization is for the primary purpose of waterflooding the Premier sand, unitization will be limited to that formation only. Reference is made also to the three copies of the unit agreement submitted for preliminary approval.

Pursuant to the regulations of December 22, 1950, 30 C.F.R., sec. 286.3, the following land is designated as a logical unit area, to be known as the Red Lake, Premier sand unit area:

New Mexico Principal Meridian, New Mexico

T. 17 S., R. 28 E.

	<u>Acres</u>
sec. 19, NE $\frac{1}{4}$	160.00
sec. 20, NE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$, S $\frac{1}{2}$	600.00
sec. 21, SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$	280.00
sec. 22, NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	240.00
sec. 29, NE $\frac{1}{4}$	320.00
sec. 30, NE $\frac{1}{4}$	160.00
Total	1,760.00

The form substantially follows the standard form with appropriate modifications to meet State requirements and to provide for secondary recovery operations. Section 9 has been modified to require the submission of a plan of operation not later than 30 days after the effective date of the unit agreement, and to provide for the automatic termination of the unit agreement in the event of failure to commence secondary-recovery operations within six months after the effective date of this unit agreement or any extension thereof approved by the Director. In order to delay commencement

EXHIBIT "A"