

CASE 1287: Continental Oil Co. application
to produce all oil wells presently drilled,
or hereafter completed in Eumont Gas Pool,
Reed A-3 Lease. into a common tank battery.

Case No.

1287

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

IN THE MATTER OF:

Case 1287

TRANSCRIPT OF PROCEEDINGS

August 7, 1957

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
August 7, 1957

IN THE MATTER OF:

CASE 1287: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery on its Reed "A-5" Lease in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all oil wells presently drilled, or hereafter completed, in the Eumont Gas Pool within the boundaries of its Reed "A-5" Lease into a common tank battery located in the NW/4 of Section 3, Township 20 South, Range 26 East, Lea County, New Mexico. The said Reed "A-5" Lease consists of the S/2, NW/4, S/2, NE/4, and NE/4 of said Section 3.

Oil Conservation Commission
Office
1000 West Broadway
Hobbs, New Mexico

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: Next case on the docket is Case 1287.

MR. COOLEY: Case 1287. Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery on its Reed "A-5" Lease in the Eumont Gas Pool, Lea County, New Mexico.

MR. MANKIN: Jason Holliman representing Continental Oil

Company. I have as a witness Mr. Anderson.

MR. MANKIN: Off the record.

(Discussion off the record.)

MR. MANKIN: On the record. Proceed.

(Witness sworn.)

E D W A R D R. A N D E R S O N

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAMIN:

Q Would you state your name, please?

A Edward R. Anderson.

Q By whom are you employed?

A Continental Oil Company.

Q What is your position?

A I am Production Engineer.

Q Have you ever testified before this Oil Conservation Commission and had your qualifications accepted as an expert engineer?

A I have.

MR. KELLAMIN: Are the witness's qualifications acceptable?

MR. MANKIN: They are.

BY MR. KELLAMIN:

Q Mr. Anderson, are you familiar with the application filed in Case 1287?

A Yes, sir, I am.

Q What is the purpose of that application?

A Purpose of this application is to obtain permission to produce more than eight oil wells into a common tank battery.

Q And in what pools?

A The Eumont Gas Pool ^{for} to the Reed "A-3" Lease.

Q Now, what is the current allowable on those eight wells presently in that lease?

A Approximately a hundred and twenty barrels per day.

Q Now many tanks do you have set on that lease at the present time?

A We have four four hundred barrel tanks.

Q And how much storage does that provide?

A This would provide for over four days' storage.

Q Referring to what has been marked as Exhibit No. 1, Mr. Anderson, would you state what that is?

A Exhibit 1 is a ownership plat showing Continental Oil Company's operating acreage cross hatch. Your Red lines contains approximately six hundred acres of the oil producing in the lease and are assigned to common beneficiaries.

Q Who has the ownership of the Reed "A-3" Lease?

A Continental Oil has a twenty-five percent overriding interest. The ownership is NMFU.

Q Is Continental Oil a corporation of New Mexico?

A That is correct.

Q Is the royalty interest common throughout the Reed "A-3"

Lease?

A That is correct.

Q Referring to what has been marked Exhibit No. 1, state what that is?

A Exhibit 2 is a plat showing the boundary lines of the Reed "A-3" Lease, the locations of the eight Eumont Wells that are currently producing in the common tank battery, and the location of the lease to drill the Eumont Well, and the method it will be productive into a common tank battery. The eight Eumont Wells in the lease, there is a ninth Eumont Well, and the tank batteries are in the lower boundaries of the Reed "A-3" Lease, and they are on the same basic lease.

Q In the application it stated there were eight wells currently producing and one proposed. Has that additional well been completed?

A The recent completed well hasn't been tested, it is in the process of recovering the crude oil, there has been no test made.

Q Referring to what has been marked Exhibit No. 3. Would you state what that shows?

A Exhibit No. 3 is a schematic diagram of battery number 2 on the Reed "A-3" Lease, which shows the standard equipment, or the major items of equipment over the lease, method in which they come together for production test purposes. This equipment consists of four four hundred barrel tanks, treater, two horizontal separators, and a manifold. All wells produce to a manifold and common productions are routed through the production separator, through the treater, and into storage tanks. The manifold is so connected that any well can

be routed through a test separator. The gas is then measured through the test separator, and the oil then the test separator is measured through an oil meter. This oil meter is a method of assembling eighteen representative samples of oil passing through it, and these samples must be placed in the centrifuge and the water production can be obtained from the samples. As a double check on the oil production of any individual wells, and also as a check on the oil meter. The oil comes, either have the stock tanks, and the production is checked by the tank gauges.

Q You have referred to this sampling method, is that the method that will be used to test water contents?

A Yes, sir.

Q And **how** would that be used?

A The sample is placed in the centrifuge and ground out and the percentage of water residue is obtained.

Q Is there an appreciable production of water in this area from the Reed "A-5" Lease?

A A very small percentage of water, amounting less than three percent.

Q Now, under the arrangement you have described, is it possible to test any individual well at any time?

A That is correct.

Q And how often could you run a test on these wells?

A With nine wells hooked to the leader, to the shared petroleum gathering system, every ten days.

Q If any additional well were connected to a battery, would that change that situation?

A That is correct. It is possible to have eleven to twelve wells hooked to this battery. In that case, we will be able to test a well every twelve days.

Q Is eleven to twelve wells the maximum contemplated production at the end of this battery?

A That is correct.

Q Do you have the facilities to take care of that number of wells?

A Yes, sir.

Q Would Continental supply this additional storage?

A Yes, sir.

MR. KELLAHIN: Those are all the questions I have.

GROSS EXAMINATION

BY MR. COOLEY:

Q Am I to understand, Mr. Anderson that this application seeks a maximum of eleven wells, located on the Reed "A-3" lease, to be produced into a single common tank battery?

A That is correct.

MR. KELLAHIN: I would like to make a statement in this connection, if I may. When the application was filed, if you will notice, the original application has been amended. The original application was for the production of one additional well into a common tank battery, providing we got the administrative approval, rather than a full scale hearing on the additional wells. Continental has no objection whatever, to whatever requirements may be placed

upon their producing. For additional wells into the tank battery, but it was the suggestion of members of the Commission staff that the application was then amended to include any wells drilled on this lease, the maximum of which has been testified to, would be eleven.

Q (By Mr. Cooley) And, as I understand your testimony, concerning Exhibit 1, the cross-hatched area is consisting of four and a fraction sections, is the Reed "A-3" Lease?

A Well, the cross-hatched area on the whole is Continental acreage.

Q It is not the Reed "A-3"?

A It consists of only six hundred acres in Section No. 2. You will notice the portion outlined in red, as that portion of the Reed "A-3" Lease is proven to be productive in the Sumont Pool, or which is anticipated to be productive for the Sumont Pool.

Q Just one last attempt to clarify this. Your operation or production is a maximum of eleven wells located in the Reed "A-3" Lease, and is in Section 2, Township 20 South, Range 16 East, into a common tank battery?

A That is correct.

Q How often can each well be tested with your present testing facilities, if eleven wells were connected to a common tank battery?

A Every twelfth day.

Q Every twelfth day. That is all I have.

EXAMINATION

BY MR. MANKIN:

Q Mr. Anderson, on Exhibit 1, you show 10, 11, 12, 13, 14 and 15. What zones are those completed in?

A Monument Pools were completed in the Grayburg Formation.

Q There are presently on this Reed "A-1" lease eight completed wells, and one well is being drilled, is that correct?

A On the whole, there are eight Eumont wells completed, that is correct, with one just being drilled.

Q Then, the present plan would be to complete one No. 1 to 14, and 1 drilling, and 1 additional well in the Reed "A-1" lease in the Eumont Pool?

A That is correct.

Q Which gives you a minimum of eleven wells?

A Into battery No. 1, Eumont 2 battery.

Q Where is this battery presently located?

A Shown on Exhibit No. 2.

Q Refer to it in the particular quarter section.

A I beg your pardon, in the northwest corner of Section 1.

Q Well, the Reed "A-1" lease encompasses some six hundred acres in Section 3 does it not?

A Yes, sir.

Q But it's not anticipated that additional Eumont development will incorporate the east half of the east half of Section 3?

A No, sir.

Q If it is, if this should develop, that would be on a different battery?

A Well, I'd say it probably would be.

Q So, the plan is, what you were showing, the drilling of

eleven wells in the area. The location of the wells is shown on Exhibit 1 in the red outline.

A Would you repeat that question again?

Q The eleven wells which you propose to complete and pump into this battery on the Reed "A-3" lease is that storage shown in the red outline, on Exhibit 1?

A That is correct.

Q Which is not the entire Reed "A-3" lease?

A That is correct.

Q Which is six hundred acres, one hundred and sixty-six acres which is the east half, east half, east half of Section 10?

A Yes.

Q You indicated with the completion of Well No. 11, it would give you nine wells, or approximately four days' storage. Did I understand--

A (Interrupting) Yes.

Q With the completion of two additional wells, or a total of eleven wells at present, what are the present facilities that you have?

A Over three days' storage.

Q With the pipe line conditions that you might encounter in this area, do you feel three days' storage is adequate for this lease?

A At present, yes, sir.

Q But the conditions might change and you might desire more than three days' storage in the future?

MR. MANKIN: Now there are further questions of the witness?

MR. KELLAMIN: We would like to offer in evidence exhibits 1, 2, and 3.

MR. MANKIN: Any objections?

(No response.)

MR. MANKIN: They will be received in evidence. Mr. Fischer.

BY MR. FISCHER:

Q Mr. Anderson, what is the gravity range of the wells now producing into the battery?

A Thirty-six to thirty-eight degrees, A. G. T.

Q I notice in your application that you listed only Atlantic, Pan American, Standard of Texas, as off-set operators. Are these three actually the only off-set operators to that lease?

A I believe they are our partners in this Reed "A-3" lease.

Q Have you notified the off-set operators?

A Yes.

Q Do they agree with your proposal?

A They have no objections.

Q I'd like to know who takes the gas from the property?

A Warren Petroleum.

Q They have been notified of this? Yes.

MR. FISCHER: That is all I have.

BY MR. MANKIN:

—

Abstract

100, 117.

Mr. HANKIN: Any further questions of this witness?

(No response.)

MR. BLANKIN: If there is nothing further, the witness may be excused. Do you have anything Mr. Kellahin.

MR. KELLAHIN: No.

MR. ANDERSON: I'd like to make a correction, that is Atlantic Petroleum Transport.

MR. MANKIN: That correction will be made. Atlantic Petroleum Transport. The witness may be excused.

(Witness excused.)

MR. MANKIN: Any statements to be made in this case?

(No response.)

MR. MANKIN: If there are no further statements to be made, or anything further, we will take the case under advisement.

* * *

STATE OF NEW MEXICO

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

ss

I, ROBERT V. MANS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission Examiner, for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me, and that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 27th day of August, 1957.

Robert V. Mans
Notary Public - Court Reporter

My Commission Expires

February 7, 1961

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1234 heard by me on August 1957.

Robert V. Mans Examiner
New Mexico Oil Conservation Commission



9/1/57

CONTINENTAL OIL COMPANY

Roswell, New Mexico
July 5, 1957

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Re: Continental Oil Company's
Application for exception
to Rule 309(a) of the Rules
and Regulations of the New
Mexico Oil Conservation
Commission for its Reed A-3
lease in Section 3, T-20-S,
R-36-E, Lea County, New
Mexico.

Sent 10/1/57
Re: et al
Callahan
on 1/1/58

Gentlemen:

We forward herewith application in triplicate for
exception to the Rule 309(a) of the Rules and Regulations of
the New Mexico Oil Conservation Commission for our Reed A-3
lease in Section 3, T-20-S, R-36-E, MPM, Lea County, New Mexico.
Please set this matter for hearing by an examiner in Hobbs, New
Mexico, at the earliest convenient date.

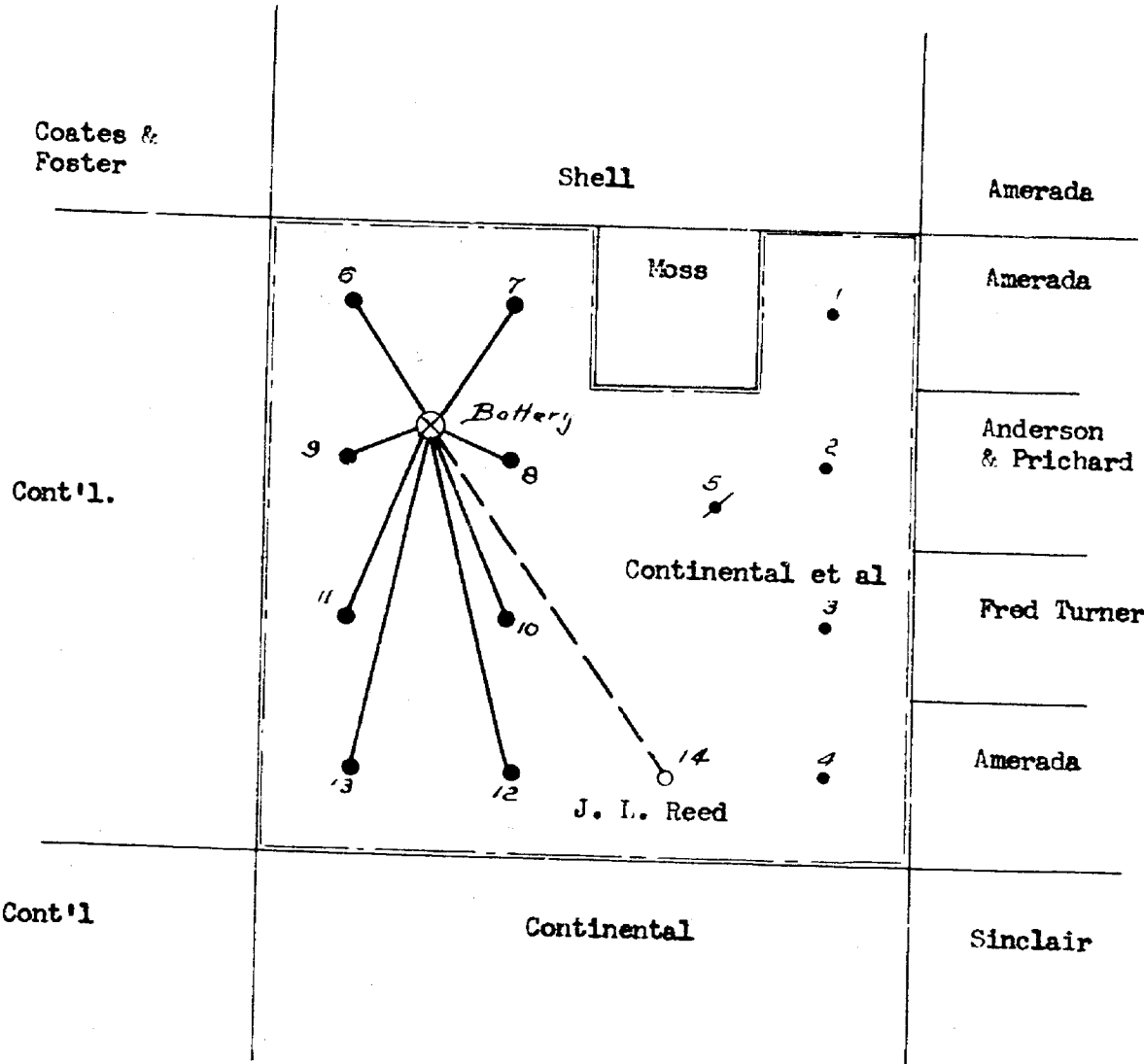
Yours very truly,


FRANK T. ELLIOTT
Acting Division Superintendent

FTE-EC

cc: MLJ, JWK, RCL

CONTINENTAL OIL COMPANY
 REED A-3 LEASE
 Section 3-20S-36E,
 Lea Co., New Mexico.



scale: 1"=1500'

BATTERY HOOKUP

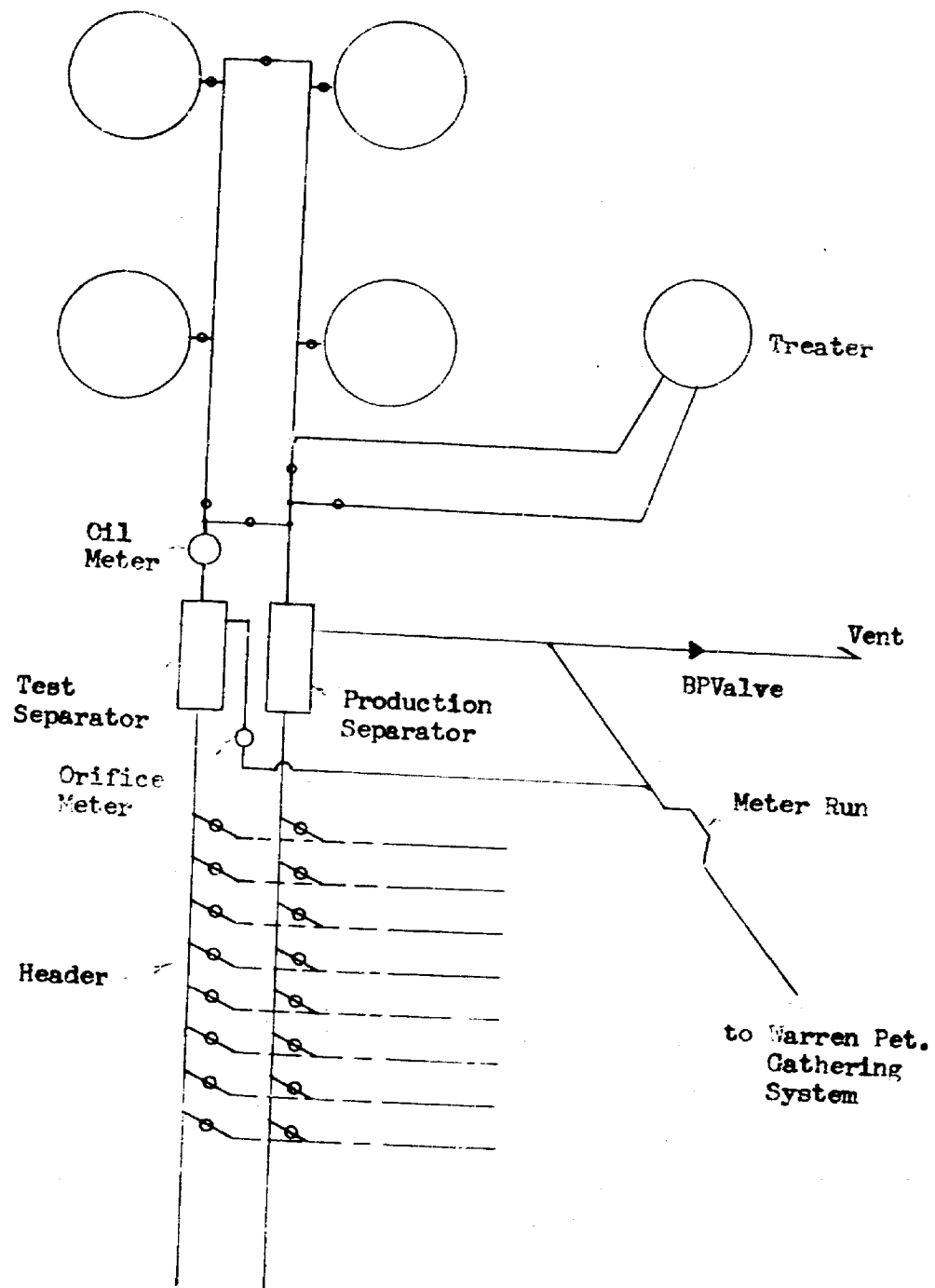
LEGEND

- Eumont Well
- Monument Well
- Proposed Well and Line
- Lease Limits

CASE
 EXHIBIT 2

BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 EXHIBIT NO. 2
 CASE 1287

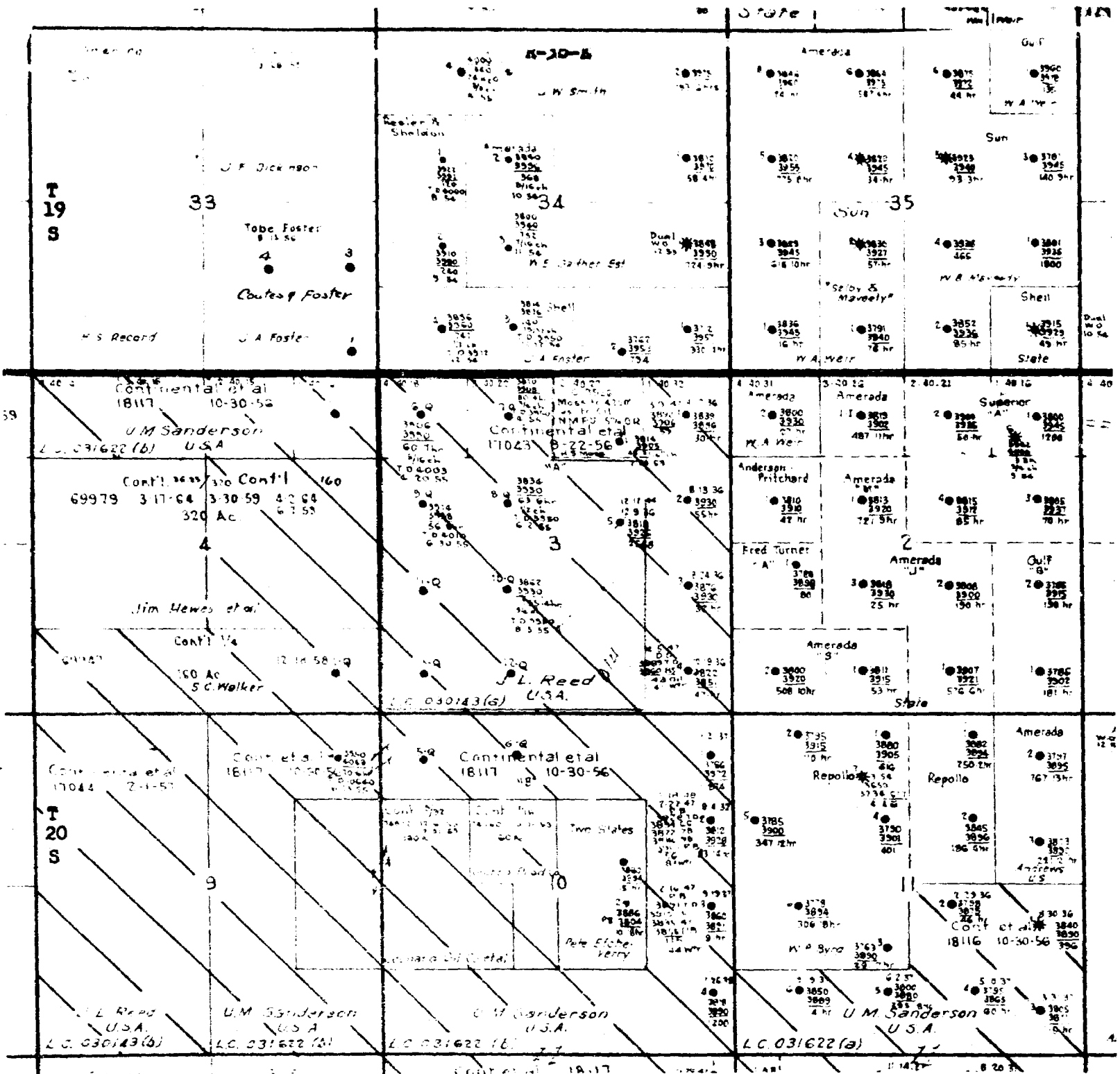
400 501 Stock Tanks



BEFORE THE
 OH 2 RESERVATION COMMISSION
 SANTA FE, NEW MEXICO
 EXHIBIT NO. 3
 1287

CONTINENTAL OIL COMPANY
 REED A-3 LEASE
 BATTERY NO.2 DETAIL

CASE 1287
 EXHIBIT 3



CONTINENTAL OIL COMPANY
REND A-3 LEASE
OFFSET OWNERSHIP PLAT

Scale: 1" = 2000'

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

EXHIBIT No. 1
CASE 1287

CASE
EXHIBIT 1

DOCKET: EXAMINER HEARING AUGUST 7, 1957

NEW MEXICO OIL CONSERVATION COMMISSION 9:00 a.m., HOBBS, NEW MEXICO

Oil Conservation Commission Office, 1000 W. Broadway, Hobbs, New Mexico

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1286: Application of Slick Oil Corporation for approval of the Slick Unit Agreement embracing 1,596 acres, more or less, in Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Slick Unit Agreement embracing 1,596 acres, more or less, of State of New Mexico Lands described as:

Township 12 South, Range 34 East
Section 36: All

Township 13 South, Range 34 East
Section 1: Lots 1, 2, 3, & 4,
S/2 N/2, S/2
Section 2: Lots 1 & 2, S/2 NE/4,
SE/4

all in Lea County, New Mexico.

CASE 1287: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery on its Reed "A-3" Lease in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all oil wells presently drilled, or hereafter completed, in the Eumont Gas Pool within the boundaries of its Reed "A-3" Lease into a common tank battery located in the NW/4 of Section 3, Township 20 South, Range 36 East, Lea County, New Mexico. The said Reed "A-3" Lease consists of the S/2, NW/4, S/2 NE/4, and NE/4 NE/4 of said Section 3.

CASE 1288: Application of Continental Oil Company for an order authorizing the production of more than eight oil wells into a common tank battery in the Southeast Monument Unit, Warren-McKee Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to produce all wells presently drilled, or hereafter completed, in the Warren-McKee Pool within the boundaries of the Southeast Monument Unit into a common tank battery located in the SW/4 of Section 20, Township 20 South, Range 38 East, Lea County, New Mexico. The said Southeast Monument Unit covers lands located in Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 20 South, Range 37 East, and Sections 19, 20, 29, and 30, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 1289: Application of Shell Oil Company for the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the S/2 SW/4, NE/4 SW/4, and the SW/4 SE/4 Section 3, Township 21 South, Range 37 East, said unit to be dedicated to the applicant's Livingston No. 2 Well located 660 feet from the South line and 1980 feet from the East line of said Section 3.

CASE 1290: Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 and the NE/4 SE/4 Section 24, Township 21 South, Range 35 East, Lea County, New Mexico, said unit to be dedicated to the applicant's State "C" No. 2 Well located 1650 feet from the North line and 330 feet from the East line of said Section 24.

ir/

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AN EX-
CEPTION TO RULE 308(a) OF THE
RULES AND REGULATIONS OF THE NEW
MEXICO OIL CONSERVATION COMMISSION,
AUTHORIZING THE PRODUCTION OF A
COMMON TANK BATTERY OF OIL WELLS IN
THE LAURENT POOL WITHIN THE NEED A-3
LEASE LOCATED IN SECTION 3, T-20-S,
R-36-E, N.M.P.M., LEA COUNTY, NEW
MEXICO.

BEFORE THE
OIL CONSERVATION
COMMISSION OF THE
STATE OF NEW MEXICO

APPLICATION

Comes now CONTINENTAL OIL COMPANY, a Delaware corpora-
tion, hereinafter referred to as "Applicant", and petitions the
Commission for an exception to Rule 308(a) of the rules and regu-
lations of the New Mexico Oil Conservation Commission for the
operation of its Need A-3 lease located in Section 3, T-20-S,
R-36-E, N.M.P.M., Lea County, New Mexico; and in support there-
of would respectfully show unto the Commission as follows:

1.

That Applicant is the operator of the Need A-3 lease
located in Section 3, T-20-S, R-36-E, N.M.P.M., Lea County, New
Mexico.

2.

That up to the time of the filing of this application,
Applicant has drilled and completed within the boundaries of
said lease a total of eight (8) wells which are producing from
the Laurent pool into a common tank battery and that said wells
and tank battery are all located in the $\frac{1}{2}$ of Section 3, T-20-S,
R-36-E, as shown on exhibit "A" attached hereto.

3.

That Applicant proposes to drill an additional well
in the Laurent pool located 660' FSL and 1980' FSL of Section 3,
T-20-S, R-36-E, as shown on exhibit "A".

4.

That, upon completion of the additional Eumont well and with the consent of the Commission, Applicant proposes to use the existing tank battery to receive the production from all nine (9) Eumont wells.

5.

That said tank battery, the location of the proposed Eumont well, and all eight existing Eumont wells are on the same basic lease.

6.

That said tank battery is so equipped that the production from each well can be accurately determined at reasonable intervals.

7.

That said tank battery has the capacity to provide adequate storage for the production of all nine (9) Eumont wells.

8.

That the production of said wells into said common tank battery will result in neither waste nor the impairment of correlative rights.

9.

That there is attached hereto and made a part hereof a plat, marked Exhibit "A", showing the boundary lines of the Reed A-3 lease, the location of the eight (8) wells currently producing from the Eumont pool, the proposed location of the additional Eumont well, the location of the common tank battery, the manner in which the said existing Eumont wells are connected to the tank battery, and the manner in which the proposed additional Eumont well is to be connected to the common tank battery.

10.

That in the event Applicant should drill and complete any well or wells in the said Eumont pool within the boundaries

J.W.N.
of said Reed A-3 lease in addition to the one aforesaid additional well, Applicant requests to be authorized to produce said well or wells into the aforesaid common tank battery. ~~Administrative~~ ~~action on the Commission upon Applicant's filing with the Commission~~ ~~an application~~ therefor accompanied by a plot showing the location of said additional well or wells.

11.

That Applicant desires a hearing before an examiner at the Commission's District Office in the City of Hobbs, New Mexico, at the earliest practical date.

12.

That the names and addresses of all interested parties known to Applicant are:

The Atlantic Refining Company
Attn: Mr. S. L. Smith
P. O. Box 871
Midland, Texas

Pan American Petroleum Corporation
Attn: Mr. C. L. Kelley
P. O. Box 899
Roswell, New Mexico

Standard Oil Company of Texas
Attn: Mr. H. W. Mathews
P. O. Box 1249
Houston, Texas

WHEREFORE, Applicant prays that this application be set for hearing upon due notice and that upon hearing, an order be entered granting Applicant an exception to Rule 309(a) authorizing Applicant to produce into a common tank battery nine (9) wells including the eight (8) wells currently producing from the Lumont pool and the one (1) proposed additional well to be completed in the Lumont pool, the tank battery and all wells being located in the boundaries of the Reed A-3 lease, as aforesaid, and authorizing ~~administrative~~ approval of the production of any additional well or wells which may be drilled and completed in the Lumont pool in the said Reed A-3 lease by Applicant into

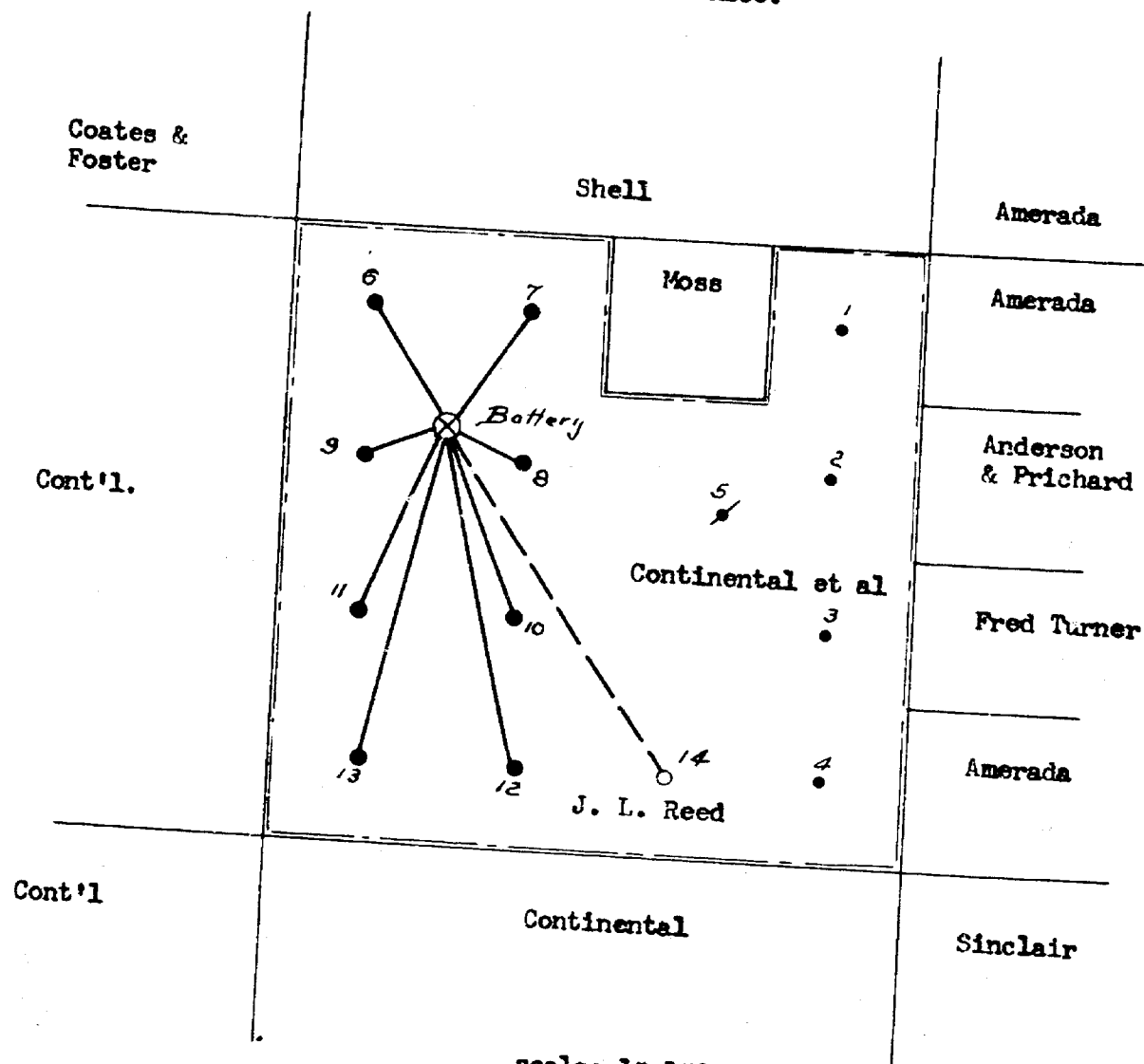
New Mexico Oil Conservation Commission
page 4

the said common tank battery, ~~and application by applicant show-~~
~~ing the location of such additional well or wells.~~

Respectfully submitted,
CONTINENTAL OIL COMPANY

A handwritten signature in cursive script, appearing to read "E. Kemp", is written over a horizontal line.

CONTINENTAL OIL COMPANY
 REED A-3 LEASE
 Section 3-20S-36E,
 Lea Co., New Mexico.



scale: 1"=1500'

BATTERY HOOKUP

LEGEND

- Eminent Well
- Monument Well
- Proposed Well
- and Line
- Lease Limits

Exhibit A

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 8/9/57

CASE 1287

Hearing Date 9 am @ H&M on 8/17/57
before WWR

My recommendations for an order in the above numbered cases are as follows:

OK to approve Exc. to Rule 309
for 11 wells.

Warrick Markson
Staff Member
Examiner



Memo

From

To

ORDER HANDED TO JASON KELLAHIN 8/22/97

RP

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. 1287
Order No. R-1033

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN ORDER AUTHORIZING
THE PRODUCTION OF MORE THAN EIGHT
OIL WELLS INTO A COMMON TANK BATTERY
ON ITS REED "A-3" LEASE, IN THE
EUMONT GAS POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1957, at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 20th day of August, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, proposes to produce into a common tank battery all oil wells presently drilled or hereafter completed in the Eumont Gas Pool on the applicant's Reed "A-3" Lease, consisting of the S/2, NW/4, S/2 NE/4, and NE/4 NE/4 of Section 3, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico; but not to exceed a total of eleven wells in all.

(3) That approval of the subject application will not cause waste nor impair correlative rights, provided adequate testing equipment and storage facilities are installed.

(4) That approval of the subject application will result in considerable economic saving to the applicant.

IT IS THEREFORE ORDERED:

1. That the applicant, Continental Oil Company, is hereby authorized to produce into a common tank battery all oil wells presently drilled or hereafter completed in the Eumont Gas

-2-

Case No. 1287
Order No. R-1033

Pool on the applicant's land "A-3" lease, comprising the S/2, NW/4, S/2 NE/4, and NE/4 NE/4 of Section 3, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico; provided however, that said wells shall not exceed eleven in number in that pool.

PROVIDED HOWEVER, That the applicant shall install sufficient testing facilities to permit each well to be tested at least once each month.

PROVIDED FURTHER, That the applicant shall install sufficient storage tanks to prevent the over-flow and wasting of the oil produced into said common tank battery.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



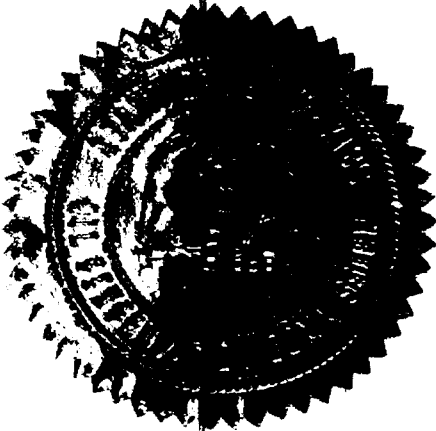
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary



ir/