

CASE 1707: Application of CONTINENTAL  
for 2 non-standard oil proration  
units for Delaware production - Lee  
County.

Case No.

1707

---

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 1707  
Order No. R-1448

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR TWO NON-STANDARD  
OIL PRORATION UNITS IN AN  
UNDESIGNATED DELAWARE POOL,  
LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock a.m. on July 8, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 3/4 day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant is the owner and the operator of the E. Payne 36 Lease, comprising Lots 1, 2, 3, and 4 of Section 35, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes the establishment of two non-standard oil proration units in an undesignated Delaware pool underlying the said E. Payne 35 Lease, one such unit consisting of Lots 1 and 2 (49.78 acres) of said Section 35, the other such unit consisting of Lots 3 and 4 (49.86 acres) of said Section 35.
- (4) That the applicant proposes that the unit well for the non-standard unit consisting of said Lots 1 and 2 be located 1650 feet from the North line and 330 feet from the East line of said Section 35.

-2-

Case No. 1707  
Order No. R-1448

(5) That the applicant proposes that the unit well for the non-standard unit consisting of said Lots 3 and 4 be located 1650 feet from the North line and 2310 feet from the West line of said Section 35.

(6) That the need for said non-standard oil proration units is occasioned by a deviation in the United States Public Land Survey along the State line.

(7) That it would be uneconomical to drill one well on each of the aforesaid four lots.

(8) That approval of the subject application will neither cause waste nor impair correlative rights.

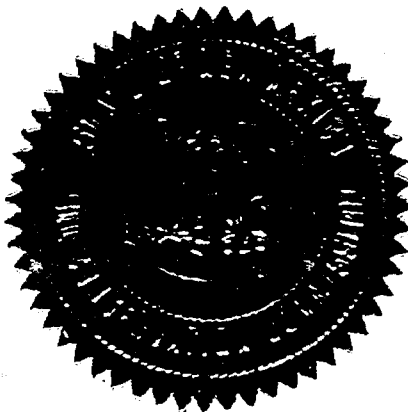
IT IS THEREFORE ORDERED:

(1) That a 49.78-acre non-standard oil proration unit in an undesignated Delaware pool consisting of Lots 1 and 2 of Section 35, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to a well to be located 1650 feet from the North line and 330 feet from the East line of said Section 35.

(2) That a 49.86-acre non-standard oil proration unit in an undesignated Delaware pool consisting of Lots 3 and 4 of said Section 35 be and the same is hereby established. Said unit is to be dedicated to a well to be located 1650 feet from the North line and 2310 feet from the West line of said Section 35.

(3) That each of said unit wells shall be assigned an allowable in the proportion that the acreage dedicated to the well bears to the acreage in a standard oil proration unit in the same common source of supply.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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

# CONTINENTAL OIL COMPANY

Location and Ownership Plat  
E. Payne 35 Lease

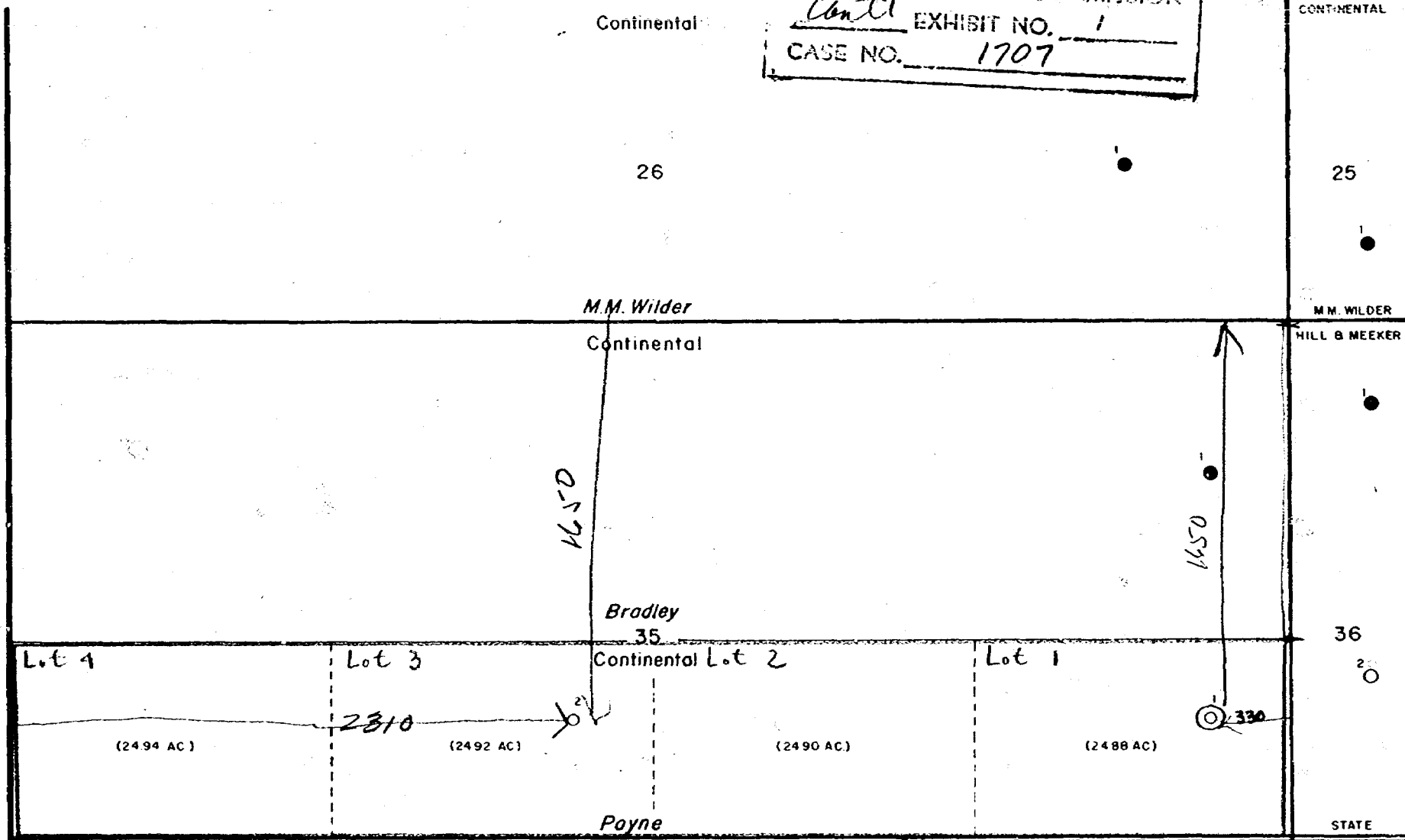
Continental

BEFORE EXAMINER NUTTER

IL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 1707



Scale: 1" = 600'

TEXAS

T-26-S; R-32-E

Drwn. by: COG

2640  
330  
2310

1320  
330  
1650

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1707

TRANSCRIPT OF HEARING

JULY 8, 1959

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

## NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. Nutter

Santa Fe, New Mexico, NEW MEXICOREGISTER

HEARING DATE

July 8, 1959

TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Don Walker	Gulf Oil Corp.	Fort Worth
John Hoover	" " "	Roswell
Bill Kaster	" " "	"
Gene A. Snow	John H. Tracy Co.	Roswell
J. A. Queen	Continental Oil	Roswell
Bob Christy II	Harvey Dow & Hinkle	Roswell
Jason Kellahin	Kellahin & Fox	Santa Fe
Jack M. Campbell	Campbell & Russell	Roswell NM
Garnett Whitworth	El Paso Nat Gas	El Paso, Texas
John Mason	" " "	"
Fred Hannahs	Seth, Montgomery, Federico & Andrews	Santa Fe
Guy Buell	PANAM	FT. WORTH
Charles Marshall	" " "	FARMINGTON
R.M. Anderson	SINCLAIR	MIDLAND, TEX.
Edna M. B. Winters	Alameda & Malson	Roswell
John Hampton	Great Western Drilling	Midland -
Donna	Sinclair	Santa Fe
Percy Loyd	Great Western Oil & Gas Co	MIDLAND TEX
	Refiner	El Paso, Tex
	NM Statehouse	Santa Fe
	Regulating Service	

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JULY 8, 1959

IN THE MATTER OF:

CASE 1707 Application of Continental Oil Company for two non-standard oil proration units. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units for Delaware production, one 49.8-acre unit to consist of lots 1 and 2 of partial Section 35, Township 26 South, Range 32 East, Lea County, New Mexico, the other 49.9-acre unit to consist of lots 3 and 4 of said partial Section 35. Said units are to be dedicated respectively to a well to be located 330 feet from the North and East lines of lot 1 and to a well to be located 330 feet from the North and East lines of lot 3, all in said Section 35.

BEFORE:

Mr. Daniel S. Nutter, Examiner.

T R A N S C R I P T    O F    P R O C E E D I N G S

MR. NUTTER: The hearing will come to order, please.  
The first case this morning will be No. 1707.

MR. PAYNE: Case 1707. Application of Continental Oil Company for two non-standard oil proration units.

MR. KELLAHIN: Jason Kellahin of Kellahin & Fox, Santa Fe, New Mexico, representing the applicant. We will have one witness who will likewise appear as a witness in Cases 1708



and 1709, if you want to show that on the record.

MR. PAYNE: All right, sir. We will swear him in one time, and that will suffice for the three cases.

(Witness sworn)

JOHN A. QUEEN,  
called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A John A. Queen.

Q By whom are you employed, Mr. Queen?

A Continental Oil Company.

Q In what position?

A Division engineer, Southeast New Mexico division.

Q Are you familiar with the application in Case 1707?

A I am.

Q Does the subject matter of this application fall within your jurisdiction as division engineer?

A Yes, sir.

Q Would you state briefly what the application is designed to accomplish?

A The application is designed to set forth what we consider a proper allocation of acreage for the drilling of wells on our Payne 35 Lease in Township 26 South, Range 32 East.

4  
Q Now, do you have a plat showing the acreage involved in this application, Mr. Queen?

A I do have.

Q Would you have that marked as Exhibit No. 1, please?

(Thereupon, the document above referred to was marked Continental's Exhibit No. 1 for identification.)

Q Now, referring to what has been marked as Exhibit No. 1, would you state what that shows?

A Exhibit No. 1 is a plat of the Payne 35 Lease in the immediate surrounding leases in the New Mexico area. The Payne 35 Lease is outlined in red, and consists of Lots 1, 2, 3 and 4 of size and acreage varying from 24.88 to 24.94 acres each; a total of 99.64 acres in the Payne Lease.

Q Now, have you marked on the Exhibit the proposed well location?

A We have. The proposed well location is shown as 330 feet from the East and from the North of each respective proposed unit. The proposed unit for Well No. 1 would consist of Lots 1 and 2, and for Well No. 2, it would consist of Lots 3 and 4, as marked on the Exhibit.

Q Would it be economical or practical to drill one well on each Lot, Mr. Queen?

A No, it would not. It would require drilling a well on acreage of less than 25 acres.

Q Now, what occasioned the creation of these Lots?

A The original size of the Payne Lease originated this requirement. In most instances, on the New Mexico side of the border, we have approximately one half of a section; the entire part of that section is in one lease. However, this is not true in the case of the Payne 35 Lease. The Bradley 35 Lease and the Payne 35 Lease consist of all the acreage within Section 35.

Q Now, are you familiar with the units which were formed by Hill and Meeker immediately adjacent to this lease?

A We are.

Q Would it be practical to form similar units as were formed on that tract?

A No, sir, it would not. It would require unitization of the Bradley Lease and Payne Lease, and would at the end have no additional wells to the two leases.

Q Do you think the proposal as proposed by Continental is a practical solution?

A I do.

Q Is it in the interest of prevention of correlative rights and prevention of waste?

A It is.

Q Was Exhibit No. 1 prepared by you or under your direction or supervision?

A It was.

MR. KELLAHIN: At this time we offer Exhibit No. 1.

MR. NUTTER: Without objection, Continental's Exhibit No. 1 will be received in evidence.

(The document heretofore marked Continental's Exhibit 1 was offered in evidence.)

MR. KELLAHIN: That's all the questions I have.

MR. NUTTER: Any questions of Mr. Queen?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Queen, would you give me the location of these wells from the two closest boundary lines of the section?

A Well, No. 1 would be 330 feet from the East and 1650 feet from the North line of Section 35.

Q What about the South, is that a closer line?

A Yes, it is. The well is in the approximate center; however, not in the exact center of the distance between the North boundary line of Lease 35 and the South boundary line of Lease 35.

Q Now, this is just a partial section, is it not?

A That is correct. The Texas line is the boundary of the Payne 25 Lease from the South.

Q Do you know how far it is from the South to this No. 1 Well?

A I do not have this information at hand. We are now running a survey on this area since all the present maps are in error, according to our judgment.

Q I see. And the No. 2 Well?

A The No. 2 Well will be 1650 feet from the North and 1980 feet from the West line of Section 35 -- beg pardon, 2310 feet from the West line.

Q Mr. Queen, don't you feel that you get better drainage if these wells -- if the No. 1 Well were located closer to the Lot line between 1 and 2?

A The primary basis of the location of this well is due to the location of the Hill & Meeker wells, which we have no control.

Q The same thing is true in regard to your No. 2 Well?

A Well, the No. 2 Well, therefore, is controlled by the location of our No. 1 Well.

Q Do you feel each of these wells can drain the acreage which is allocated to them?

A Yes, sir, I do. The porosity in the Delaware -- in the El Mar Delaware-Pool, sand is approximately 23 percent, so I feel we have good communications.

MR. PAYNE: I believe that's all. Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Queen, according to my calculations, you have approximately 100 acres on the Payne Lease, is that correct?

A That's correct, 99.64, by survey.

Q Now, you propose to drill two wells on a hundred acres, correct, --

A That is correct.

Q -- or you would have approximately 50 acres dedicated to each well, --

A That is correct.

Q -- which would be ten acres more than a standard unit?

A That is correct.

Q Also, according to my calculations, if you drill three wells, you would have thirty-three and a third acres dedicated to each well, --

A That is correct.

Q -- which is only seven acres off of the standard size unit? In other words, three wells would be closer to a standard unit than would two wells?

A That is correct. However, it would necessitate the additional drilling of one well which we feel is not economically justified.

Q Has Continental given consideration to the drilling of three wells on this tract?

A Yes, sir, we have.

Q What are the results of that consideration?

A Well, in our opinion, as to whether a well would pay out on a thirty-three and a third acre spacing, is not as important as to whether it is necessary, if you drain the 100 acres under the Payne Lease. One other point that might clarify this. The exact western boundry of the El Mar Pool is not known at this

time. However, it may intersect Lot 4, which in turn, if it does, would eliminate the drilling of three wells; this is not controlled, there is no way at the present time, due to the fact that sufficient wells have not been drilled.

Q There is no way of knowing that the acreage 2310 feet west of Well No. 2 is productive?

A At the present time, our proposal is to drill Well No. 1, and Well No. 2 would not be drilled for some time until such acreage is proven productive by drilling in our Payne lease and Bradley Lease. And for further information, there is a well being drilled 330 feet west of our Bradley 35 Lease, 300 feet west, I believe, and if this well is proven productive, this will also add additional lines.

Q You mean there is a well drilling in Section 34?

A It is either drilling or being drilled at the present time.

Q I see.

MR. PAYNE: Mr. Queen, are there any wells on the Texas side on this pool that are producing at present that are fairly close to the State line?

A No, sir, they have not developed that far north yet.

Q (By Mr. Nutter) Now, Mr. Queen, we don't have the footage of the two locations from the Texas line, but I presume there are more than 330 feet from the State line, is that correct?

A That is correct.

Q And Continental would not drill any wells closer than 330 to the State line?

A That is correct.

MR. NUTTER: Any further questions of Mr. Queen? If not, he may be excused.

(Witness excused)

MR. NUTTER: Does anyone have anything further in Case 1707? Take the case under advisement and take Case 1708.



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

WITNESS my Hand and Seal this, the 23<sup>rd</sup> day of July,  
1959, in the City of Albuquerque, County of Bernalillo, State of  
New Mexico.

Joseph A. Fingelt  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1707 heard by me on 7-8, 1957.

[Signature], Examiner  
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 7-20-59

CASE NO. 1707

HEARING DATE 9 am 7-8-59  
DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order approving the two non-std oil production units requested by Conill in the subject case.

Reason for need of non-std units is variation in Public Land Surveys along State line

Provide that the allowance assigned to the wells shall be in the same proportion that the acreage bears to a standard 40 acre unit.

1st unit: Lots 1 & 2, Sec 35; 2nd Unit: Lots 3 & 4, Sec 35 All in T 26 S R 32 E Lea County

2. Unit No. 1 well 330' FNL + 330' FEL <sup>Staff Member</sup> Rot 1

3. Unit No 2 well 330' FNL + 330' FEL Rot 3



DOCKET: EXAMINER HEARING JULY 8, 1959

OIL CONSERVATION COMMISSION, 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Daniel S. Nutter, Examiner, or  
A. L. Porter, Jr., Secretary-Director.

CASE 1707:

Application of Continental Oil Company for two non-standard oil proration units. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units for Delaware production, one 49.8-acre unit to consist of lots 1 and 2 of partial Section 35, Township 26 South, Range 32 East, Lea County, New Mexico, the other 49.9-acre unit to consist of lots 3 and 4 of said partial Section 35. Said units are to be dedicated respectively to a well to be located 330 feet from the North and East lines of lot 1 and to a well to be located 330 feet from the North and East lines of lot 3, all in said Section 35.

CASE 1708:

Application of Continental Oil Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the production from an undesignated Delaware pool from three separate leases in Sections 25, 26, and 35, Township 26 South, Range 32 East, Lea County, New Mexico, after separately metering the production from each lease.

CASE 1709:

Application of Continental Oil Company for a 160-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in an undesignated Tubb gas pool consisting of the E/2 SW/4 and the W/2 SE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Britt B-15 Well No. 9 located 1980 feet from the South and East lines of said Section 15.

CASE 1710:

Application of The Atlantic Refining Company for the establishment of three non-standard oil proration units and for approval of an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of three 44.56-acre non-standard oil proration units in the Horseshoe-Gallup Oil Pool, the three units together to comprise all of lots 1, 2, 3, and 4 of Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, one unit to be dedicated to a well in said lot 1, another to a well in said lot 2, the other to a well in said lot 4. Applicant further seeks approval of an unorthodox location for the well in said lot 2,

CASE 1711:

Application of The Atlantic Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "Y" Well No. 8, located in the SE/4 NE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Justis Blinebry Pool and from the Justis Fusselman Pool through parallel strings of tubing.

CASE 1712:

Application of Angels Peak Oil Company for a non-standard gas proration unit or in the alternative for a force pooling order. Applicant, in the above-styled cause, seeks the establishment of a 98.87-acre non-standard gas proration unit in the Fulcher Kutz-Pictured Cliffs Pool consisting of lots 1 and 2 of Section 10 and lots 3 and 4 of Section 11, both in Township 28 North, Range 11 West, San Juan County, New Mexico said unit to be

CASE 1712 (continued) dedicated to applicant's Angels Peak Well No. 5, located 285 feet from the North line and 1520 feet from the West line of said Section 11. Applicant proposes, in the alternative, to force pool all interests in the above-described acreage in said Fulcher Kutz-Pictured Cliffs Pool.

CASE 1713: Application of El Paso Natural Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hancock Well No. 3, located in the SW/4 SW/4 of Section 22, Township 28 North, Range 9 West, San Juan County, New Mexico, in such a manner as to produce gas from the Aztec-Pictured Cliffs Pool and to produce gas from the Blanco-Mesaverde Pool through the casing-tubing annulus and tubing respectively. Applicant proposes to utilize a retrievable-type packer in said well.

CASE 1714: Application of John H. Trigg for an order authorizing a pilot water flood project, for capacity allowables for seven wells in said project area, and for establishment of an administrative procedure for expansion of said project and for granting capacity allowables. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Caprock-Queen Pool in Chaves County, New Mexico. Applicant proposes to inject water into the Queen formation through 4 wells located in Sections 4 and 5, Township 14 South, Range 31 East. Applicant also seeks capacity allowables for seven wells in said project. Applicant further seeks the establishment of a procedure whereby the project area may be expanded and capacity allowables granted without notice and hearing.

CASE 1715: Application of Gulf Oil Corporation for permission to install a lease automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install automatic custody transfer equipment to receive and measure the oil produced from its B. V. Culp Lease consisting of the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

CASE 1716: Application of Northwest Production Corporation for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its "S" Lease Well No. 15-11, located in the NE/4 NE/4 of Section 11, Township 24 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to produce oil from an undesignated Gallup oil pool and the production of gas from an undesignated Dakota gas pool through parallel strings of tubing.

CASE 1717: Application of Pan American Petroleum Corporation for an exception to the "No-Flare" provisions of Order No. R-1237. Applicant, in the above-styled cause, seeks an exception to the requirement in Order No. R-1237 that no casinghead gas be flared or vented from any well within the defined limits of the Otero-Gallup Oil Pool or within one mile therefrom for its Jicarilla Tribal 35 Well No. 1, located in the NW/4 SW/4 of Section 35, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 1718: Application of Samedan Oil Corporation for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Kemnitz-Wolfcamp Pool for a well to be located 660 feet from the South and East lines of Section 20, Township 16 South, Range 34 East, Lea County, New Mexico, in exception to the spacing requirements for said pool as promulgated by Order No. R-1011.

- CASE 1719: Application of Sinclair Oil & Gas Company to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Penrose-Skelly Pool and the Paddock Pool from all wells on its Brunson lease comprising the NW/4 SW/4 of Section 3 and the W/2 SE/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to commingle the production from the Hare Pool, Drinkard Pool and Tubb Gas Pool from all wells on said lease.
- CASE 1720: Application of Skelly Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its W. P. Saunders Well No. 1, located in the SW/4 SE/4 of Section 11, Township 26 North, Range 11 West, San Juan County, New Mexico, in such a manner as to produce oil from the Gallegos-Gallup Oil Pool and to produce oil from an undesignated Dakota pool through parallel strings of tubing.
- CASE 1721: Application of Great Western Drilling Company for an automatic custody transfer system, for permission to commingle the production from separate leases, for permission to produce more than 16 wells into a common tank battery, and for an administrative procedure whereby wells may be produced excess of top unit allowable. Applicant, in the above-styled cause, seeks an order authorizing installation of an automatic custody transfer system and for permission to commingle the Caprock-Queen Pool production from more than 16 wells located on separate leases within the confines of the North Central Caprock Queen Unit Area in Township 13 South, Ranges 31 and 32 East, Lea and Chaves Counties, New Mexico. Applicant further proposes the establishment of an administrative procedure whereby wells in said Unit Area may be permitted to produce in excess of top unit allowable for said Caprock-Queen Pool.



MAIN OFFICE OCC

# CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

R. L. ADAMS  
DIVISION SUPERINTENDENT  
OF PRODUCTION  
NEW MEXICO DIVISION

June 2, 1959

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Re: Continental Oil Company's  
Application for two Non-  
Standard Oil Proration  
Units for its Payne 35  
Lease, El Mar Delaware  
Pool, to be Created from  
Lots 1, 2, 3 and 4 Com-  
prising the South Portion  
of Section 35-26S-32E, NMPM,  
Lea County, New Mexico. Unit  
Development will consist of  
two Wells Drilled 330' FN and  
EL of These Unit Boundaries.

We are attaching three copies of Continental Oil  
Company's application for two non-standard oil proration units  
for its Payne 35 Lease in the El Mar Delaware Pool. These units  
are to be created from Lots 1, 2, 3 and 4 which comprises the  
South portion of Section 35-26S-32E, Lea County, New Mexico. It  
is proposed that unit development will consist of two wells to  
be drilled 330' FN and FEL of the unit boundary.

Please set this application for hearing at the earliest  
convenient date.

Yours very truly,

*R. L. Adams*

RLA-BR  
Enc

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

MAIN OFFICE OCC  
BEFORE THE OIL CONSERVATION COMMISSION

1959 JUN 3 PM 1:19  
OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CONTINENTAL OIL COMPANY FOR  
TWO NON-STANDARD OIL PRORATION  
UNITS FOR ITS PAYNE 35 LEASE TO  
BE CREATED FROM LOTS 1, 2, 3 AND  
4 COMPRISING THE SOUTH PORTION OF  
SECTION 35, T-26S, R-32E, NMPM,  
LEA COUNTY, NEW MEXICO. UNIT  
DEVELOPMENT WILL CONSIST OF TWO  
WELLS DRILLED 330 FEET FROM THE  
NORTH AND EAST LINES OF THESE UNIT  
BOUNDARIES.

*Case 1707*

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests the creation of two non-standard oil proration units for its Payne 35 Lease to be created from Lots 1, 2, 3 and 4 which comprise the south portion of Section 35, T-26S, R-32E, NMPM, Lea County, New Mexico. The non-standard oil proration unit, to consist of Lots 1 and 2 will total 49.78 acres and will constitute the unit for the east half of the lease. Lots 3 and 4 will total 49.86 acres and will comprise the west unit of the lease. The development of the two units will consist of two wells to be drilled 330 feet from North and East lines of unit boundaries. In support of this application, Continental Oil Company would show:


1. That applicant is owner of the Payne 35 Lease consisting of Lots 1, 2, 3 and 4 of Section 35, T-26S, R-32E, Lea County, New Mexico.
2. That said Section 35 is a partial section along the State boundary and the said lots are of non-standard size containing approximately 25 acres each.
3. That it would be uneconomical to drill a well on each lot.
4. That by combining Lots 1 and 2, and 3 and 4, drilling and proration unit of adequate size can be formed to justify drilling and promote a more uniform spacing density.
5. Applicant proposes to drill unit wells at a location 330 feet from the North and East lines of the non-standard oil proration units to be formed.

*Accepted  
6-25-59*

Page 2

Wherefore applicant prays that this matter be set for hearing before the Commission's duly qualified examiner and upon hearing an order be entered approving the formation of two non-standard oil proration units for its Payne 35 Lease.

Respectfully submitted,

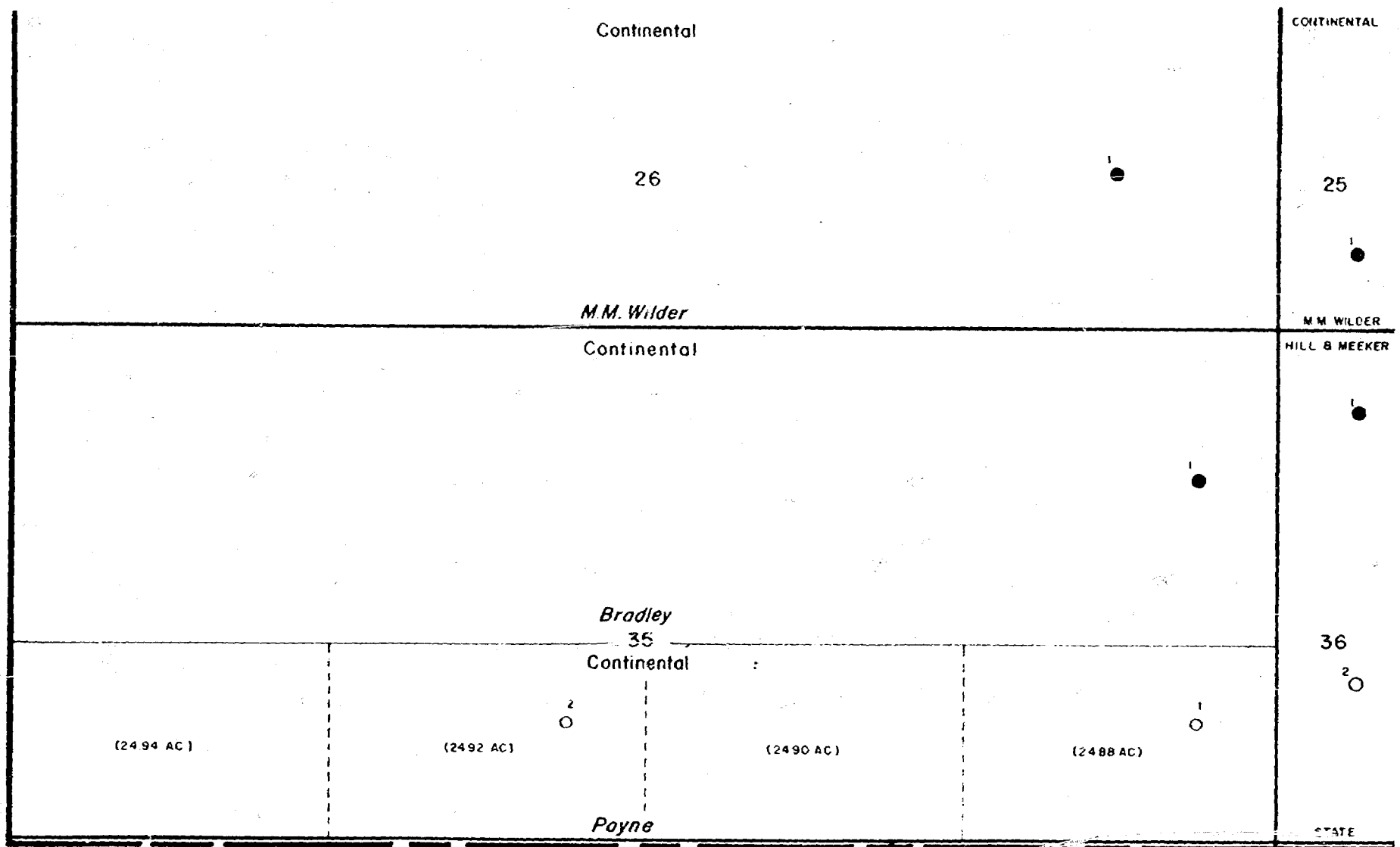
A handwritten signature in cursive script, appearing to read "R. L. Adams".

R. L. Adams  
Division Superintendent  
of Production  
New Mexico Division



# CONTINENTAL OIL COMPANY

Location and Ownership Plat  
*E. Payne 35 Lease*



Scale 1" = 600'

TEXAS  
T-26-S; R-32-E

Drawn by: COG