

CASE 2470: Application of J.R.
CONE for a 40-acre non-standard
gas proration unit.

-asa 110.

2470

plication, Transcript,
all Exhibts. 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. 2470
Order No. R-2171

APPLICATION OF J. R. CONE FOR A
40-ACRE NON-STANDARD GAS PRORATION
UNIT AND FOR AN EXCEPTION TO ORDER
NO. R-1670, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1962, 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 17th day of January, 1962, 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, J. R. Cone, is the owner and operator of the Anderson Lease comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks permission to establish a 40-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the above-described Anderson Lease, said unit to be dedicated to the Anderson Well No. 2 located 1650 feet from the South line and 330 feet from the East line of said Section 21.
- (4) That the applicant further seeks an exception to Rule 34(A) of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-1670, to permit the gas produced from said Anderson Well No. 2 to be produced through a low pressure separator only.

-2-
CASE No. 2470
Order No R-2171

(5) That said Anderson Well No. 2 was reclassified from a Blinebry oil well to a Blinebry gas well as the result of a gas-oil ratio test conducted on October 13, 1961, and the low pressure separator had been used during the time that the well was classified as a Blinebry oil well.

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

IT IS THEREFORE ORDERED:

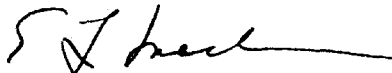
(1) That a 40-acre non-standard gas proration unit in the Blinebry Gas Pool, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established. Said unit is to be dedicated to the Anderson Well No. 2 located 1650 feet from the South line and 330 feet from the East line of said Section 21.

(2) That the applicant, J. R. Cone, is hereby granted an exception to Rule 34(A) of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-1670, to permit the gas produced from said Anderson Well No. 2 to be produced through a low pressure separator only.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

January 17, 1962

Mr. Charlie White
Gilbert, White & Gilbert
P. O. Box 787
Santa Fe, New Mexico

Re: CASE NO. 2470
ORDER NO. R-2171
APPLICANT:
J. R. Cone

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

OTHER

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

January 4, 1962

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF:

Application of J. R. Cone for a 40-acre non-standard gas proration unit and for an exception to Order No. R-1670, Lea County, New Mexico. Applicant in the above-styled cause, seeks the establishment of a 40-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the Anderson Well No. 2, located 1630 feet from the South line and 330 feet from the East line of said Section 21. Applicant further seeks an exception to Rule 34 (A) of the special rules and regulations for the Blinebry Gas Pool as contained in Order No. R-1670, to permit the gas produced from said Anderson Well No. 2 to be produced into a low-pressure separator only.

CASE NO.
2470

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: We will call Case No. 2470.

MR. MORRIS: Application of J. R. Cone for a 40-acre non-standard gas proration unit and for an exception to Order No. R-1670, Lea County, New Mexico.

MR. WHITE: Charles White, Gilbert, White & Gilbert, on behalf of Applicant. We have one witness to be sworn.



(Witness sworn.)

LEWIS O. STORM,

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you please state your full name for the record, please?

A Lewis O. Storm.

Q Mr. Storm, by whom are you employed and in what capacity?

A I am employed by J. R. Cone, independent operator of Lubbock, Texas, as a petroleum engineer.

Q Have you previously testified as a petroleum engineer for the Oil Conservation Commission and have your qualifications been accepted?

A I have and my qualifications have been accepted.

MR. WHITE: Does the Examiner recognize him?

EXAMINER NUTTER: Yes. Please proceed.

Q (by Mr. White) Are you familiar with the application in Case No. 2470?

A I am.

Q Will you briefly state what is sought by this application?

A We request a two-fold ruling by the Commission, a grant-

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PHONE 243-6691



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FARMINGTON, N. M.
PHONE 325-1152

ALBUQUERQUE, N. M.
PHONE 243-6691

ing of a non-standard 40-acre gas proration unit in the Blinebry Gas Pool. Secondly, permission to take the production from that well through low-pressure separation equipment on the J. R. Cone Anderson Well No. 2 in Unit I, Section 21, Township 21 South, Range 37 East, Lea County, New Mexico.

Q Mr. Storm, will you give the history of the J. R. Cone Anderson Well No. 2?

A No. 2 was first drilled in 1949 as an Ellenburger test. It failed in the Ellenburger and initial completion was affected in the McKee or ~~Hare~~ Pool and produced from that pool until May of 1959, at which time the well was re-completed in the Wantz Abo Pool. It failed rapidly and the Commission's approval for re-completion was affected in February, 1961, in the Blinebry Oil Pool.

Q What did the well test on or about October 13, 1961?

A The background for that, Mr. Counselor, on completion in the Blinebry Oil Pool produced with a normal high ratio recognized by the Commission as within the limitation ascribed to the regulation applied to the Blinebry Oil Gas Pool but on the semi-annual test in the fall of 1961, the well produced 18 barrels of oil, 40 degrees API gravity with a GOR of 44,095. That ratio was in excess of the limit as established in the special regulations. The Commission re-classified the well in the Blinebry Gas Pool and instructed the operator to shut the well in until application was made for a non-standard gas proration unit.



Q The well has been shut in since that date?

A Within the limitation, Mr. White. Notice to the Commission reached my hands after we had it on production one day in November and immediately shut it in.

(Applicant's Exhibit No. 1 marked.)

Q (by Mr. White) Referring to Exhibit 1, would you explain that to the Examiner, please?

A This Exhibit merely depicts the lease and wells that surround the J. R. Cone Anderson lease. Not shown are the dedicated units that apply to the Blinebry Gas Pool. For the Commission's information, the acreage immediately surrounding the J. R. Cone Anderson lease are dedicated to Blinebry producers. Specifically, starting up at the righthand corner and working around clockwise, the Northeast 160 acres in Section 22 is dedicated to the Shell Argo A Well No. 5. In the Southwest quarter of Section 22, there is a 120-acre Blinebry gas unit comprising the North half of the Southwest quarter and the Southeast quarter of the Southwest quarter of Section 22 dedicated to Shell's Turner No. 13. The reason for the peculiar shape of that unit exists because Shell's Turner Well No. 16 is a Blinebry oil well. The Southwest quarter of 21 includes a 120-acre Blinebry gas unit dedicated to Continental's Wantz 4 A which is located in the unit in Section 21. That well is a dual completion in the Wantz Abo Pool in the Blinebry oil-gas pool. The Northeast 160 acres

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occupied by Sunray, 80 acres, and 80 acres owned by Hunt dedicated as a 160-acre unit to the Hunt Trinity -- correction, Hunt Weatherly No. 1 E located in Unit H of Section 21.

Q The surrounding acreage is dedicated to the Blinberry gas producing wells, is that correct?

A That is correct.

Q In referring to the non-standard acreage, have your efforts to unitize your 40 acres with this 120 proven successful?

A Mr. Cone attempted to develop a unit with Continental, attempted to develop a 120-acre Tubb gas unit. Those efforts were unsuccessful.

Q Referring to your application for a low-pressure separator, why do you seek to use a low-pressure separator as opposed to the two-stage separator system?

A Since the IP of the well, it has been an oil producer. The oil taken from the well was passed through a low-stage separator and then delivered to the Skelly gathering facility. The liquid now produced from the zone are oil. The API ranged from 4 to 41 degrees. My interpretation to this is that it is the intent of the Commission to require high and low-stage separation equipment on gas wells that produce liquids of high gravity, in the 50 to 70 degree range. The J. R. Cone Anderson doesn't produce condensate or distillate to require installation of a high-pressure separator and would necessitate the purchase of what I

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consider as being an excess piece of equipment.

Q In other words, a high-pressure separator is used mainly to take care of condensate and distillates?

A Yes.

Q And no such liquids are being produced from this well?

A No.

Q What is the cost of installing a high-pressure separator?

A Hardware, controls, floor lines, so forth, would probably run in excess of \$3,000.

Q In your opinion, would the granting of this application be in the interests of conservation and protection of correlative rights?

A Yes, sir.

Q Was Exhibit 1 prepared by you?

A Prepared by me.

Q Do you have any further statements to make in this case?

A I don't think any are necessary.

MR. WHITE: That's all we have.

EXAMINER NUTTER: Are there any questions of Mr. Storm?

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Storm, when you filed this application, you received a copy of the letter sent to the Commission objecting to the formation of the 40-acre non-standard gas proration unit?



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A We did.

Q And then at a later date did you receive a copy of another letter addressed to the Commission withdrawing that objection?

A No, sir.

Q The Commission is in receipt of a letter which I will offer into evidence from Mr. G. S. Rowe on behalf of N. B. Hunt reading as follows: "With reference to Case No. 2470, J. R. Cone's application for non-standard unit Blinebry Gas Pool, information available to us now indicates all acreage in the vicinity of subject well has been dedicated and we hereby withdraw our objection to granting Mr. Cone's application." He shows that a copy of the letter was sent to you, Mr. Storm. This letter will be made a part of the record in this case.

EXAMINER NUTTER: What is the date?

MR. MORRIS: It is dated December 28, 1961.

A I have been away from Hobbs. I have tried to verify their agreement.

EXAMINER NUTTER: Would you note the date on which the Commission received that letter?

MR. MORRIS: It is stamped into the main office of the Commission on January 2, 1962.

That's all I have.

CROSS EXAMINATION

BY EXAMINER NUTTER:



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PHONE 243-6691

Q Is gas being sold to the Skelly Oil Company into a low-pressure gathering system?

A Yes, sir.

Q If the gas were sold to a high-pressure gas gathering system, would it bring a higher price?

A It probably would.

Q Are there any liquids in the gas being sold now? Are you receiving any credit for liquids?

A I would have to answer yes. You may recall that earlier in 1961, Mr. Cone applied for and received permission to co-mingle certain production on the Anderson lease. We have not to this time co-mingled the Blinebry oil production but with the well prorated as a gas well, we would so operate it. The average Blinebry gas well in 1961 was granted an allowable of 12,000,000 cubic feet a month. In daily terms, that boiled down to a 44,000 producing ratio. I estimate our average production would be between 2 and 3 barrels of liquid with 40 degree gravity oil daily.

Q You presume this well will have an average allowable based on previous average of around 3,000 MCF per month?

A A fourth of the standard 160-acre allowable.

Q Three barrels of oil per day?

A It will probably run between 70 and 90 barrels of liquid per month producing on an authorized allowable.

Q There is no gas from this well being flared?



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PHONE 243-6691

A There is none flared from the lease since the installation by Skelly and El Paso.

Q Is it your opinion that it is an efficient operation to separate the gas through a low-pressure separator only?

A It is efficient, I believe, from the standpoint of economics. We may realize a small increase in liquids, a small increase in price to balance against the cost of the additional physical equipment required in the high-stage separator.

Q It was re-classified on the basis of change in ratio and not a change in gravity, is that correct?

A That is correct.

EXAMINER NUTTER: Are there any further questions of the witness?

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Storm, is the low-pressure gas from this well being metered separately?

A Yes, sir. Before the liquid is co-mingled, the gases are all metered on the lease.

Q Would it be the understanding that since you're asking for an exception to the two-stage requirement that all low-pressure gas be charged against the well's allowable?

A Yes, sir. That's the way we would intend to operate the well. The liquids would be incidental production.

MR. UTZ: That's all.



EXAMINER NUTTER: Are there any further questions?

The witness may be excused.

(Witness excused.)

EXAMINER NUTTER: Does anyone have anything they wish to offer in Case No. 2470?

We will take the case under advisement.

* * * * *

STATE OF NEW MEXICO)
COUNTY OF SAN JUAN) ss.

I, THOMAS F. HORNE, NOTARY PUBLIC in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

Thomas F. Horne
NOTARY PUBLIC

My Commission Expires:

October 2, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2470 heard by me on 1-4-65. 1965.
Thomas F. Horne, Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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PHONE 325.1182

ALBUQUERQUE, N. M.
PHONE 243-6691



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 1-12-62

CASE 2470

Hearing Date 9 am 1-4-62

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

Enter an order approving a 40-acre
non standard proration unit in the Blinley
gas pool for J. R. Cone, said unit
to comprise the NE/4 SE/4 21-215-37E
Lea Co N Mex and be dedicated
to his Anderson Well #2, located
~~in the center of said 40 acre~~
~~tract~~. 1650' FSL & 330' FEL
of said sec 21.

Also approve an exception
to Rule 34 A of the Special
Rules & Regs for the 7th gas pool
as set forth in Order No R-1670
and permit Cone to produce said well
through a low press. separator only

Stanton
Staff Member

psm
N. B. HUNT
700 MERCANTILE BANK BUILDING
DALLAS, TEXAS

December 28, 1961

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

Re: Case #2470, 9:00 A.M.
January 4, 1962, J. R. Cone's
Application for Non-Standard
Unit, Blinbry Gas Pool

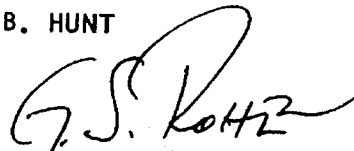
Gentlemen:

Information available to us now indicates that all acreage in the vicinity of the subject well has been dedicated and we hereby withdraw our objection to granting Mr. Cone's application.

Yours very truly,

N. B. HUNT

By


G. S. Rohe

GSR:ml

cc: Mr. L. O. Storm
J. R. Cone
Room 1706, Great Plains Life Bldg.
Lubbock, Texas

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 21, 1961

J. R. Cone
Room 1706, Great Plains Life Building
Lubbock, Texas

Attention: Mr. L. O. Storm

Gentlemen:

Reference is made to your letter dated December 19, 1961, in which you request advice as to the status of your application for a non-standard gas unit and for an exception to Rule 34(A) of Order No. R-1670.

You will please note that by letter dated December 14, 1961, I advised you that your application is being set for hearing on January 4, 1962. As stated in that letter, this action is being taken without regard to the Commission not having received a withdrawal of M. B. Hunt's objection to your application.

Very truly yours,

J. E. WHITFIELD
Legal Assistant

JEM/esr

C
O
P
Y

RESIDENCE PHONE
SHERWOOD 4-8173

OFFICE PHONE
PORTER 3-7329

J. R. CONE
ROOM 1706 - GREAT PLAINS LIFE BLDG.
LUBBOCK, TEXAS

December 19, 1961

file

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

Attention: Mr. J. E. Whitfield,
Legal Assistant

Dear Mr. Whitfield:

We refer to our letter of December 4 wherein we advised you N. B. Hunt had agreed orally to withdraw their objection to our application for a non-standard unit in the Blinebry Gas Pool for J. R. Cone Anderson Well No. 2.

To this date we have received no formal communication relative withdrawal of the Hunt objection. Therefore, we are at a loss as to whether our application still is scheduled for hearing on January 4, 1962 or is being handled by administrative procedure.

We shall appreciate your advice as to the status of our application.

Yours very truly,

L. O. Storm

L. O. Storm

1670

C
O
P
Y

December 14, 1961

Mr. J. R. Cone
Room 1706, Great Plains Life Building
Lubbock, Texas

Attention: Mr. L. O. Storm

Gentlemen:

Reference is made to your application dated November 10, 1961, for administrative approval of a non-standard gas unit for your Anderson Well No. 2, located in Section 21, Township 21 South, Range 37 East, Lea County, New Mexico, and for an exception to Rule 34(A) of Order No. R-1670.

The Commission is in receipt of your letter, dated December 4, 1961, in which you advised that N. B. Hunt intended to withdraw its objection to your application. To date, the Commission has not received Hunt's withdrawal of its objection.

Without regard to the foregoing, the Commission is of the opinion that your application should be considered at hearing before one of the Commission's Examiners. Therefore, your application for a non-standard unit and an exception to Rule 34(A) of Order No. R-1670 is being set for hearing on January 4, 1962, as you were previously informed.

Please advise if I can be of further assistance to you in this matter.

Very truly yours,

J. E. WHITFIELD
Legal Assistant

JEM/esr

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

December 14, 1961

Mr. J. R. Cone
Room 1706, Great Plains Life Building
Lubbock, Texas

Attention: Mr. L. O. Storm

cc: Mr. N. B. Hunt
700 Mercantile Bank Building
Dallas, Texas

Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

C
O
P
Y

RESIDENCE PHONE
SHERWOOD 4-8173

OFFICE PHONE
PORTER 3-7329

J. R. CONE

ROOM 1706 - GREAT PLAINS LIFE BLDG.

LUBBOCK, TEXAS

December 4, 1961

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

Attention: Mr. J. E. Whitfield,
Legal Assistant

Dear Mr. Whitfield:

We refer to our application of November 10, 1961 for a non-standard gas unit for J. R. Cone Anderson Well No. 2 located in Section 21, T-21-S, R-37-E, Lea County; and, to the subsequent objection filed by N. B. Hunt, an offset operator.

This date we discussed the matter by telephone with the staff of N. B. Hunt in Dallas. Their objection was based on the assumption that Continental acreage adjacent to the Cone Anderson lease might be available for communitization into a standard 160-acre unit. Hunt was unaware that the said Continental acreage already is dedicated in the Blinbry Gas Pool to their Wantz No. 4-A located in Unit 0 of Section 21.

Upon receiving the afore-mentioned information, Hunt advised the undersigned that they would withdraw their objection and so advise the Commission.

In view of the foregoing, we presume that, upon receipt of proper advise from Hunt, the Commission shall be able to process our application on an administrative basis. In this event, we also assume that it no longer would be necessary to schedule the application for examiner hearing on January 4, 1962.

We shall appreciate your advice on whether our application can now be handled by administrative procedure.

Yours very truly,


L. O. Storm

cc: CCC- Hobbs

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

Case 2470

November 24, 1961

Mr. J. R. Cone
Room 1706, Great Plains Life Building
Lubbock, Texas

Attention: Mr. L. O. Storm

Gentlemen:

Reference is made to your application dated November 10, 1961, for administrative approval of a non-standard gas unit for your Anderson Well No. 2, located in Section 21, Township 21 South, Range 37 East, Lea County, New Mexico.

The Commission is in receipt of an objection to your application from H. B. Hunt, an offset operator, and, accordingly, your application is being set for hearing on January 4, 1962, before one of the Commission's examiners.

In the event the date of hearing your case is not suitable to you, or if I can be of any further assistance to you in this matter, please advise.

Very truly yours,

J. E. WHITFIELD
Legal Assistant

JEM/esr

cc: Mr. H. B. Hunt
700 Mercantile Bank Building
Dallas, Texas

C
O
P
Y

1961

N. B. HUNT
700 MERCANTILE BANK BUILDING
DALLAS, TEXAS

November 22, 1961

Hunt
File 2970

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

Re: J. R. Cone's Application for
Non-Standard Unit Blinebry Gas
Pool, J. R. Cone Anderson No. 2
1-21-21-37

Gentlemen:

We are not in favor of granting this application unless all
possibility of pooling this acreage with other Blinebry
acreage has been exhausted.

Yours very truly,

N. B. HUNT

By

G. S. Rohe
G. S. Rohe

GSR:m1

RESIDENCE PHONE
SHERWOOD 4-8173

OFFICE PHONE
PORTER 2-7329

J. R. CONE
ROOM 1706 - GREAT PLAINS LIFE BLDG.
LUBBOCK, TEXAS
November 10, 1961

Page 2470

Oil Conservation Commission
P. O. Box 371
Santa Fe, New Mexico

Re: Non-Standard Unit Blinebry Gas Pool
J. R. Cone Anderson No. 2 I-21-21-37

Gentlemen:

Application is made herewith for a non-standard proration unit in the Blinebry Gas Pool for J. R. Cone Anderson Well No. 2. This well is located 1650 feet from the South line and 330 feet from the East line of Section 21, T-21-S, R-37-E, NMPM, Lea County, New Mexico.

Anderson No. 2 originally was completed as a Hare Pool producer August 4, 1949. Subsequently, the well was recompleted in the Wanta Abo Pool on May 26, 1959; then, in the Blinebry Oil Pool February 2, 1961. On a test October 13, 1961, the well produced 13 barrels of 40-degree API gravity oil with a gas-oil ratio of 44.095. On the basis of this test, the Commission reclassified Anderson No. 2 from the Blinebry Oil to the Blinebry Gas Pool and stipulated that the well remain shut in until applicable provisions of Order No. R-1670 were met.

The acreage dedicated to the well comprises all of the Anderson lease, being the NE/4 SE/4 of Section 21, T-21-S, R-37-E, or 40 acres more or less. Thus the requested non-standard gas proration unit will contain only one fourth of the standard 160-acre Blinebry Gas Pool proration unit. The consequent gas allowable and associated liquid production will be so small as not to justify the installation of a high pressure separator. Accordingly, exception also is requested from Rule 34(A) of the Special Rules and Regulations For The Blinebry Gas Pool under Order No. R-1670. It is proposed that production from the well be directed through existing surface facilities and the associated gas delivered from the low pressure separator into the now connected Skelly Oil Company gas gathering system.

Each of the offset operators to the J. R. Cone Anderson lease is being furnished by certified mail a copy of this Application. Waivers are not being requested from the offset operators inasmuch as it is planned to abide by the 30-day waiting period provided in Order No. R-1670.

Please advise if you require anything further relative this Application.

*40-acre
allow*

*cost of new \$3000
we (Sept 3000)*

Respectfully yours,

J. R. CONE

160-acre unit 12,000 MCF/mo

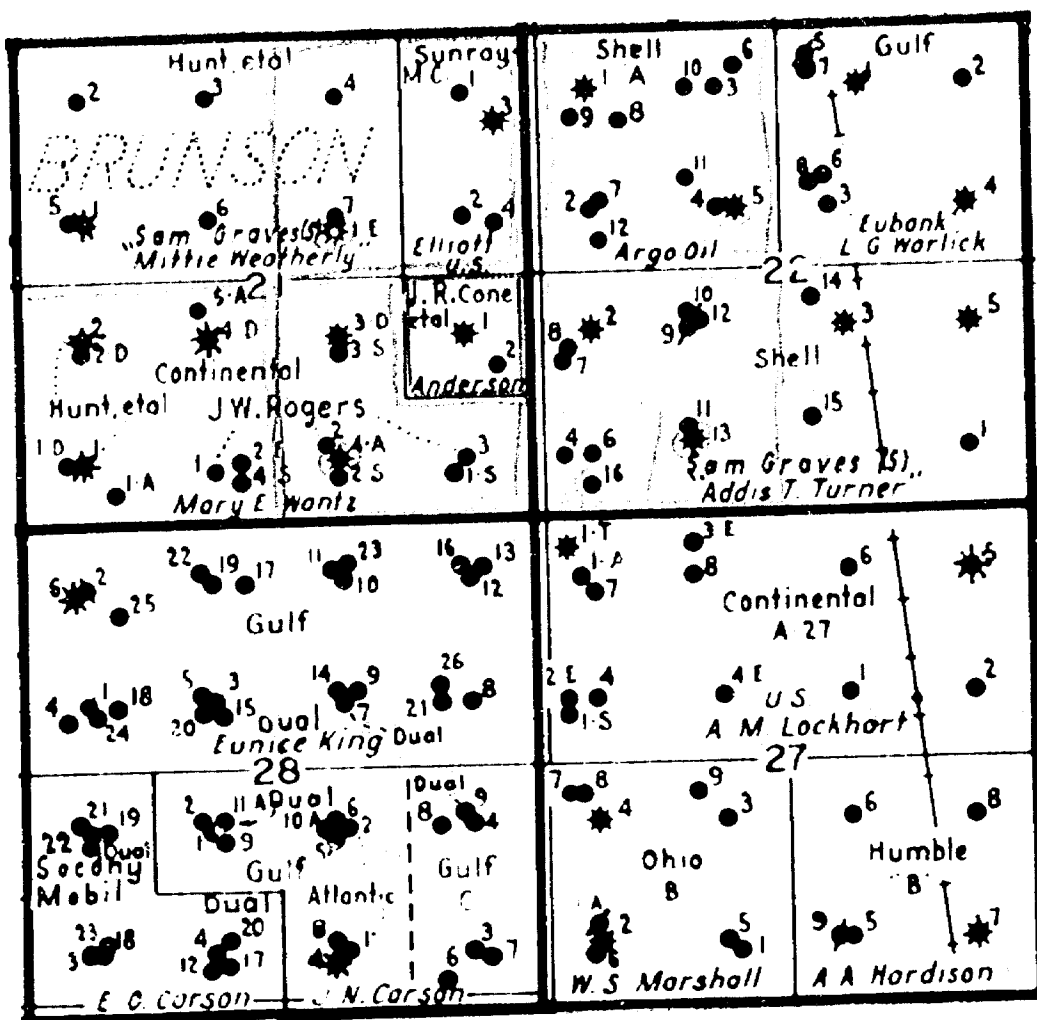
*3000 MCF/mo
for 40-acre unit
70-90 bbls/mo.*

Attachment

cc: OCC - Hobbs (2)
Continental Oil Company
N. B. Hunt
Shell Oil Company
Sunray Mid-Continent Oil Co.

To Storm
L. O. Storm

good for gas



Offset operators to J. R. Cone Anderson Lease:

Continental Oil Company
825 Petroleum Building
Roswell New Mexico

Shell Oil Company
P. O. Box 845
Roswell, New Mexico

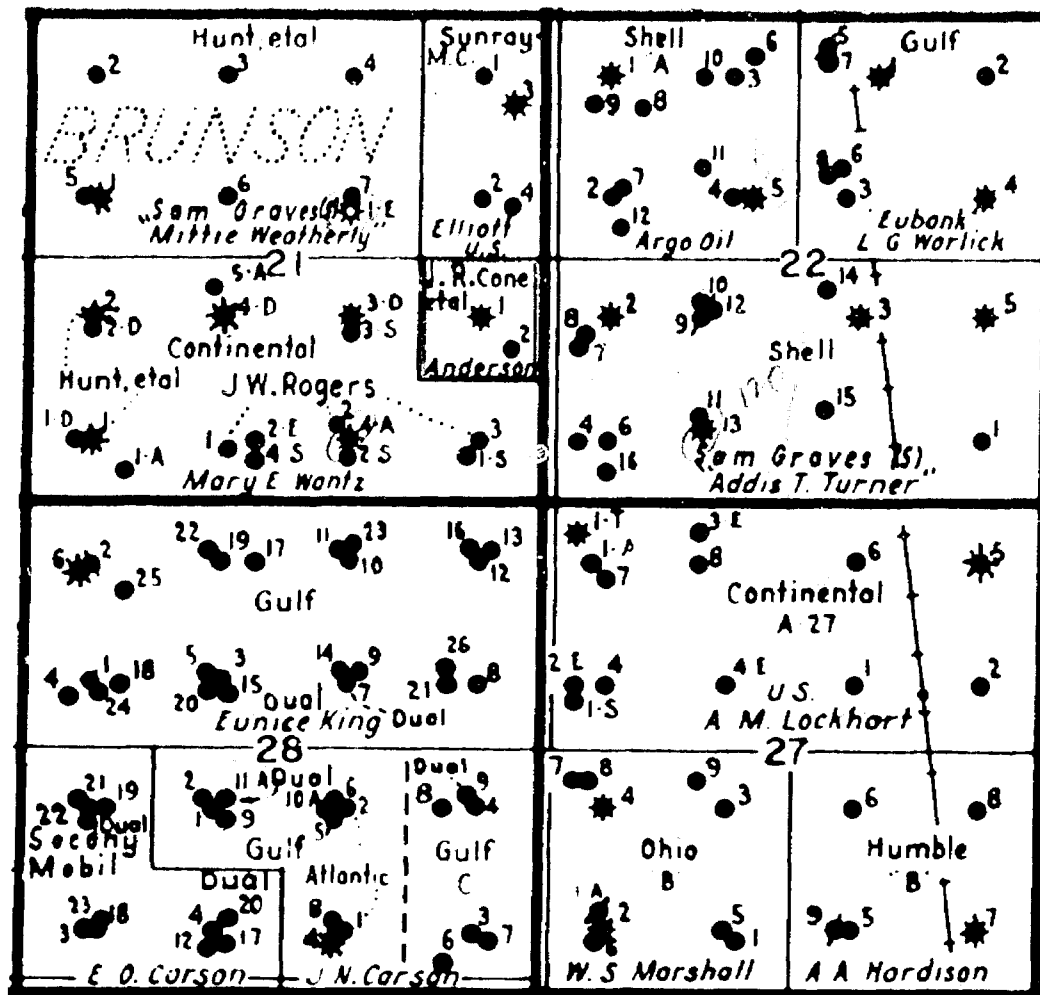
N. B. Hunt
700 Mercantile Bank Building
Dallas, Texas

Sunray Mid-Continent Oil Company
1101 Wilco Building
Midland, Texas

To accompany application of J. R. Cone for a non-standard
gas proration unit in the Blinbry Gas Pool for his
Anderson Well No. 2; Unit I, Section 21, T-21-S, R-37-E,
NMPM, Lea County, New Mexico

Case 2470

Case 2470



Offset operators to J. R. Cone Anderson Lease:

Continental Oil Company
825 Petroleum Building
Roswell New Mexico

Shell Oil Company
P. O. Box 845
Roswell, New Mexico

N. B. Hunt
700 Mercantile Bank Building
Dallas, Texas

Sunray Mid-Continent Oil Company
1101 Wilco Building
Midland, Texas

To accompany application of J. R. Cone for a non-standard
gas proration unit in the Blinbry Gas Pool for his
Anderson Well No. 2, Unit I, Section 21, T-21-S, R-37-E,
NMPM, Lea County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2-1
CASE NO. 20170