

Case No.

829

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Application, Transcript,  
Small Exhibits, Etc.

CASE 829: Amendment of NSP-49 to reduce  
size of Eumont Gas production unit, Drilling  
and Exploration Co., Inc.

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. 829  
Order No. R-594

THE APPLICATION OF THE COMMISSION  
UPON ITS OWN MOTION, DIRECTED TO  
DRILLING AND EXPLORATION COMPANY,  
INC., FOR RECONSIDERATION OF ADMINIS-  
TRATIVE ORDER NSP-49 WHICH CREATED A  
NON-STANDARD GAS PRORATION UNIT IN THE  
EUMONT GAS POOL CONSISTING OF THE SW/4,  
SW/4 NW/4 OF SECTION 19, TOWNSHIP 21 SOUTH,  
RANGE 36 EAST, NMPM, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 28<sup>th</sup> day of February, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

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

(2) That pursuant to provisions of Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Drilling and Exploration Company, Inc., is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
SW/4, SW/4 NW/4 of Section 19

containing 135 acres, more or less.

(4) That applicant, Drilling and Exploration Company, Inc., has a producing well on the aforesaid lease known as State "F" Well #3 located 1980 feet from the south line and 1815 feet from the west line of Section 19, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) That the above-described 185-acre non-standard gas proration unit has been producing under the provisions of Administrative Order NSP-49, and that Drilling and Exploration Company, Inc., was required to, and did, show cause why this 185-acre proration unit should not be reduced in size.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 185-acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Drilling and Exploration Company, Inc., for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
SW/4, SW/4 NW/4 of Section 19

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, State "F" Well No. 3, located in the NE/4 SW/4 of Section 19, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 185-acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John F. Swans*  
JOHN F. SWANS, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*V. B. Macey*  
V. B. MACKEY, Member and Secretary





[illegible]

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 11, 1955

Mr. W. D. Girand, Jr.  
Box 1326  
HOBBS N M

Dear Sir:

In behalf of your client, Drilling and Exploration Company, Inc., we enclose a copy of Order R-594 issued by this Commission in Case 829 under date of February 28, 1955.

Very truly yours,

W. B. Macey  
Secretary-Director

WBM:nr

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Y

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

November 29, 1954

Drilling and Exploration Co., Inc.  
P. O. Box 2075  
HOBBS, NEW MEXICO

Attention: Mr. D. C. Webb

Gentlemen:

Administrative Order NSP-49

Reference is made to your application for approval of a 185-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

Twp. 21 South, Rge. 36 East, NMPN  
SW/4, SE/4 NW/4 of Section 19.

It is understood that this unit is to be ascribed to your State "F" Well No. 3, located 1980 feet from the south line and 1815 feet from the west line of Section 19, Township 21 South, Range 36 East, NMPN, Lea County, New Mexico.

Inasmuch as you enclosed waivers from offset operators agreeing to the formation of the proposed unit, it is possible for immediate approval to be granted. Therefore, by authority granted me under provisions of Rule 5, Section (b)-5 of the Special Rules and Regulations of the Eumont Gas Pool, as set forth in Order N-520, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 185 acres.

Very truly yours,

J. H. Dancy  
Secretary-Director

C. H. H. H.

cc: J. H. H. H.  
N. H. Oil & Gas and Co., Hobbs  
J. H. H. H.

DRILLING AND EXPLORATION COMPANY, INC.

P. O. BOX 2075

HOBBS, NEW MEXICO

November 24, 1954

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

Gentlemen:

In accordance with Rule 5 (b) of Order R-520, Drilling & Exploration Company, Inc. hereby submits application for establishing a non-standard gas proration unit in the Eumont Gas Pool. Said non-standard gas proration unit to consist of the SW/4 and the SW/4 NW/4 of Section 19, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico known as Drilling & Exploration Company, Inc. State "F" lease, containing 185 acres more or less.

Application to dually complete State "F" well No. 3, located 1980 feet from the South line and 1815 feet from the West line of said Section 19, was submitted to the Oil Conservation Commission and was approved by Administrative Order No. DC-148 on August 13, 1954.

Electric logs were run in State "F" No. 3 and the data so obtained indicates that such a non-standard proration unit is capable of producing gas from the Yates and Seven Rivers formations. Copies of these electric logs have been filed with the Oil Conservation Commission.

Attached hereto please find signed waivers from all operators owning interests in Section 19, Township 21 South, Range 36 East, Lea County, New Mexico.

Very truly yours,

DRILLING & EXPLORATION COMPANY, INC.

*D. C. Webb*  
D. C. Webb  
Division Production Superintendent

DH  
Enc.

# SINCLAIR OIL & GAS COMPANY

FAIR BUILDING

**FORT WORTH, TEXAS**

November 22, 1954

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

Re: Drilling and Exploration Co., Inc.,  
#3 State "F", Eumont Gas Field,  
Lea County, New Mexico

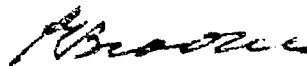
Gentlemen:

We are advised that Drilling and Exploration Company, Inc. has requested approval of a 185 acre non-standard gas proration unit consisting of the SW/4 & SW/4 NW/4 of Section 19-21S-36E for their No. 3 State "F" well, located as follows:

1980' from the South line and 1815' from the West  
line of Section 19-21S-36E, Lea County, New Mexico.

Sinclair Oil & Gas Company, as an offset operator, waives any objections to the designation of this non-standard gas proration unit above described and to the usual waiting period after filing of application.

Yours truly,

  
P. C. Brooke  
Vice-President

MH:DOM  
cc: Drilling and Exploration Co., Inc.  
Box 2075,  
Hobbs, New Mexico

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Re: Drilling and Exploration Company, Inc.  
Application for Non-Standard Gas Pro-  
ration Unit on their State "F" Well  
No. 3, Section 19, T-21-S, R-36-E,  
Eumont Gas Pool, Lea County, New Mexico.

Gentlemen:

We have been advised that Drilling and Exploration Company, Inc. has re-  
quested approval of a non-standard gas proration unit to be allocated to  
its State "F" well No. 3 located 1980' from the South line and 1815' from  
the West line of Section 19, Township 21 South, Range 36 East, N.M.P.M.,  
Eumont Gas Pool, Lea County, New Mexico. It is our understanding that such  
non-standard unit consists of the following described lands: SW Quarter  
and SW NW Quarter of Section 19, Township 21 South, Range 36 East, N.M.P.M.,  
Lea County, New Mexico, containing 185 acres more or less.

You are respectfully advised that we hereby waive notice and hearing as to  
said application for approval of said above described non-standard gas pro-  
ration unit.

STANDARD OIL COMPANY OF TEXAS

By:

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Re: Drilling and Exploration Company, Inc.  
Application for Non-Standard Gas Pro-  
ration Unit on their State "F" Well  
No. 3, Section 19, T-21-S, R-36-E,  
Eumont Gas Pool, Lea County, New Mexico.

Gentlemen:

We have been advised that Drilling and Exploration Company, Inc. has re-  
quested approval of a non-standard gas proration unit to be allocated to  
its State "F" well No. 3 located 1980' from the South line and 1815' from  
the West line of Section 19, Township 21 South, Range 36 East, N.M.P.M.,  
Eumont Gas Pool, Lea County, New Mexico. It is our understanding that such  
non-standard unit consists of the following described lands: SW Quarter  
and SW NW Quarter of Section 19, Township 21 South, Range 36 East, N.M.P.M.,  
Lea County, New Mexico, containing 185 acres more or less.

You are respectfully advised that we hereby waive notice and hearing as to  
said application for approval of said above described non-standard gas pro-  
ration unit.

PACIFIC WESTERN OIL CORPORATION

By: *[Signature]*

BEFORE THE  
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Santa Fe, New Mexico  
February 17, 1955

\* \* \* \* \*

TRANSCRIPT OF PROCEEDINGS

CASE NO. 829

Regular Hearing

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 17, 1955

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IN THE MATTER OF:

The application of the Oil Conservation Commission for revision of an administrative order in creation of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an order amending Administrative Order NSP-49 and directing Drilling and Exploration Company Inc., to reduce the size of the non-standard gas proration unit permitted therein to conform to provisions of Paragraph 3 of Rule 5(a) of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520; the resulting proration unit to consist of SW/4 of Section 19, Township 21 South Range 36 East, Lea County, New Mexico.

Case No. 829

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BEFORE:

Honorable John Simms, Jr.  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 829.

(Statement of Policy on the Formation of Non-Standard Gas Proration Units (Presented at February 16 Hearing by W. F. Kitts, Attorney)).

Considerable confusion has developed in recent weeks regarding the formation of non-standard gas proration units in Lea County gas pools, and the following statement is presented in an effort to eliminate this confusion and to clarify the requirements in filing applications for approval of non-standard gas proration units in the Southeast gas pools.

The basic considerations for approval of all applications

will be that the formation of such unit will:

1. Prevent Waste
2. Protect Correlative Rights
3. Serve the Best Interests of Conservation

For an application to receive consideration for administrative approval, the unit for which the exception is requested must in all respects meet the requirements of Rule 5(a) paragraph 3 and Rule 5(b) of the various pool rules contained in Order R-520. Any application which does not meet these requirements for administrative approval must be heard after notice at a hearing of the Commission at which time the merits of the application can be considered.

Further, the Commission Staff feels that Order R-520 clearly implies the radius of influence for one well in the various Southeast gas pools, covered by Order R-520, to be 3735' -- that is, the radius of a circle which will totally enclose a 640-acre section. And that such radius should be applied to all applications for exception to the provisions of Order R-520. Quite naturally, this radius of influence cannot be the only consideration and factors of economics, offset counter-drainage, and good operating practice must be considered. The Commission Staff is aware that each request for approval of a non-standard gas proration unit must stand on its own merits, and be treated individually - and we take note of this fact.

We have briefly outlined our position in an effort to assist the operators in making application for and securing non-standard proration units, and with the hope that the operators can assist the Commission Staff by keeping their units within the limits as set out in this statement, in so far as economics and good operating

practice will permit.

We are certain that we can count on the full support of all of the operators.)

MR. GIRAND: W. D. Girand, representing Drilling and Exploration Company. We are answering in response to a show-cause order now in Case 829. We assumed that, by reason of the Commission Administrative Order, that we had complied with everything other than explaining to the Commission why our well was not an orthodox well.

Unfortunately, we are in a position where we have drilled a well on a range -- correction -- line whereby we are 185 feet short of a full section. It wasn't known until after we had had a survey made at the time of drilling the well.

JERRY C. McCAINE,

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

DIRECT EXAMINATION

By MR. GIRAND:

Q Will you state your name, please?

A Jerry C. McCaine.

Q Have you ever testified before the Commission here?

A No, sir, I haven't.

Q By whom are you employed?

A Drilling and Exploration Company.

Q Will you tell the Commission in what capacity?

A As an engineer.

Q Will you give the Commission a brief background of your education?

A Well, I graduated from the University of Houston in 1952, worked for the Reserve Department Baylord Sales Division until January, 1954, then went to work for Drilling and Exploration Company.

Q You are now so employed?

A Yes, sir.

MR. GIRAND: Is the Commission satisfied with his qualifications?

MR. MACEY: They are.

(Marked Exhibits Nos. 1 and 2, for identification.)

Q Mr. McCaine, I hand you here, Applicant's Exhibit 1 and ask you to explain to the Commission what that represents and purports to show?

A Exhibit 1 is a portion of the Eumont Pool, and it shows the location of the Drilling and Exploration Company's State "F" Lease, and the location of the State "F" No. 3 Well on that lease, in relation to wells around it.

Q Referring to Exhibit 1, can you identify any other gas wells producing from the same horizon of your State "F" No. 3 Well?

A Approximately one mile to the south there is a Continental Lockhart "A" No. 6 producing from the Seven Rivers, Queen.

Q There is a gas well in the southeast of the northeast of Section 19?

A Yes, sir, that is a Standard of Texas No. 1 State.

Q Do you know from what horizon they are producing that well?

A From information available to us, it is a Seven Rivers, Queen.

Q The gas well immediately, being an east offset to your Well Number 3, from where is that well producing?

A That is the Sinclair 176 Number 3, and it is a Queen gas well.

Q Your well is producing from what zone?

A It is a Seven Rivers-Yates gas well.

Q Mr. McCaine, does the Drilling and Exploration Company own all of the acreage outlined in yellow in Exhibit 2?

A Yes, sir, they do.

Q Is that all of the acreage they own in that section?

A Yes, sir, it is.

Q Do they have a common royalty owner under that lease?

A Yes, sir, they do.

Q Now, Mr. McCaine, is that a regular section, or is it a large or small section?

A It is a small section in width, due to the range correction between Range 36 East and 35 East.

Q When was the Well Number 3 completed?

A The Number 3 State "F" was originally completed as an oil well 7-19-54, dually completed as a gas well in the Seven Rivers-Yates 1-11-55.

Q At the time of your dual completion, did you have a hearing on that matter?

A Yes, we did.

Q Did the Commission grant you the authority to go ahead and dually complete the well?

A Yes, sir.

Q Thereafter, did you submit an application for the establish-

ing of a proration unit comprised of 185 acres, being the southwest quarter of Section 19 and the southwest quarter of the northwest quarter of Section 19?

A Yes, sir.

Q Was that allowed?

A Yes, sir, it was.

Q Have you had occasion to check the well logs on the surrounding wells offsetting the acreage?

A Yes.

Q Do you find that the same zone penetrated by the Number 3 are penetrated by those wells?

A Yes, sir.

Q In your opinion, as an engineer, do you believe that all of the acreage is capable of producing gas?

A Yes, sir, it is.

Q Do you feel that one well will protect your rights if the Commission allows the unit to stand as granted?

A Yes, it will.

MR. GIRAND: If the Commission please, at this time we would like to introduce Exhibits 1 and 2.

MR. MACEY: Is there objection to the introduction of the Exhibits 1 and 2? If not they will be received.

MR. GIRAND: We would also like to introduce the well record file and also the record in Case Number 148, being our dual completion record, and also the record in Case Number MSP-49.

MR. MACEY: You want to introduce the completion file on the well introduced in evidence?

MR. GIRAND: That is right.

MR. MACEY: What was the case number in the dual completion, 148, and also the record in NSP-49? Is there objection to introduction of these in evidence? If not, they will be received. Any questions of the witness? Mr. Rhodes?

CROSS EXAMINATION

By MR. RHODES:

Q This is in the Eumont Gas Pool, is it not?

A Yes, sir.

Q Those oil wells are Queen Wells?

MR. MACEY: Which oil wells are you talking about?

Q The oil wells within the boundaries of the proposed proration unit?

A The wells surrounding there are either Queen or Penrose, to our knowledge.

Q Queen or Penrose?

A Well, I think some people differentiate the Penrose as Lower Queen, some people call it Queen.

Q They are definitely not Grayburg or San Andres?

A The wells on our lease are not.

Q Your gas well is a Yates Gas Well, Yates and Upper Seven Rivers?

A Yes, it is.

Q The vertical limits of the Eumont Gas Pool consist of the Yates, Seven Rivers and Queen formation, is that not correct?

A Yes, sir.

Q Therefore, if we were to allow you a 165-acre gas allowable or 160 gas allowable, or any gas allowable for a well producing from the Yates on the same land on which are located oil wells

producing from the Queen, would we not be allowing Drilling and Exploration Company to extract a considerably greater volumetric allowable than perhaps it offsets?

MR. GIRAND: I believe the question is a little argumentative. He answered it himself in his question.

MR. MACEY: You want to restate it?

Q I will put it this way. It looks to me like you are getting two allowables on the same acreage.

A Well, it is somewhat of a common belief, like you say, you are in the same vertical limits, but there seems to be also vertical limits to your gas, in that you can produce it without effecting the oil as far as pressures. I mean, you have your impermeable zones between, so I don't believe the Yates -- Are you saying that our production of the Yates is going to effect the Queen oil, or is it --

Q (Interrupting) I am saying, Mr. McCaine, that you have a gas well and one, two, three, four oil wells all completed within the vertical limits of the Eumont Gas Pool, as presently defined by the Commission, and that, therefore, you would be getting a gas allowable and oil allowable on the same acreage.

A That is not a common practice?

Q We try to keep it down.

A It is just that the gas is there, and it is not going to be drained, it is going to be waste if it is not to somebody's benefit to drain it. We think we are adequately situated to do so.

Q Perhaps we have a case here for the redefinition of the vertical limits of the Eumont Gas Pool in this area?

A That may be possible, too.

MR. MACEY: For the purpose of the record, the Commission Staff has been looking at the Eumont situation for quite sometime, and we intend to have some hearings, possibly in April, involving the very thing which came up just at this time. There are a number of wells which are producing exactly in the same circumstances that Drilling and Exploration Company has, in fact, we have dual completions within the vertical limits of the Eumont Gas Pool. I am making the statement so that you can start thinking about it, because it is inevitable that something is going to have to be done within another two or three months. Do you have any further questions?

MR. RHODES: That is all.

RE-DIRECT EXAMINATION

By MR. GIRAND:

Q Your gas production, do you produce any oil with that gas?

A No, sir.

Q That is a dry gas?

A Yes, sir.

Q Do you have any production reports on it, its potential?

A On the gas zone of this?

Q Yes.

A Yes, sir, we have the initial test on it, which gave a deliverability at 905 PSI. The absolute open-flow was 72,000 MCF per day.

Q Do you feel that the well is capable of producing the allowable allotted to 185 acres on the present proration schedule?

A Yes, I do.

MR. MACEY: Anyone else? If not the witness may be excused

and we will take the case under advisement.

(Witness excused.)

MR. GIRAND: I would like to make this comment. If the Commission please, your show-cause order said that you might cut off our allowable on March the 1st. I guess we can assume that the allowable will be continued until the Commission acts on these hearings?

MR. MACEY: I think we will act on them before March the 1st.

MR. GIRAND: Thank you.

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

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of February, 1955.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955



**OIL CONSERVATION COMMISSION**

P. O. BOX 871

SANTA FE, NEW MEXICO

January 21, 1955

Drilling & Exploration Company, Inc.  
P. O. Box 2075  
Hobbs, New Mexico

Attention: Mr. O. C. Webb

Re: Administrative Order NSP-49

Gentlemen:

On November 29, 1954, by virtue of the provisions of Administrative Order NSP-49, I approved the formation of a non-standard gas proration unit consisting of the following described acreage in the Eumont Gas Pool:

SECTION 19, TOWNSHIP 21 S, RANGE 36 EAST  
SW/4 and SW/4 NW/4

Information available to me at this time indicates that I exceeded the authority granted to me by the provisions of Rule 5-b of Order R-520, (Eumont Pool Rules) due to the fact that the third paragraph of Rule 5-a specifically limits the maximum amount of acreage that may be assigned to a gas well, the amount being governed by the well location.

The formation of a 155-acre non-standard proration unit with your State "F" Lease, Well No. 3, located 1980 feet from the south line and 1815 feet from the West line is contrary to the provisions of this rule.

On February 16, 1955, this Commission will hold hearings directed to you as operator for you to show cause why the acreage assigned your State "F", Well No. 3, NE/4 SW/4 Section 19, Township 21 South, Range 36 East, NMNM, Eumont Gas Pool, should not be reduced to 151 acres in accordance with the provisions of Paragraph 3 of Rule 5-a of Order R-520. The description of this 151-acre unit is as follows:

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Section 19, Township 21 South, Range 36 East  
SW/4

This proposed reduction would be effective March 1, 1955. You will of course be afforded the opportunity to present any testimony or evidence to support the formation of the proration unit as it now exists.

This letter is being directed to you so that you can prepare your case, if you so desire. A copy of the advertisement will be mailed to you when available.

Very truly yours,

W. B. MACEY,  
Secretary-Director

WBM/lr

FILED 11-13-19

BEFORE THE OIL CONSERVATION COMMISSION,

SANTA FE, NEW MEXICO.

IN THE MATTER OF THE APPLICATION OF  
OIL CONSERVATION COMMISSION ON ITS  
OWN MOTION TO REQUIRE THE DRILLING  
& EXPLORATION COMPANY, INC. TO  
REDUCE A PREVIOUSLY APPROVED NON-  
STANDARD GAS PRORATION UNIT PREVIOUSLY  
APPROVED BY THE COMMISSION UNDER ORDER  
NSP-49.

CASE NO. 8 2 9

RESPONSE OF DRILLING & EXPLORATION COMPANY, INC.

COMES NOW Drilling & Exploration Company, Inc. and files this its Response to the Order of the Oil Conservation Commission seeking to reduce the proration unit heretofore created by Commission Order NSP-49 and for cause would show:

1. That the general rule of the Oil Conservation Commission covering the production of gas from the Eumont Pool recognizes and authorizes that one gas well is capable of draining 640 acres.

2. That the Oil Conservation Commission has previously determined that wells having a spacing of 660 feet by 660 feet may be allocated to 160 acres as a proration unit and that wells having a spacing of 1980 feet by 660 feet may be allocated to 320 acres as a proration unit.

3. That applicant's well, designated Drilling & Exploration State F. No. 3, is located 1380 feet from the South line and 1315 feet from the West line of Section 19, Township 11 South, Range 20 East. However, said well is located 660 feet from the North line of the SW $\frac{1}{4}$  and 660 feet West of the East line of the SW $\frac{1}{4}$

of said section, but due to a correction in the range line of the township, the East-West dimensions of the section are short. The acreage attributed to the well, as previously approved by Commission Order NSP-49, allocated approximately 185 acres as a proration unit which, had the section been a normal section, would have covered the SW $\frac{1}{4}$  and the SW $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 19, Township 21 South, Range 30 East.

4. That the spacing of applicant's well would have been orthodox and in full compliance with the Commission rule had the section been a legal 640 acre section.

5. That the Commission has on two occasions had before it the consideration of applicant's well in that on August 13, 1954, after hearing, the Commission entered its Order No. DC-148 authorizing the applicant to dually complete applicant's well designated as State F. Well No. 3 located in the NE $\frac{1}{4}$  or the SW $\frac{1}{4}$  of Section 19, Township 21 South, Range 30 East, and thereafter, entered its administrative Order NSP-49 establishing the proration unit which the Commission now on its own Motion desires to reduce.

6. In this connection, applicant shows the Commission that applicant is producing gas from the <sup>Seven Rivers and</sup> Yates Zone and the only other gas producer from the Yates in Section 19 is the Standard of Texas Meredith State No. 1 located in the SE $\frac{1}{4}$  of the NE $\frac{1}{4}$  of said section.

7. Applicant states that there are no other producers of gas from the <sup>Seven Rivers and</sup> Yates Zone being owned and operated by oil and gas operators.

to the acreage allocated to this proration unit.

8. In this connection, applicant alleges that all of the acreage attributed to this proration unit is capable of producing gas from the <sup>Seven Rivers and</sup> Yates Zone and that due to the shortage of acres existing in the section a reduction of the acreage now assigned to this proration unit would be discriminatory against the applicant herein and would result in a disregard of applicant's right to economically produce his proportionate share of the gas under the present proration regulations.

WHEREFORE, applicant prays that it be allowed to introduce proof in support of this Response and after hearing, the Commission enter its Order continuing the proration unit as heretofore established by Order of the Commission designated in NSP-49.

Respectfully submitted,

DRILLING & EXPLORATION CO., INC.,

BY 

Neal & Girard, Hobbs, New Mexico  
Its Attorneys

G/cc