

CASE NO.

6360

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 October 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for a) CASE
non-standard gas proration unit and simultaneous) 6360
dedication, Lea County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

I N D E X

HUGH A. INGRAM

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 8

E X H I B I T S

Applicant Exhibit One, Plat 7

Applicant Exhibit Two, Letter 7

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call Case 6360.

2 MS. TESCHENDORF: Case 6360. Application of
3 Continental Oil Company for a non-standard gas proration
4 unit and simultaneous dedication, Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and
6 Fox, appearing on behalf of the applicant, and I have one
7 witness to be sworn.

8 (Witness sworn.)

9
10 HUGH A. INGRAM
11 being called as a witness and having been duly sworn upon
12 his oath, testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name, by whom
17 you're employed, and in what capacity?

18 A My name is Hugh A. Ingram. I'm employed by
19 Continental Oil Company in Hobbs as Conservation Coordinator.

20 Q Mr. Ingram, you've not previously testified
21 before the Oil Conservation Division, have you, sir?

22 A No, I have not.

23 Q It's my understanding that you've replaced
24 Vic Lyon as Conservation Coordinator for Continental Oil
25 Company, is that correct?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2442
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 A. That's right.

2 Q. Prior to assuming that position, Mr. Ingram,
3 would you relate to the Examiner what has been your edu-
4 cational and employment experience?

5 A. I graduated from Texas Tech University in
6 1955 with a BBA in business management; was employed imme-
7 diately by Continental Oil Company; spent the first year
8 on the formal training program, including both field and
9 administrative administrative.

10 During the next 22 years I worked as an oil
11 and gas accountant, senior analyst, an administrative
12 supervisor, and coordinator of training.

13 I'm presently Conservation Coordinator for
14 the Hobbs Division.

15 Q. In your current capacity as a conservation
16 coordinator, Mr. Ingram, what areas in the State of New
17 Mexico does that include?

18 A. That includes all the State of New Mexico.

19 Q. And as a production analyst for Continental
20 Oil Company have you had an opportunity to put together
21 non-standard gas proration units and to arrange for the
22 simultaneous dedication of acreage to those wells located
23 within the units?

24 A. I've done that in my present capacity as
25 Conservation Coordinator.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 Q All right, sir.

2 MR. KELLAHIN: We tender Mr. Ingram as an
3 expert.

4 MR. NUTTER: Yes, sir, Mr. Ingram is an expert
5 in this capacity.

6 Q (Mr. Kellahin continuing.) All right, sir.
7 Would you please refer to what we've marked as Exhibit
8 Number One and identify it and explain what Continental
9 is seeking to accomplish?

10 A Exhibit Number One is a plat showing the
11 proration unit that is presently assigned to our Lockhart
12 A-18 Well No. 3, and in which area our Lockhart A-18 Well
13 No. 4, that has been reclassified, is located.

14 Q In what ways is the proposed unit a non-
15 standard gas proration unit?

16 A This unit contains 228 acres, which is now
17 recognized as non-standard proration unit for Well No. 3.
18 We seek in this case to have simultaneous dedication of
19 acreage for the Well No. 4 that has been reclassified, let
20 it share this proration unit with Well No. 3.

21 Q Would you identify the locations of Well 3
22 and 4?

23 A Well No. 3 is located in Unit "K", Section 18
24 of T 21 S, R 36 E, Lea County, New Mexico.

25 Well No. 4 is located in Unit "M" of this

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
8020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 same section.

2 Q You've indicated that the gas production in
3 the Lockhart A-18 Well No. 4 has increased recently. What
4 is the effective date of the reclassification from an oil
5 to a gas well?

6 A By letter dated July 17th from the Oil Conser-
7 vation Division this well was reclassified effective Sep-
8 tember 1 of this year.

9 Q The letter to which you refer has been marked
10 Exhibit Number Two, is that correct?

11 A That's right.

12 Q All right. In your opinion, Mr. Ingram, does
13 the producing characteristics of the two wells justify the
14 application?

15 A Yes. The production for the past six months,
16 Well No. 4 has averaged 12,500 Mcf per month, with 70 bar-
17 rels of oil, and Well No. 3 is a marginal gas well in this
18 proration unit, has averaged 13,572 Mcf per month for this
19 same period.

20 Gas production from both these wells has
21 averaged 26,631 Mcf per month, and the average non-marginal
22 allowable for the period has been 48,152, so you see that
23 both wells should be classified as marginal gas wells for
24 this 228-acre proration unit.

25 Q Mr. Ingram, has the proration unit been ap-

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 proved as a non-standard unit?

2 A. Yes, by Administrative Order Number MSP 504,
3 dated July 9, 1962.

4 Q. In your opinion, Mr. Ingram, is there any
5 advantage to the joint allocation of the two wells to this
6 unit?

7 A. Yes. Joint allocation will provide the
8 greatest flexibility for allocating production and will best
9 protect Continental's correlative rights.

10 Q. In your opinion, Mr. Ingram, will the granting
11 of this application be in the best interests of conservation,
12 the prevention of waste, and the protection of correlative
13 rights?

14 A. Yes, it will.

15 Q. And were Exhibits -- Exhibit Number One pre-
16 pared under your direction and Exhibit Number Two is a copy
17 of the Commission letter to Continental Oil, is that cor-
18 rect?

19 A. That is correct.

20 MR. KELLAHIN: We move the introduction of
21 Exhibits One and Two.

22 MR. NUTTER: Exhibits One and Two will be
23 admitted in evidence.
24
25

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Ingram, what was the GOR on the test that resulted in No. 4 being reclassified, do you recall?

A We took -- well, after the well was reclassified we took two subsequent tests on the well and the GOR was in the 183,000 range.

Q I see.

MR. NUTTER: Are there any further questions of Mr. Ingram? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6360?

We'll take the case under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

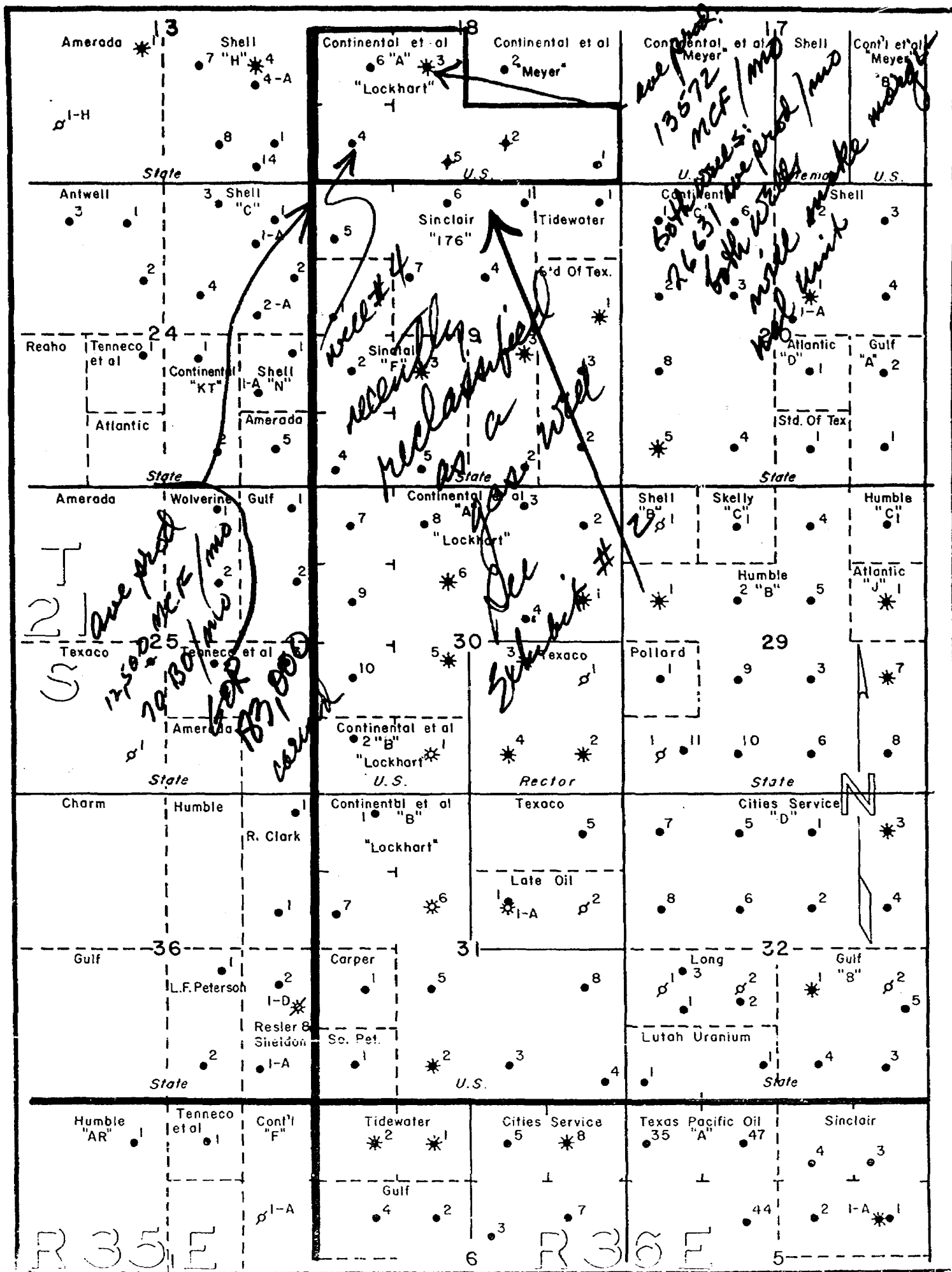
I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

Sally W. Boyd CSR
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
 a correct record of the proceedings in
 the examination hearing of Case No. 6369
 heard by me on 10/26 1978.

[Signature], Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (605) 471-2462
 Santa Fe, New Mexico 87501





JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

July 17, 1978

RECEIVED
HOBBS DIVISION

JUL 18 '78

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161

	Info	Notes	Ex. 10
Div. Manager			
Asst. Div. Man'g'r			
Div. Engr.			
Cons'r. Coord.			
Sup. Prod. Eng.			
Sup. Resv. Eng.			
Prod. Supt.			
Adm. Supt. P.D.			
Sys. Supt.			
Training Coord.			
Div. Off. Mgr.			

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico

Gentlemen:

Due to the recently submitted gas-oil ratio test for your Lockhart A-18 Well No. 4 located in Unit M of Section 18, T-21-S, R-36-E, it will be reclassified as a gas well in the Eumont Gas Pool effective September 1, 1978, and the oil allowable will be cancelled that date.

Please advise this office when you have complied with the provisions of Division Order No. R-1670 pertaining to the Eumont Gas Pool in order that a gas allowable can be assigned.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton
Supervisor, District 1

mc

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Conoco EXHIBIT NO. 2

CASE NO. 6360

Dockets Nos. 35-78 and 36-78 are tentatively set for hearing on November 8 and 21, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6290: (Continued from September 13, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6339: (Continued from October 11, 1978, Examiner Hearing)

Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6355: Application of Amoco Production Company for two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox locations of its South Mattix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line and its South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico, the S/2 NE/4 and the E/2 NW/4 of Section 22 to be dedicated, respectively, to the wells.

CASE 6356: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through the perforated interval from 8391 feet to 9100 feet in its State "E" Tract 18 Well No. 21 located in Unit B of Section 2, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico.

CASE 6357: Application of Enserch Exploration, Inc., for pool creation and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Pennsylvanian formation for its Lambirth Well No. 4 located in Unit O of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre spacing and special well location requirements.

CASE 6358: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 12,997 feet to 13,036 feet in his State K-33 Well No. 2 located in Unit N of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 6359: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla "C" Well No. 27 located in Unit E of Section 33, Township 25 North, Range 5 West. Applicant further seeks provision for administrative approval for downhole commingling of the Gallup and Dakota formations in others of its wells on its Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21, 22, 27, 28 and 31 thru 34, Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6368: Application of Getty Oil Company for the amendment of Order No. R-5388, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5388 to provide an administrative procedure to permit the downhole commingling of Pictured Cliffs and Chacra production in wells on its Jicarilla "B" and "C" Leases in Sections 21, 22, 27, 28, and 31 thru 34, Township 25 North, Range 5 West, and Sections 5 and 6, Township 24 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6360: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.

- CASE 6361: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Buffalo-Pennsylvanian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp and Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 6362: Application of Continental Oil Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 294.9-acre non-standard gas proration unit comprising the S/2 of partial Section 19, Township 17 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 3300 feet from the East line of said Section 19 to test the Morrow formation.
- CASE 6363: Application of Phoenix Resources Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and West lines of Section 16, Township 19 South, Range 21 East, Eddy County, New Mexico, to be drilled to the Mississippian formation, the W/2 of said Section 16 to be dedicated to the well.
- CASE 6364: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6365: Application of Michael P. Grace II for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 25, Township 21 South, Range 26 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6366: Application of Phillips Petroleum Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the East Vacuum Grayburg-San Andres Unit encompassing 7,025 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Section 24, Township 17 South, Range 34 East; Sections 18 thru 29 and 31 thru 35, Township 17 South, Range 35 East; and Sections 4 and 5, Township 18 South, Range 35 East.
- The unitized interval would be the Grayburg-San Andres Formation between the depths of 4,050 feet and 5,050 feet in Exxon's NM State "K" Well No. 19, located in Unit P of Section 28, Township 17 South, Range 35 East.
- Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.
- CASE 6367: Application of Phillips Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its East Vacuum Grayburg-San Andres Unit, Lea County, New Mexico, by the injection of water into the Grayburg-San Andres formation; and the establishment of an administrative procedure for approval of injection and producing wells at unorthodox locations.



L. P. Thompson
Division Manager
Production Department
Hobbs Division

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

September 29, 1978

Oil Conservation Division
Department of Energy & Minerals
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. J. D. Ramey, Director


Gentlemen:

Application for Examiner Hearing - Non-Standard Gas Proration Unit in
Eumont Gas Pool and Joint Allocation of Unit to Lockhart A-18 Wells
Nos. 3 & 4 - Lea County, New Mexico

Enclosed in triplicate is application for approval of a non-standard
gas proration unit in the Eumont Gas Pool and for the joint allocation
of said unit to our Lockhart A-18 Wells 3 & 4, Units K & M, respectively,
in Section 18, T-21-S, R-36-E, Lea County, New Mexico.

Please set this matter for hearing on the earliest available examiner
docket.

Yours very truly,



L. P. Thompson

HAI/jj

enc

cc w/enc: J. W. Kellahin, Santa Fe

BEFORE THE OIL CONSERVATION DIVISION
OF THE
NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR APPROVAL
OF A 228-ACRE NON-STANDARD GAS PRORATION
UNIT IN THE EUMONT GAS POOL, CONSISTING
OF THE SW/4, S/2 SE/4 OF SECTION 18,
T-21-S, R-36-E, LEA COUNTY, NEW MEXICO,
AND FOR THE JOINT ALLOCATION OF SAID
UNIT TO ITS LOCKHART A-18 WELLS NOS. 3
& 4 IN UNITS K & M, RESPECTIVELY, IN
SAID SECTION 18.

Case 6360

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 228-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico, and for the joint allocation of said unit to its Lockhart A-18 Wells Nos. 3 & 4 located in Units K & M, respectively, in said Section 18, and in support thereof would show:

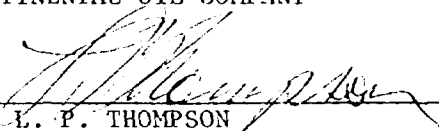
1. Applicant is the owner of the Lockhart A-18 lease consisting of the SW/4 and S/2 SE/4 of Section 18, T-21-S, R-36-E, Lea County, New Mexico.
2. Applicant has four producing wells on said lease. Well No. 3 completed in the Eumont Yates Seven Rivers Queen Gas Pool; Well No. 4 completed in the Eumont Yates Seven Rivers Queen Oil Pool; Well No. 6 completed in the Eumont Yates Seven Rivers Queen Oil Pool; and Well No. 1 completed in the Eunice Monument Pool. Well No. 4 has recently been reclassified from oil to gas.
3. Administrative Order NSP-604 by letter dated July 19, 1962 approved said non-standard unit for Well No. 3.
4. The recent reclassification of Well No. 4 located 660' FSL and 660' FWL of Section 18, T-21-S, R-36-E, Lea County, New Mexico, from oil to gas due to the gas-oil ratio requires a reallocation of acreage.
5. The joint allocation of acreage provides the greatest flexibility for allocating production and will best protect applicant's correlative rights.
6. The granting of this application will prevent waste and will not impair correlative rights of any party.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Division's duly appointed examiner and, upon hearing, an order be entered authorizing the non-standard gas proration unit and joint allocation as described above.

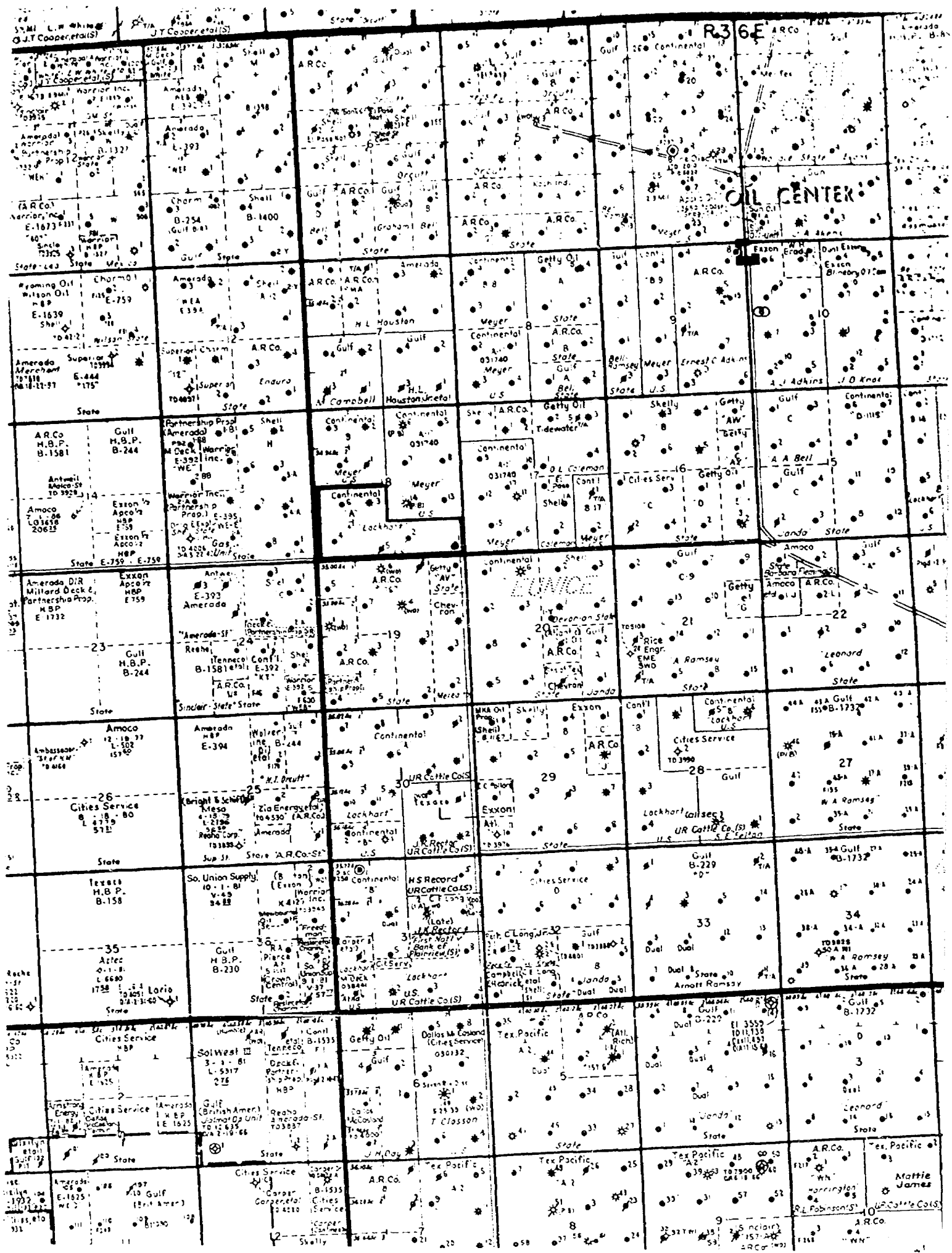
Respectfully submitted,

CONTINENTAL OIL COMPANY

By


L. P. THOMPSON

Division Manager of Production



DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

JDR
CASE NO. 6360

Order No. R- 5849

LS
APPLICATION OF CONTINENTAL OIL COMPANY
GAS
FOR A NON-STANDARD PRORATION UNIT AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO. *JSu*

ORDER OF THE DIVISION

BY THE DIVISION:

JSu
This cause came on for hearing at 9 a.m. on October 25
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of November, 19 78, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

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

(2) That the applicant, Continental Oil Company
seeks approval of a 228-acre non-standard gas proration unit
comprising the SW/4 and S/2 SE/4 of Section 18, Town-
ship 21 South, Range 36 East, NMPM, to be dedicated to
its Lockhart A-18 Wells Nos. 3 and 4, located in
Unit s K and M, respectively, of said Section 18.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Eumont
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 228-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to its Lockhart A-18 Wells Nos. 3 and 4, located in Units S K and/ of said Section 18.

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

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

(5) That Administrative Order No. NSP-604, which previously approved the aforesaid unit to be dedicated to the above-described well No. 3 only, should be superseded.

(2) That Administrative Order No. NSP-604 is hereby superseded.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6360
Order No. R-5849

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of November, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, NMPM, to be dedicated to its Lockhart A-18 wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable

-2-

Case No. 6360
Order No. R-5849

share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) That Administrative Order No. NSP-604, which previously approved the aforesaid unit to be dedicated to the above-described Well No. 3 only, should be superseded.

IT IS THEREFORE ORDERED:

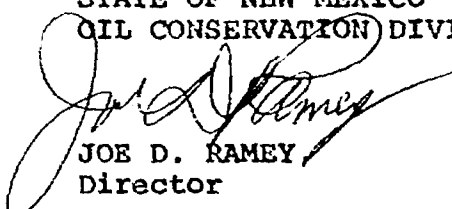
(1) That a 228-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to its Lockhart A-18 Wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.

(2) That Administrative Order No. NSP-604 is hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

dr/