

CASE NO.

6362

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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 an unorthodox gas well location and  
a non-standard proration unit,  
Eddy County, New Mexico.

CASE  
6362

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  
3020 Plaza Blanca (905) 471-2483  
Santa Fe, New Mexico 87501

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# I N D E X

HUGH A. INGRAM

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 6

# E X H I B I T S

Applicant Exhibit One, Plat 5

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

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (605) 471-2482  
Santa Fe, New Mexico 87501

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MR. NUTTER: Call next Case 6362.

MS. TESCHENDORF: Case 6362. Application of Continental Oil Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Kellahin and Fox, appearing on behalf of the applicant, and I have the same witness, Mr. Hugh Ingram. I'd like the record to reflect that Mr. Ingram is already under oath and has previously qualified.

MR. NUTTER: Mr. Ingram, how do you spell your name, please?

MR. INGRAM: I-N-G-R-A-M.

MR. NUTTER: No "H" in it?

MR. INGRAM: No, sir.

HUGH A. INGRAM

being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Ingram, would you identify what you've marked Exhibit Number one, and explain what Continental Oil is seeking to accomplish?

A Exhibit Number One is a plat showing the

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
8020 Plaza Blanca (906) 471-2452  
Santa Fe, New Mexico 87601

1 location of our State S-19 Well No. 3 that we propose to  
2 drill as a Morrow well. We propose to create a communiti-  
3 zation of the south half of Section 19 for the purpose of  
4 drilling this Morrow well.

5 Q What is the location of the proposed well?

6 A The well is located 660 feet from the south  
7 line and 3300 feet from the east line of Section 19.

8 Q What is the reason for Continental's applica-  
9 tion in this case?

10 A We have here a non-standard section in that  
11 it is narrow. It does not contain the full 640 acres.

12 The proposed well location is in the center  
13 of a regular quarter quarter section; however, it will be  
14 located 1567-1/2 feet from the west section end boundary  
15 because Section 19 does contain four fractional lots, each  
16 containing less than 40 acres.

17 Q The south half of Section 19, instead of  
18 consisting of 320 acres, the normal size of a half section,  
19 consists of how many acres, Mr. Ingram?

20 A 294.7 acres.

21 Q Okay.

22 A No, I'm sorry. 294.9.

23 Q Who is the operator of the South Empire Deep  
24 Unit, located in Section 30, the south offset of the pro-  
25 posed location?

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (606) 471-2462  
Santa Fe, New Mexico 87501

1 A. Well, the South Empire Deep Unit is operated  
2 by Amoco, but the Well No. 18 shown on this plat is not  
3 in that unit.

4 This well is operated by Hayco Oil Company  
5 as a farmout from Continental.

6 Q Who are the working interest owners in the  
7 south half of Section 19?

8 A. The other working interest owners in that  
9 south half are Exxon, Inexco, and Pennzoil.

10 Q And have all parties agreed to the communi-  
11 tization of the south half of Section 19?

12 A. These parties have signed an AFE that we pre-  
13 pared for the purpose of drilling this well and they now  
14 have a copy of the communitization agreement for their  
15 approval.

16 Q Okay. In your opinion, Mr. Ingram, will  
17 approval of this application be in the best interests of  
18 conservation, the prevention of waste, and the protection  
19 of correlative rights?

20 A. Yes, it will.

21 Q And in your opinion will a well drilled at  
22 the proposed location economically and efficiently drain  
23 the proration unit assigned to that well?

24 A. Yes, it will.

25 Q Was Exhibit One compiled under your direction

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (S06) 471-2462  
Santa Fe, New Mexico 87501

1 and supervision?

2 A. Yes.

3 Q And to the best of your knowledge and under-  
4 standing it is true and correct?

5 A. Yes.

6 MR. KELLAHIN: We move the introduction of  
7 Exhibit Number One.

8 MR. NUTTER: Applicant's Exhibit One will be  
9 admitted in evidence.

10 MR. KELLAHIN: That concludes our examination.

11  
12 CROSS EXAMINATION

13 BY MR. NUTTER:

14 Q Mr. Ingram, you mentioned several companies  
15 that were working interest owners in here but they're not  
16 the same as the exhibit would show.

17 Would you tell me who owns the acreage and  
18 which acreage they own?

19 A. Yes, sir. Of course the southwest quarter  
20 there, Conoco is correct.

21 Q Southeast.

22 A. The southeast quarter, yes.

23 The west -- or the east half of the southwest  
24 quarter is now Exxon.

25 Q Okay.

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

1 A. The northwest quarter of the southwest quarter  
2 is Inexco and Pennzoil, and that's it.

3 Q. Jointly?

4 A. Yes, sir.

5 Q. Okay.

6 A. And I don't know that it has any bearing, but  
7 we've verbally been informed that Pennzoil plans to farmout  
8 their interest to Inexco, so only Inexco will be a party  
9 to the communitization agreement.

10 Then the southwest quarter of the southwest  
11 quarter is Conoco.

12 Q. Then the only reason for this unorthodox  
13 location is the shortness of the unit, so it's an admini-  
14 strative reason, actually, for the unorthodox location.

15 A. Yes, sir.

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

18 Do you have anything further, Mr. Kellahin?

19 MR. KELLAHIN: No, sir.

20 MR. NUTTER: Does anyone have anything to  
21 offer in Case Number 6362?

22 Take the case under advisement.

23 (Hearing concluded.)  
24  
25



## 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 complete and true transcript of the proceedings in  
the Examiners hearing of Case No. 6262  
heard by me on 10/25 1978.

*[Signature]*, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (SOS) 471-3442  
Santa Fe, New Mexico 87501



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

**JERRY APODACA**  
GOVERNOR

**NICK FRANKLIN**  
**SECRETARY**

November 15, 1978

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. Tom Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 6362  
ORDER NO. R-5851

**Applicant:**

Continental Oil Company

**Dear Sir:**

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

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

**Copy of order also sent to:**

Hobbs OCC	X
Artesia OCC	X
Aztec OCC	

**Other**

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. 6362  
Order No. R-5851

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN UNORTHODOX GAS WELL  
LOCATION AND A NON-STANDARD PRORATION  
UNIT, EDDY 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 294.9-acre non-standard gas proration unit comprising the S/2 of partial Section 19, Township 17 South, Range 29 East, South Empire-Morrow Area, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 3300 feet from the East line of said partial Section 19, to test the Morrow formation.

(3) That said unorthodox location is necessitated by an irregularity in the U. S. Public Lands Survey.

(4) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 6362  
Order No. R-5851

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 an unorthodox gas well location for the Morrow formation is hereby approved for a Continental Oil Company well to be drilled at a point 660 feet from the South line and 3300 feet from the East line of partial Section 19, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

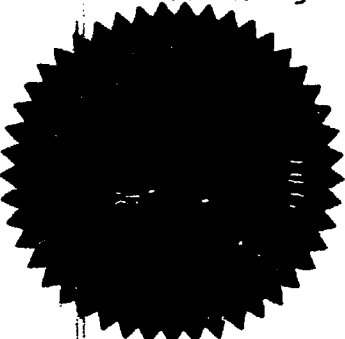
(2) That a 294.9-acre non-standard gas proration unit comprising the S/2 of said partial Section 19 is hereby approved and shall be dedicated to the above-described well.

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

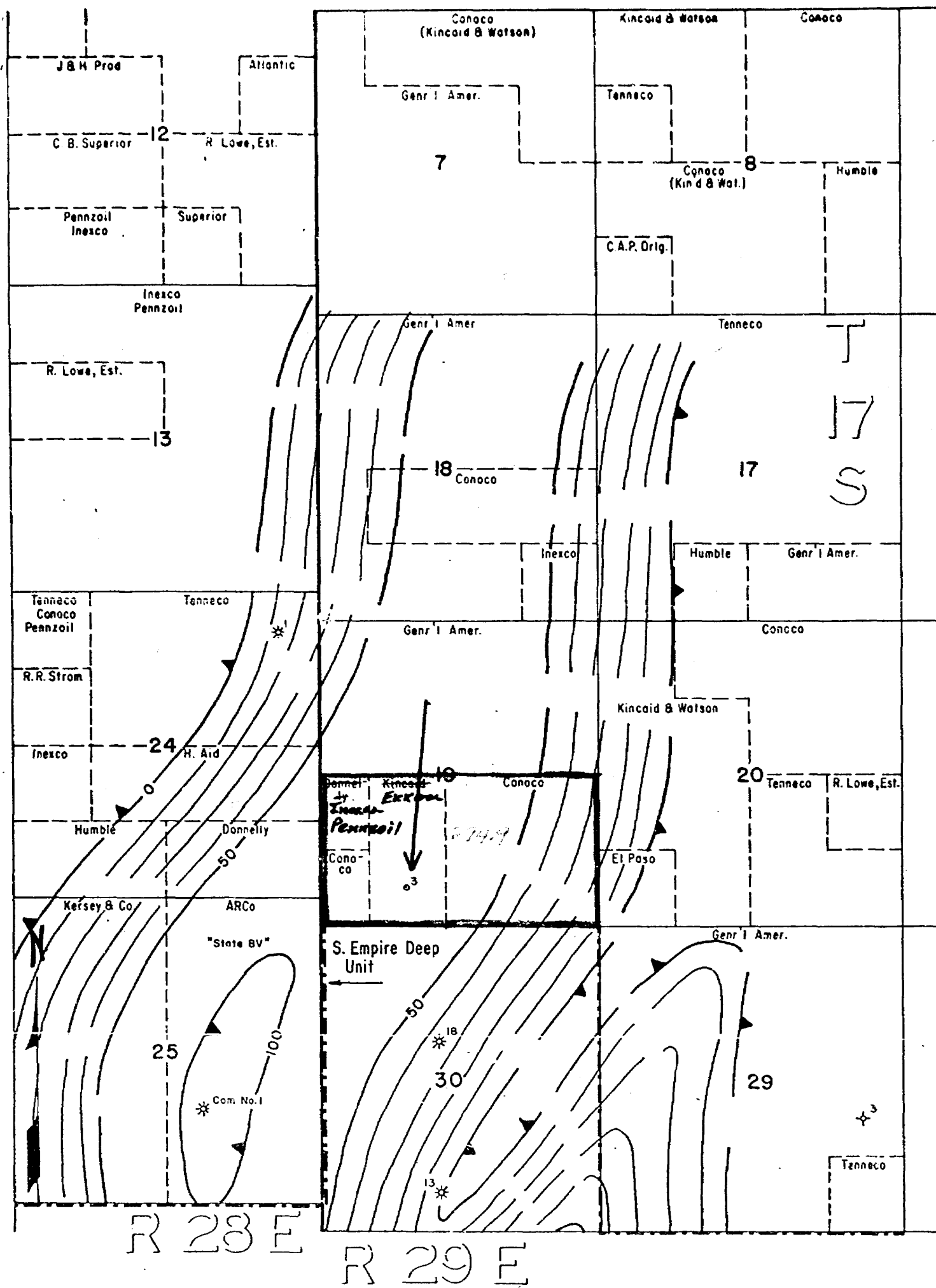
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L

dr/



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
Conoco EXHIBIT NO. 1  
CASE NO. 6362

<b>conoco</b>	
PRODUCTION DEPARTMENT	HOBBS DIVISION
S. EMPIRE AREA LEA COUNTY, NEW MEXICO ISOPACH BASAL MORROW SAND	
SCALE 0 1000' 2000'	
MBC '79	11m

- 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.

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 Chaco 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.



L. P. Thompson  
Division Manager

E. L. Oshlo  
Assistant Division Manager

Production Department  
Hobbs Division  
North American Production

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

October 6, 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 and  
Non-Standard Location, Morrow Gas Formation, State S-19 Comm. No. 3 -  
Eddy County, New Mexico

Enclosed in triplicate is application for approval of a non-standard  
gas proration unit and non-standard location for our State S-19 Comm.  
Well No. 3, located in Unit N, Section 19, T-17-S, R-29-E, Eddy County,  
New Mexico.

In talking with Mr. Nutter by phone, it is our understanding that this  
matter will be set for hearing on October 25, 1978. We would appreciate  
being advised if this schedule is not correct.

Yours very truly,

L. P. Thompson

HAI/jj  
enc

cc w/enc: Exxon Company, Box 1600, Midland, Texas 79701  
Inexco Oil Co., 1100 Milam Bldg., Suite 1900, Houston, Texas 77002  
Jason 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 294.9-ACRE NON-STANDARD GAS PRO-  
RATION UNIT AND NON-STANDARD LOCATION  
FOR DRILLING A MORROW GAS WELL IN UNIT  
N, SECTION 19, T-17-S, R-29-E, EDDY  
COUNTY, NEW MEXICO.

Case 6362

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of a 294.9-acre non-standard gas proration unit and approval of a non-standard location for the purpose of drilling a Morrow gas well in Unit N, Section 19, T-17-S, R-29-E, Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the operator of a communitized tract consisting of Lots 3 & 4, E/2 SW/4, and SE/4 of Section 19, T-17-S, R-29-E, Eddy County, New Mexico.
2. Applicant proposes to drill a Morrow gas well at a location 660' FSL and 3,300' FEL of Section 19, T-17-S, R-29-E, Eddy County, New Mexico, and to produce said well in accordance with the rules and regulations set forth by the State of New Mexico.
3. Section 19 consisting of less than 640 acres constitutes a non-standard proration unit for the S/2 of said section. The proposed location being 1,567.5' FWL constitutes a non-standard location.
4. 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 the non-standard location as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

By

  
L. P. THOMPSON

Division Manager of Production

The map displays the Permian Basin with various oil and gas fields and leases. Key features include:

- Fields and Leases:** Labeled areas include J & H Prod, C. B. Superior, Pennzoil Inexco, Superior, Lowe, Est., Atlantic, Conoco (Kincaid & Watson), Tenneco, Humble, C.A.P. Drig., Gen'l Amer., Inexco, R. Lowe, Est., Tenneco Conoco Pennzoil, R.R. Strom, Inexco, H. Aid, Humble, Donnelly, Kersey & Co., Donnelly (Depco et al), H. Yates, Depco et al, and Tenneco.
- Well Numbers:** Numerous well numbers are scattered across the map, including 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.
- Geographic Features:** A north arrow is located in the bottom left corner. A large arrow points to a specific well location in the center of the map.

R 28 E

- 3 -

application of Continental Oil Co

chq apsq of the Buffalo River  
New Road to 320.

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Contl

State "5" 19 well No. 3

Morrow Gas Well

so now std loc  
now std production

660 FSL 3300 FEL

19-T175 R29E Eddy Co.

294.9 acres  $5/2$  of the partial  
section

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

*JLR*

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

CASE NO. 6362

Order No. R-5851

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION AND A  
NON-STANDARD PRORATION UNIT, EDDY COUNTY,  
NEW MEXICO.

*JLR*

ORDER OF THE DIVISION

BY THE DIVISION:

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 November day of October, 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 294.9-acre non-standard gas proration unit comprising the  
S/2 of partial Section 19, Township 17 South, Range 29 East, South Empire - Marra Area,  
^

*RLS*

Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 3300 feet from the East line of said partial Section 19, to test the Morrow formation.

(3) That ~~a well at said unorthodox location will better, enable applicant to produce the gas underlying the proration unit.~~ *is necessitated by an irregularity in the U. S. Public Land Survey.*

(4) That no offset operator objected to the proposed unorthodox location.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 an unorthodox gas well location for the Morrow formation is hereby approved for <sup>*Continental Oil Company*</sup> a well to be drilled at a point 660 feet from the South line and 3300 feet from the East line of partial Section 19, Township 17 South, Range 29 East, NMPM, ~~Pool, Eddy County, New Mexico.~~ *to be dedicated to a 294.9-acre non-standard gas proration unit comprising the*

(2) That <sup>*is hereby approved and*</sup> ~~the~~ S/2 of said partial Section 19 shall be dedicated to the above-described well. *A*

(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.