

*Entered September 9, 1968
R/S*

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. 3817
Order No. R-3491

APPLICATION OF CONTINENTAL OIL COMPANY
FOR REINSTATEMENT OF CANCELLED UNDER-
PRODUCTION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of September, 1968, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That by Order No. R-3425, effective April 1, 1968, the
applicant, Continental Oil Company, was granted authority to
consolidate two existing non-standard gas proration units into
one 280-acre non-standard gas proration unit in the Jalmat Gas
Pool comprising the SW/4, W/2 SE/4, and SE/4 SE/4 of Section 35,
Township 23 South, Range 36 East, NMPM, Lea County, New Mexico,
dedicated to the Continental Oil Company Stevens A-35 Well No. 1,
located in Unit J of said Section 35, and to the Continental Oil
Company Stevens A-35 Well No. 2, located in Unit L of said Sec-
tion 35.

(3) That said Order No. R-3425 further provided that the
allowable assigned to said non-standard gas proration unit be
based upon the unit size of 280 acres; that the operator could
produce the allowable assigned to the unit from the subject wells

-2-

CASE No. 3817

Order No. R-3491

in any proportion; and that the status of said consolidated unit would be the combined status, as of April 1, 1968, of the two units being consolidated.

(4) That in January, 1968, applicant's said Stevens A-35 Well No. 2 was reclassified as a marginal gas well and its accumulated underproduction cancelled as of January 1, 1968, according to the provisions of Rule 16(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico promulgated by Order No. R-1670, as amended.

(5) That the applicant seeks an exception to said General Rules and Regulations to permit the reinstatement of said underproduction accumulated by said Stevens A-35 Well No. 2 and cancelled as of January 1, 1968, and to produce said underproduction from either or both of the aforesaid gas wells in any proportion.

(6) That said Stevens A-35 Well No. 2 was underproduced at the beginning of the gas proration period beginning July 1, 1967, that said well did not produce its allowable during any month of said gas proration period, and that satisfactory evidence was not presented to the Commission, prior to the end of said proration period, showing the well should not be classified as marginal.

(7) That remedial work was commenced April 17, 1968, on the subject well.

(8) That the aforesaid remedial work has increased, slightly, the productive capacity of said Stevens A-35 Well No. 2.

(9) That the evidence indicates that said Stevens A-35 Well No. 2 did not demonstrate during any month of the proration period beginning July 1, 1967, its ability to produce its allowable for said period, nor does the evidence indicate that said well is now capable of producing in excess of a 160-acre allowable.

(10) That the aforesaid Stevens A-35 Well No. 2 was properly reclassified as a marginal well and its underproduction properly cancelled as of January 1, 1968.

(11) That the correlative rights of other operators in the Jalmat Gas Pool would be violated if the underproduction accumulated by said Stevens A-35 Well No. 2 were reinstated and allowed to be produced by either or both of said Stevens A-35 Wells Nos. 1 or 2.

-3-

CASE No. 3491
Order No. R-3491

(12) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Continental Oil Company to permit the reinstatement of underproduction accumulated by its Stevens A-35 Well No. 2, located in Unit L of Section 35, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, cancelled as of January 1, 1968, is hereby denied.


(2) 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


DAVID F. CARGO, Chairman


GUXTON B. HAYS, Member


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

S E A L

esr/