

Entered February 13, 1969
D.S.P.

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. 4044
Order No. R-3675

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of February, 1969, 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 the applicant, Continental Oil Company, is the co-owner and operator of the Reed A Lease consisting of Section 3, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, the W/2 and W/2 E/2 of which section is included in the Reed-Sanderson Unit Area approved by the Commission by Order No. R-3126, dated October 4, 1966.

(3) That by Order No. R-1590, dated February 8, 1960, the Commission approved two non-standard gas proration units in the Eumont Gas Pool in said Section 3, as follows:

A 241-acre non-standard gas proration unit consisting of the NE/4 and E/2 NW/4 of said Section 3, to be dedicated to the applicant's Reed A-3 Well No. 2, located

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1980 feet from the North line and 660 feet from the East line of said Section 3, and

A 240-acre non-standard gas proration unit consisting of the SE/4 and E/2 SW/4 of said Section 3, to be dedicated to the applicant's Reed A-3 Well No. 3, located 1980 feet from the South line and 660 feet from the East line of said Section 3.

(4) That the applicant now seeks the consolidation of the two existing non-standard gas proration units into one 481-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 and E/2 W/2 of said Section 3, said unit to be simultaneously dedicated to the aforesaid Reed A-3 Wells Nos. 2 and 3.

(5) That the applicant further seeks authority to produce the allowable assigned to the unit from either of the aforesaid wells in any proportion.

(6) That the applicant further requests that the effective date of the consolidation be January 1, 1967, to coincide with the effective date of the Reed-Sanderson Unit Agreement.

(7) That the gas and associated liquid hydrocarbon production attributable to the aforesaid 481-acre non-standard gas proration unit has been segregated from all other production from said Reed A-3 Lease as a result of said Reed-Sanderson Unit Agreement.

(8) That approval of the subject application will relieve the applicant from unnecessary administrative burden.

(9) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Continental Oil Company Reed A-3 Wells Nos. 2 and 3.

(10) That approval of the proposed non-standard gas proration unit will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(11) That Order No. R-1590 should be superseded.

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IT IS THEREFORE ORDERED:

(1) That a 481-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 and E/2 W/2 of Section 3, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Continental Oil Company Reed A-3 Well No. 2, located 1980 feet from the North line and 660 feet from the East line of said Section 3, and to the Continental Oil Company Reed A-3 Well No. 3, located 1980 feet from the South line and 660 feet from the East line of said Section 3.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 481 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(3) That Order No. R-1590, dated February 8, 1960, is hereby superseded.

(4) That the effective date of Paragraphs (1), (2), and (3) above of this order shall be January 1, 1967.

(5) That the status of the above consolidated unit on the first day of the month succeeding signature of this order shall be the net combined status, as of that date, of the two individual units being consolidated.

(6) 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


ALEX J. ARMIJO, Member


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

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