

*Entered March 30, 1971
U.L.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. 4515
Order No. R-4127

APPLICATION OF CONTINENTAL OIL
COMPANY FOR THE REINSTATEMENT OF
CANCELLED UNDERPRODUCTION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of March, 1971, 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
operator of three proration units dedicated to the following-
described wells in Lea County, New Mexico:

<u>Well Name and Number</u>	<u>Location</u>	<u>Pool</u>
State KN Well No. 1	P-12-19S-36E	Eumont
State A-17 Well No. 5	G-17-19S-37E	Eumont
Meyer B-23 Wells		
Nos. 1, 2 and 3	23-22S-36E	Jalmat

(3) That the State KN Well No. 1, a non-marginal well,
failed to produce during the gas proration period ending Decem-
ber 31, 1970, accrued underproduction amounting to 23,298 MCF
of gas which was consequently cancelled January 1, 1971.

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(4) That the State A-17 Well No. 5, a non-marginal well, failed to produce during the gas proration period ending December 31, 1970, accrued underproduction amounting to 16,209 MCF of gas which was consequently cancelled January 1, 1971.

(5) That the non-marginal proration unit dedicated to the Meyer B-23 Wells Nos. 1, 2, and 3 had 29,160 MCF of gas cancelled January 1, 1971.

(6) That the applicant seeks, as an exception to Rule 14(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico, the reinstatement of the above-described unproduced allowable that was cancelled.

(7) That the non-marginal 480-acre consolidated proration unit dedicated to the Meyer B-23 Wells Nos. 1, 2, and 3 was created by Commission Order No. R-4064, dated November 23, 1970.

(8) That Order (2) of said Commission Order provided that the status of said consolidated unit would be the combined status as of October 31, 1970, of the two units being consolidated.

(9) That the combined status of the two units as of October 31, 1970, was 99,405 MCF of gas underproduced subject to cancellation.

(10) That only 16,244 MCF of unproduced allowable should have been cancelled for the consolidated unit and that the 12,916 MCF of excess cancellation has been reinstated.

(11) That Rule 14(A) provides that any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period and that any such allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

That such unproduced allowable is to be cancelled whether or not the wells are capable of producing said allowable.

(12) That the applicant has not shown that the subject wells were unreasonably discriminated against in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells.

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(13) That reinstatement of said allowable as an exception to said Rule 14(A) would give to the applicant an unfair advantage over other operators in the subject pool and would, therefore, violate the correlative rights of the other operators.

(14) That the application should be denied.

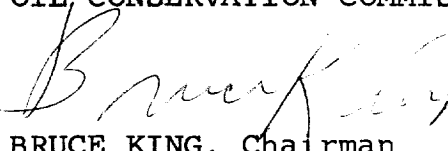
IT IS THEREFORE ORDERED:

(1) That the subject application 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


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

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