

CASE 4485: Appli. of CONTINENTAL
FOR A NON-STANDARD GAS PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

Case. Number.

4485

Application,
Transcripts.

Sm all Exhibts.

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 6, 1971

EXAMINER HEARING

IN THE MATTER OF:

-----)
Application of Continental Oil Company for a non-)
standard gas proration unit, Lea County, New Mexico.) Case
Applicant, in the above-styled cause, seeks the) No.
establishment of a 240-acre non-standard gas pro-) 4485
ration unit comprising the northwest quarter north-)
west quarter, south half northwest quarter, north-)
east quarter southwest quarter, and south half)
southwest quarter of Section 1, Township 25 South,)
Range 36 East, Jalmat Gas Pool, Lea County, New)
Mexico, to be dedicated to its Wells "A" Wells)
Nos. 2 and 7, located, respectively, in Units E)
and F of said Section 1. Applicant further seeks)
authority to produce the allowable assigned to)
said unit from either of said wells in any pro-)
portion.)
-----)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

I N D E XPAGEVICTOR LYON

Direct Examination by Mr. Kellahin

3

Cross Examination by Mr. Nutter

7

E X H I B I T SMARKEDOFFERED AND
ADMITTED

Applicant's Exhibits Nos. 1 and 2

4

7

MR. HATCH: This is the Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico.

MR. KELLAHIN: I am Jason Kellahin of Kellahin and Fox of Santa Fe, New Mexico, appearing for the Applicant. We have one witness to be sworn.

VICTOR LYON

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Victor Lyon.

Q By whom are you employed and what is your position, Mr. Lyon?

A I am employed by the Continental Oil Company as a conservation coordinator in Hobbs in the Hobbs Division Office, Hobbs, New Mexico.

Q You have testified both before the Oil Conservation Commission and you have made your qualifications a matter of record?

A Yes.

MR. KELLAHIN: Are his qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q You are familiar with the Application of the Continental Oil Company, Application No. 4485, wherein they are seeking the establishment of a 240-acre non-standard gas proration unit, which is to be dedicated to its wells Nos. 2 and 7, and further that it is seeking the authority to produce the allowable assigned to said unit from either of said wells in any proportion?

A Yes.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were marked.)

BY MR. KELLAHIN:

Q Referring to what has been marked as Applicant's Exhibit No. 1, would you identify that exhibit?

A Exhibit No. 1 is the location ownership plat showing the proposed non-standard unit outlined in red, consisting of the northwest quarter northwest quarter and south half northwest quarter, northeast quarter southwest quarter, and south half southwest quarter of Section 1, Township 25 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, and are wells Nos 2 and 7 shown circled in red. Well No. 2 is located 1,980 feet from both the north and

the northwest of Section 1. The nearby gas production units are outlined in blue, and the wells to which they are designated to be dedicated are circled.

Q Now, referring to what has been marked as Applicant's Exhibit No. 2, would you identify that?

A Exhibit No. 2 is a copy of a four point Packer pressure test which was conducted by El Paso Natural Gas Company on Wells A, No. 7 and the test was dated December 16, 1970. The wells tested on that occasion showed a rate of 2,042 MCF per day. We did attempt to take a test for Well No. 2, but the casing valves were frozen closed. This well has been completed in the Jalmat gas zone for a number of years, and has been used as fuel gas on the lease, and we have never been successful in connecting this well because of this small deliverability, but we have requested that they connect it at this time and we hope that the well in the near future, December 7th, will be connected.

Q At the present time neither well is connected, is that correct?

A That is correct.

Q What is the acreage that is presently dedicated

to your two wells?

A The No. 2 well, as shown by Exhibit No. 1, has a 128-acre proration unit consisting of the northwest and south half of the northwest quarter of the northwest quarter of the south half of the northwest quarter.

Q Now, because of the uncertainty of this producing ability of these wells, that is the reason you want acreage dedicated jointly?

A Partially. Without having some measure of its productivity, it would be difficult to allocate the acreage between the two wells. On the basis of this relative producing ability, a joint proposition would give considerable flexibility, and would probably avoid additional hearings or applications in the future.

Q In your opinion, will approval of this Application result in the prevention of waste and protection of the correlative rights of the parties?

A Yes, it will.

Q Would these Exhibits Nos. 1 and 2, would they have been prepared by you or under your supervision and direction?

A Yes, they were.

MR. KELLAHIN: At this time, I would like

to offer evidence Exhibits Nos. 1 and 2.

MR. NUTTER: The contents of Exhibits No. 1 and 2 will be admitted into evidence.

MR. KELLAHIN: That completes our case, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q In Exhibit No. 2, Mr. Lyon, at the time you indicated that the initial test for this well, which you say is No. 7?

A Yes, sir.

Q Is the well just recently completed or what is the situation?

A It was just recently drilled. We had thought it would probably be an oil well, but it turned out to be a gas well.

Q Now, I see that you have proposed units in Section 1, and I also see that you got a gas unit being a 160-acre unit in the east half of Section 1, and that has been designated as Well No. 3?

A Right.

Q That well has turned out to be an oil well, and consequently no gas can produce this allowable which would be available to that acreage, and this unit

A, that does not have the producing capacity to produce that large an amount?

A Well, you have a limited size in this proposed unit. To date, there are two 40-acres to the maximum and these wells will be able to produce this. All the acreage in this particular lease is in this Section.

Q How about this 140 acres in the northwest of the southwest?

A This is an oil well operated by Tenneco and it is farmed out. It is part of this Biscuit Lease, but it is operated by Tenneco, and insofar as I know, it is producing from the Jalmat Pool, but I am not certain of that.

MR. NUTTER: Are there any further questions of Mr. Lyon?

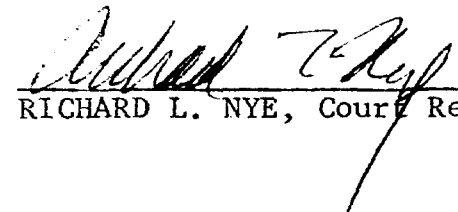
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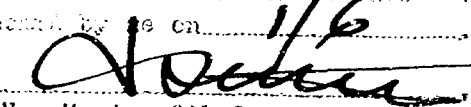
MR. KELLAHIN: No.

MR. NUTTER: There being nothing further on Case No. 4485, we will take the matter under advisement.

STATE OF NEW MEXICO)
) SS
 COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


 RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a true and correct record of the proceedings before the New Mexico Oil Conservation Commission held on 1/6 1942.

 Secretary
 New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE: Daniel S. Nutter, Examiner

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A Yes.

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the northwest of Section 1. The nearby gas production units are outlined in blue, and the wells to which they are designated to be dedicated are circled.

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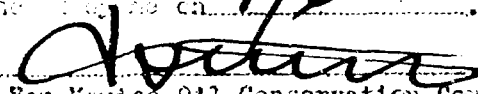
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STATE OF NEW MEXICO)
) SS
 COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


 RICHARD L. NYE, Court Reporter

I hereby certify that the foregoing is
 a true and correct record of the proceedings
 of the New Mexico Oil Conservation Commission
 held at Santa Fe, N.M., on 1/6/72, 4485
 No. 1 of 20 ca. 1972

 Examiner
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87801

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

January 18, 1971

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

Re: Case No. 4485
Order No. R-4090
Applicant:
Continental Oil Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

Other

**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. 4485
Order No. R-4090**

**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 January 6, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 15th day of January, 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 co-owner and operator of the Wells "A" Lease which, in addition to other lands, consists of the NW/4 NW/4, S/2 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 1, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That by Administrative Order NSP-200, the Commission approved a 120-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the W/2 NW/4 and SE/4 NW/4 of said Section 1 to be dedicated to the applicant's Wells "A" Well No. 2 located in Unit E of said Section 1; and that the applicant has recently completed as a Jalmat gas well its Wells "A" Well No. 7 located in Unit F of said Section 1.

-2-

CASE No. 4485

Order No. R-4090

(4) That the applicant now seeks the establishment of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising all of the acreage in its Wells "A" Lease within said Section 1, as described above, to be simultaneously dedicated to its Wells "A" Wells Nos. 2 and 7.

(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 proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Wells "A" Wells Nos. 2 and 7.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat 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.

(8) That Administrative Order NSP-200 should be superseded.

IT IS THEREFORE ORDERED:

(1) That, effective February 1, 1971, a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 NW/4, S/2 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 1, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Continental Oil Company Wells "A" Wells Nos. 2 and 7, located, respectively, in Units E and F of said Section 1.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 240 acres; and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(3) That Administrative Order NSP-200 is hereby superseded.

-3-

CASE No. 4495

Order No. R-4090

(4) 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

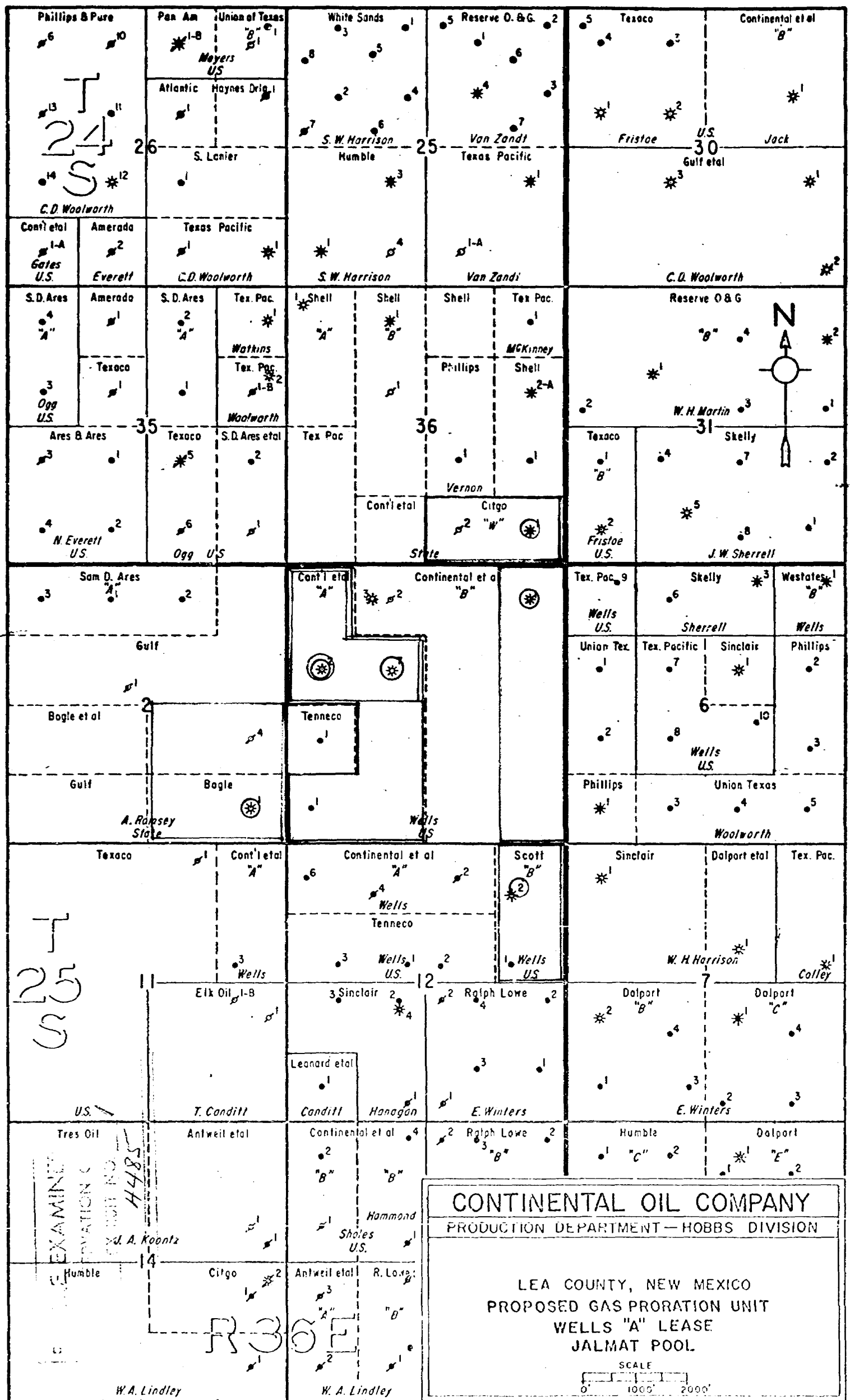
Bruce King
BRUCE KING, Chairman

Alex J. Amigo
ALEX J. AMIGO, Member

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

enr/

- CASE 4483: Application of Pubco Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kemnitz-Lower Wolfcamp East Unit Area comprising the SW/4 and W/2 SE/4 of Section 22, the E/2 NW/4 of Section 27, and the E/2 NE/4 of Section 28, Township 16 South, Range 34 East, Kemnitz-Lower Wolfcamp Pool, Lea County, New Mexico.
- CASE 4484: The application of the Oil Conservation Commission upon its own motion for an order granting an exception to the ninth paragraph of Chapter II, Section 2 of Order No. R-333-F to permit shutting in gas wells for the required shut-in test at some period during the 1971 test season other than immediately following the 7-day deliverability flow test; further to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required. The above exceptions would be for the 1971 annual deliverability test season only and would be applicable to all wells in San Juan, Rio Arriba, McKinley, and Sandoval Counties, New Mexico, subject to the testing requirements of Chapter II of Order No. R-333-F.
- CASE 4485: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit comprising the NW/4 NW/4, S/2 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 1, Township 25 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Wells "A" Wells Nos. 2 and 7, located, respectively, in Units E and F of said Section 1. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.
- CASE 4486: Application of Continental Oil Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Jack A-29 waterflood project, Langlie-Mattix Pool, by the drilling of an additional injection well at an orthodox location in the SW/4 NW/4 of Section 29, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 4487: Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, South Carlsbad Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to a well in the W/2 of said Section 6. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4488: Application of Resler and Sheldon for downhole commingling, Lea County, New Mexico. Applicants, in the above-styled cause, seek approval for the downhole commingling of gas and liquids produced from the Jalmat Gas Pool and oil and gas produced from the Langlie-Mattix Oil Pool through a common string of tubing in their Steeler Well No. 1 located in Unit L of Section 20, Township 23 South, Range 37 East, Lea County, New Mexico.



**NEW MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL**

Form C-122
Revised 9-1-65

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special						Test Date 12-16-70			
Company Continental Oil Company						Connection			
Pool Jalmat						Formation Yates			
Completion Date		Total Depth 3050		Plug Back TD		Elevation		Farm or Lease Name Wells A	
Csg. Size 5 1/2	Wt. 14	d	Set At 3044	Perforations: From 2891 To 2974		Well No. 7			
Tbg. Size 2 3/8	Wt. 4.7	d	Set At 3017	Perforations: From To		Unit Sec. Twp. Rge. F 1 25 36			
Type Well - Single - Bradenhead - G.C. or G.O. Multiple Single						Packer Set At None		County Lea	
Producing Thru Tbg.		Reservoir Temp. °F 13.2		Mean Annual Temp. °F		Baro. Press. - P _a 13.2		State New Mexico	
L	H	Gg	% CO ₂ 1.66	% N ₂ 2.06	% H ₂ S .49	Prover 2"	Meter Run	Taps	

FLOW DATA							TUBING DATA		CASING DATA		Duration of Flow
NO.	Prover Size	X	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	
SI							827		899		7 days
1.	2	x	1/8	834		64	834	59	880		1 hr.
2.	2	x	3/16	809		67	810	59	855		1 hr.
3.	2	x	1/4	760		69	760	66	810		1 hr.
4.	2	x	5/16	699		69	700	66	741		1 hr.
5.	2	x	1/2	360		60	360	64	520		2 hr.

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. Factor Ft.	Gravity Factor F _g	Super Compress. Factor, F _{pv}	Rate of Flow Q, Mcfd
1	.2648		847.2	.9962	1.246	1.079	300
2	.6082		827.2	.9933	1.246	1.077	667
3	1.087		773.2	.9915	1.246	1.070	1,111
4	1.672		712.2	.9915	1.246	1.064	1,566
5	4.279		373.2	.9924	1.246	1.034	2,042

NO.	P _r	Temp. °R	T _r	Z	Gas Liquid Hydrocarbon Ratio _____ Mcf/bbl.	
1.	1.26	524	1.44	.859	A.P.I. Gravity of Liquid Hydrocarbons _____ Deg.	
2.	1.23	527	1.44	.862	Specific Gravity Separator Gas _____ X X X X X X X X	
3.	1.15	529	1.45	.874	Specific Gravity Flowing Fluid _____ X X X X X	
4.	1.06	529	1.45	.884	Critical Pressure _____ P.S.I.A. _____ P.S.I.A.	
5.	.56	528	1.45	.936	Critical Temperature _____ R _____ R	

NO.	P _r ²	P _w ²	P _w ²	P _r ² - P _w ²	(1) $\frac{P_r^2}{P_r^2 - P_w^2} = \frac{832.1}{263.}$	(2) $\left[\frac{P_r^2}{P_r^2 - P_w^2} \right]^n = \frac{2.253}{}$
1	717.7	893.2	797.8	34.3	AOF = Q $\left[\frac{P_r^2}{P_r^2 - P_w^2} \right]^n = \frac{3528.5}{}$	
2	677.7	868.2	753.8	78.3		
3	577.8	823.2	677.7	154.4		
4	508.7	754.2	568.8	263.3		
5	139.3	533.2	284.3	547.8		

Absolute Open Flow 3529	Mcf/d @ 15.025	Angle of Slope θ _____	Slope, n .706
Remarks: _____			

Approved By Commission:	Conducted By: Jack T. Littlefield J. H. Murray	Calculated By: Jack T. Littlefield	Checked By:
-------------------------	--	--	-------------

EXHIBIT No 2
CONSERVATION COMMISSION
EXHIBIT NO. **2**
CASE NO. **4485**



CONTINENTAL OIL COMPANY

P. O. Box 460
HOBBS, NEW MEXICO 88240

December 14, 1970

1001 NORTH TURNER
TELEPHONE 393-4141

PRODUCTION DEPARTMENT
HOBBS DIVISION
L. P. THOMPSON
Division Manager
G. C. JAMIESON
Assistant Division Manager

Case 4485-4486

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention Mr. A. L. Porter, Jr.,
Secretary Directory

Gentlemen:

Subject: Applications for Examiner Hearing

Enclosed are two applications for your next examiner hearing docket. One is for amendment to Order No. R-3862 and the other is for a 240-acre non-standard gas proration unit in the Jalmat Pool, to be jointly allocated to our Wells "A" Nos. 2 and 7, Section 1, Township 25 South, Range 36 East, Lea County, New Mexico.

Yours very truly,

VTL-RW
Enc
CC: RLA, JJB, JWK

DOCKET MAILED

Date 12-23-70

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR APPROVAL
OF A NON-STANDARD 240-ACRE GAS PRO-
RATION UNIT IN THE JALMAT GAS POOL
TO BE ASSIGNED JOINTLY TO ITS WELLS
"A", NOS. 2 AND 7, LOCATED IN SECTION
1, TOWNSHIP 25-S, RANGE 37-E, LEA
COUNTY, NEW MEXICO

Case 4485

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests approval of 240-acre non-standard gas proration unit in the Jalmat Gas Pool, to be assigned jointly to its Wells "A", Nos. 2 and 7, located in Units E and F, respectively of said Section 1, Township 25 South, Range 36 East, Lea County, New Mexico; and in support thereof would show:

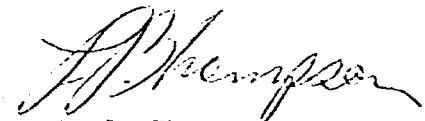
1. Applicant is operator and co-owner of the Wells "A" Lease, which in addition to other lands, consists of NW/4 NW/4, S/2 NW/4, NE/4 SW/4 and S/2 SW/4 Section 1, Township 25 South, Range 36 East, Lea County, New Mexico.
2. Applicant has heretofore drilled its Wells "A" No. 2, located 1980' from the North line and 660' from the West line of said Sec. 1 and completed same as Jalmat Gas Well. Said well, by virtue of Order NSP-200, has been assigned NW/4 NW/4 and W/2 NW/4 as a gas proration unit in the Jalmat Gas Pool.
3. Said well has never been connected to a gas sales line and has been used only for lease fuel.
4. Applicant has recently drilled and completed as a Jalmat Gas Well its Wells "A", No. 7, located 1980' from the North line and 1980' from the West line of said Section 1.
5. Applicant desires to allocate all of the acreage of said lease within Section 1, as described above, to the two wells jointly and to produce the allowable in any proportion between the two wells.

6. The granting of this application will prevent waste and will not impair correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed examiner, and upon hearing, an order be entered creating the 240-acre non-standard gas proration unit as described above.

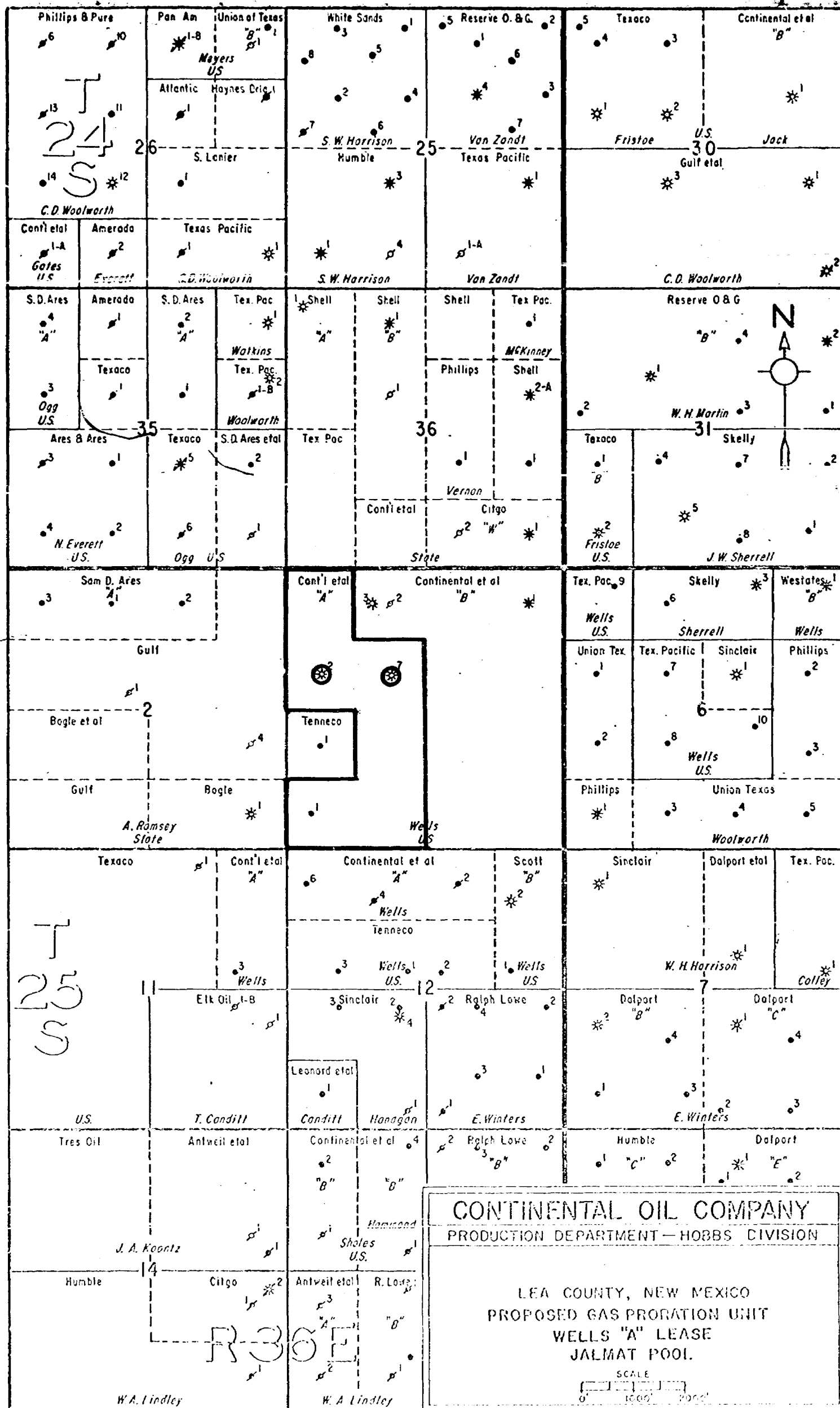
Respectfully submitted,

CONTINENTAL OIL COMPANY



L. P. Thompson
Division Manager

VTL-RW



DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

GMH
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4485

Order No. R- 4098

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 January 6, 1971,
at Santa Fe, New Mexico, before Examiner Daniel E. Mutter.

NOW, on this _____ day of January, 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
co-owner and operator of the Wells "A" Lease which, in addition
to other lands, consists of the NW/4 NW/4, S/2 NW/4, NE/4 SW/4,
and S/2 SW/4 of Section 1, Township 25 South, Range 36 East,
NMPM, Lea County, New Mexico.

(3) That by Administrative Order NSP-200, the Commission
approved a 120-acre non-standard gas proration unit in the Jalmat
Gas Pool consisting of the W/2 NW/4 and SE/4 NW/4 of said Sec-
tion 1 to be dedicated to the applicant's Wells "A" Well No. 2
located in Unit E of said Section 1; and that the applicant

has recently completed as a Jalmat gas well its Wells "A" Well No. 7 located in Unit F of said Section 1.

(4) That the applicant now seeks the establishment of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising all of the acreage in its Wells "A" Lease within said Section 1, as described above, to be simultaneously dedicated to its Wells "A" Wells Nos. 2 and 7.

(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 proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Wells "A" Wells Nos. 2 and 7.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat 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.

(8) That Administrative Order NSP-200 should be superseded.

IT IS THEREFORE ORDERED:

(1) That, effective February 1, 1971, a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 NW/4, S/2 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 1, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Continental Oil Company Wells "A" Wells Nos. 2 and 7, located, respectively, in Units E and F of said Section 1.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 240 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportions, ~~and that~~

~~the status of said consolidated unit shall be the combined status of~~
~~of _____, 1971, of the two units being consolidated.~~

(3) That Administrative Order NSP-200 is hereby superseded.

(4) 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.