

Case No.

733

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Application, Transcript,  
Small Exhibits, Etc.

CASE 733: Continental Oil Company appli-  
cation for unorthodox gas proration unit,  
Eumont Gas Pool (& unorthodox location)

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF CON-  
SIDERING:

CASE NO. 733  
ORDER NO. R-496

THE APPLICATION OF CONTINENTAL  
OIL COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 7 (a) OF ORDER NO. R-370-A IN  
ESTABLISHMENT OF AN UNORTHODOX GAS  
PRORATION UNIT OF 80 CONTIGUOUS ACRES  
CONSISTING OF THE S/2 SE/4 OF SECTION 18,  
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM.,  
LEA COUNTY, NEW MEXICO, IN THE EUMONT  
GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on June 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 7<sup>th</sup> day of July, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-370-A, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant, Continental Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM.  
S/2 SE/4 of Section 18

containing 80 acres, more or less.

(4) That applicant, Continental Oil Company, has a producing well on the aforesaid lease known as Lockhart A-18, No. 1, located 330' from the South and East lines of Section 18, Township 21 South, Range 36 East.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R-370-A, and is located within the limits of the pool heretofore delineated and designated as the Eumont Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the SE/4 of Section 18, Township 21 South, Range 36 East. NMPM.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Continental Oil Company for approval of an unorthodox proration unit consisting of the following described acreage,

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM.  
S/2 SE/4 of Section 18

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Lockhart A-18, No. 1, located in the SE/4 SE/4 of Section 18, Township 21 South, Range 36 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 80 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member

  
R. R. SPURRIER, Secretary and Member

SEAL

MAIN OFFICE **Pacific Western Oil Corporation**

*Case 733*

1954 JUN 21 8:36  
DIRECT TO COMPANY  
ALL CORRESPONDENCE

SUBWAY TERMINAL BUILDING  
417 SOUTH HILL STREET  
Los Angeles 13

June 21, 1954

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Gentlemen:

We understand that there was a hearing June 16, 1954 with regard to Continental Oil Company's application for approval of an unorthodox gas proration unit for its Lockhart A-18 No. 1, in Section 18, Township 21 South, Range 36 East, Lea County, New Mexico.

Will you please advise us of the outcome of such hearing. We own acreage in Section 19 which is producing and although we did not sign a waiver of notice of the hearing, as heretofore requested by Continental Oil Company, we were not notified.

Yours very truly,

PACIFIC WESTERN OIL CORPORATION

By

*F. W. Leonard*

F. W. Leonard  
Manager, Land Department

K

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

June 29, 1954

C  
O  
P  
Y

Mr. F. W. Leonard  
Pacific Western Oil Corp.  
Subway Terminal Building  
417 South Hill Street  
LOS ANGELES, CALIFORNIA

Dear Sir:

Reference is made to your letter of June 21 pertaining to Continental Oil Company's application for approval of an unorthodox proration unit for its Lockhart A-18 No. 1 Well, Twp. 21 South, Rge. 36 East, Lea County, N. M. This application was carried as Case 733 on the June 16 docket.

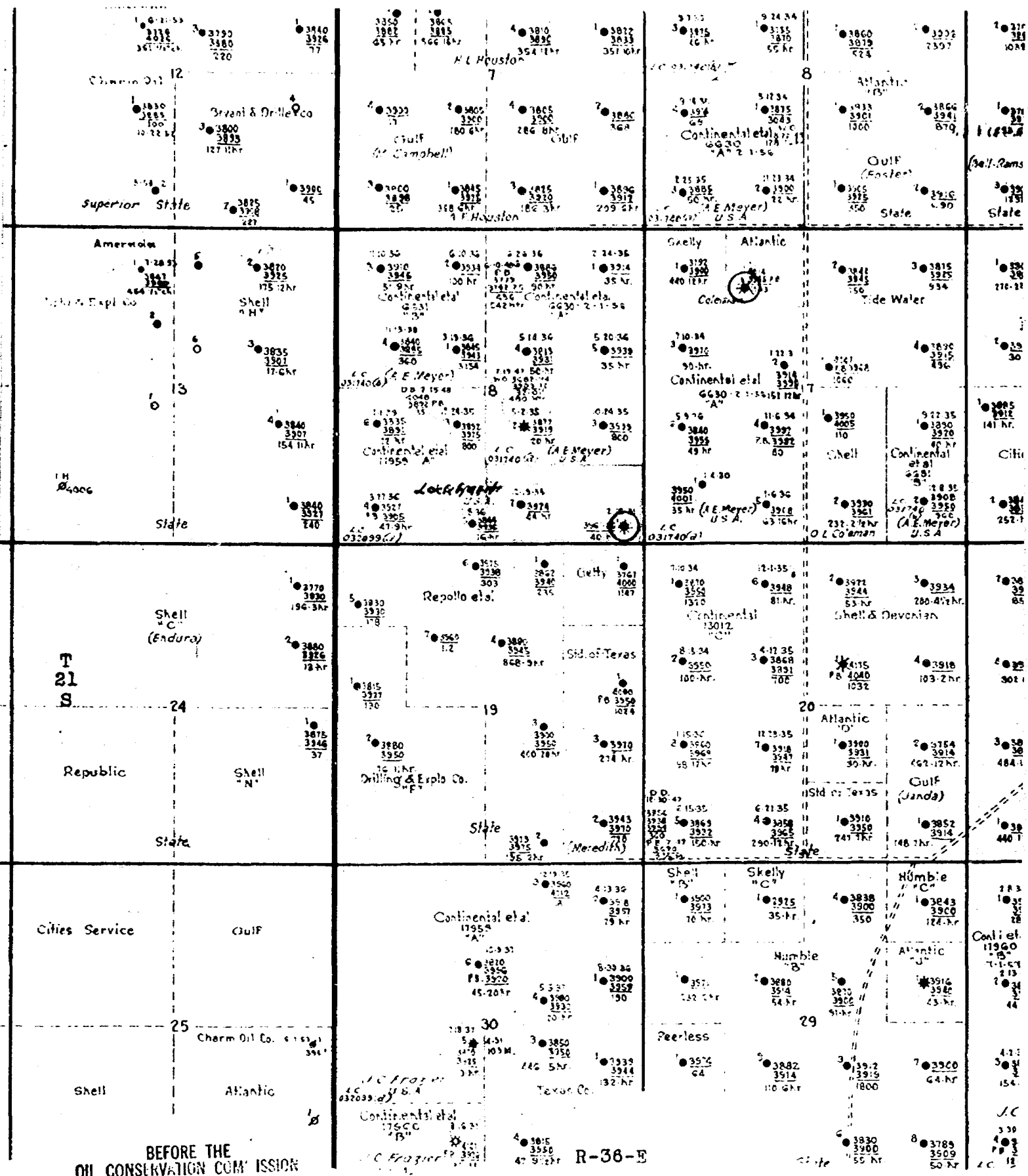
No protest was made to the application at the hearing, and I presume the Commission will approve the application.

This case was advertised in the manner prescribed by law.

Yours very truly,

W. B. Macey  
Chief Engineer

WBM:nr



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

EXHIBIT NO. 1  
CASE 733

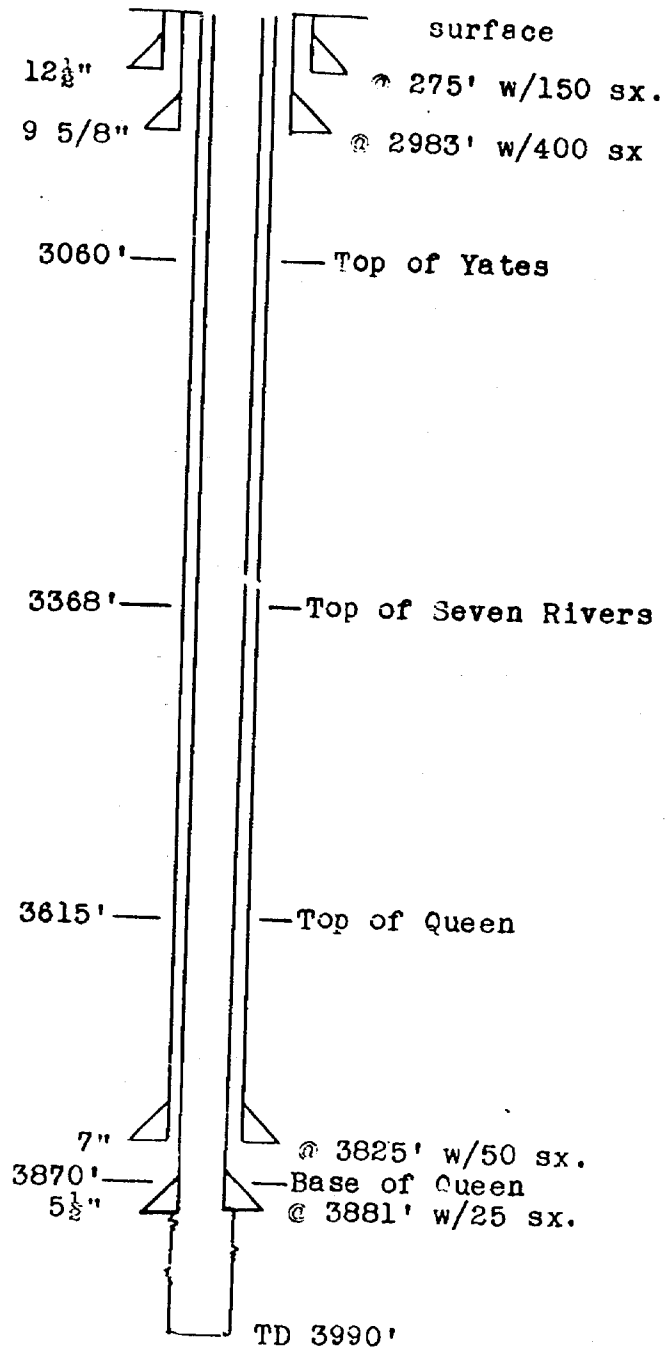
CONTINENTAL OIL COMPANY  
LOCKHART A-18 NO. 1

CASE 733  
Continental Oil Co. Exhibit No. 1

CONTINENTAL OIL COMPANY

Lookhart A-18 No. 1

Bradenhead Gas



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Cont*  
CASE 733 EXHIBIT No. 2

CASE 733

Continental Oil Co. Exhibit No. 2

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR AN EXCEPTION  
TO RULES 3 AND 7(A) OF ORDER NO. R-370-A,  
FOR THE UNORTHODOX LOCATION AND UNORTHODOX  
GAS PRORATION UNIT CONSISTING OF APPROXI-  
MATELY 80 ACRES DESCRIBED AS THE S/2 SE/4,  
SECTION 18, TOWNSHIP 21 SOUTH, RANGE 36  
EAST, N.M.P.M., LEA COUNTY, NEW MEXICO,  
FOR ITS LOCKHART A-18 NO. 1 WELL IN THE  
EUMONT POOL

APPLICATION

Comes now Continental Oil Company, hereinafter called "applicant", and respectfully requests an exception to Rules 3 and 7(a) of Order No. R-370-A, and approval by the Commission of an unorthodox location and an unorthodox gas proration unit for applicant's Lockhart A-18 well No. 1 as described in the caption hereof, and in support thereof would show the following:

1. Applicant is joint owner and is the operator of a lease known as the Lockhart Lease covering the S/2 SE/4 of Section 18, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, in addition to other lands outside of the SE/4 of said Section 18.

2. Applicant drilled its Lockhart A-18 well No. 1 at a location described as 330 feet north of south line and 330 feet west of east line of Section 18 on said lease and completed said well on February 4, 1931, as a bradenhead gas well producing into the annular space between 7" and 9 5/8" casing strings from a depth interval of approximately 2983 to 3825 feet.

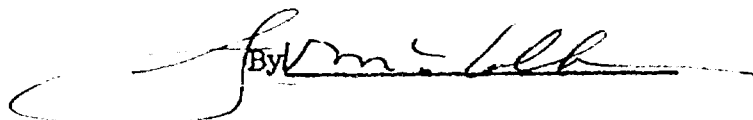
3. Said well is located within the limits of the Eumont Gas Pool as defined by the Oil Conservation Commission and is the only well producing from said pool on the 80-acre unit described above. The location of said well conforms to spacing requirements in effect at the time said well was drilled.

4. Pooling of these lands with lands outside the above described unit to form gas proration units consisting of governmental quarter sections has not been accomplished to date. Other lands contained within this particular quarter section are owned by Continental Oil Company. The purpose of this application is to secure an allowable to the above mentioned well, pending the formation of a larger gas proration unit provided such communitization is determined to be practicable.

5. The above described unit consists of less acreage than a standard proration unit, lies wholly within a regular quarter section, and contains a well which was capable of producing gas into a gas transportation facility prior to January 1, 1954.

Wherefore, applicant respectfully requests the Commission to place this matter on its docket for hearing at an early date in June, 1954, cause due notice to be given thereof, and upon hearing enter an order approving an unorthodox gas proration unit and unorthodox location for applicant's Lockhart A-18 well No. 1 as described above.

CONTINENTAL OIL COMPANY

By 



MAIN OFFICE OCC

1954 MAR 19 PM 1:22

March 17, 1954

Continental Oil Company  
Fair Building  
Fort Worth 2, Texas

Attention: Mr. S. V. McCollum

Re: Application to New Mexico Oil Conservation  
Commission for Approval of an Unorthodox  
Gas Proration Unit for Lockhart A-18 No. 1  
Well in Section 18, T. 21 S., R. 36 E.,  
N.M.P.M., Eumont Pool.

Gentlemen:

Reference is made to your letter of February 2, 1954, in connection with the above application. We have again reviewed this matter and feel that our position as set forth in our letter dated January 25, 1954, should remain unchanged.

We understand that your Well No. 1 is an oil well and apparently you proposed to dual complete said well as a gas well for the 80 acres in the S/2 of the SE/4 at this time and eventually include the N/2 of the SE/4 to make a full 160 acre unit.

From our point of view it would be preferable that instead of dual completing Well No. 1 as a gas well, you utilize Well No. 2 which is apparently in the center of the 160 acre tract lying immediately west of your No. 1 Well; this company has a producing oil well in the NE/4 of the SE/4 of Section 19, as stated in our letter of January 25, 1954, and our objections to your application therefore cannot be removed.

Very truly yours,

PACIFIC WESTERN OIL CORPORATION

By   
F. W. LEONARD  
Manager - Lands and Leases

CNH-w

cc: Skelly Oil Company  
Box 1650 - Tulsa, Oklahoma  
Attn: G. W. Selinger, Proration Attorney

cc: New Mexico Oil Conservation Commission  
P.O. Box 871 - Santa Fe, New Mexico  
Attn: Mr. R. R. Spurrier

According to me  
they should show a  
reasoning on your  
room

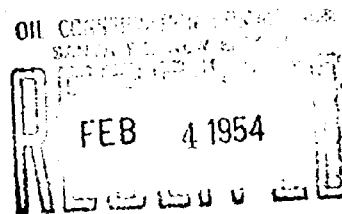
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## CONTINENTAL OIL COMPANY

FAIR BUILDING  
FORT WORTH 2, TEXAS

S. V. MCCOLLUM  
ASSISTANT REGIONAL MANAGER OF PRODUCTION  
SOUTHWESTERN REGION

February 2, 1954



Pacific Western Oil Corporation  
Subway Terminal Building  
417 South Hill Street  
Los Angeles, California

Attention of Mr. S. E. Cavanaugh

Gentlemen:

Re: Application to New Mexico  
Oil Conservation Commission  
for Approval of an Unorthodox  
Gas Proration Unit for Lock-  
hart A-18 No. 1 Well in Sec-  
tion 18, T. 21 S., R. 36 E.,  
N.M.P.M., Sumont Pool

We have received your letter of January 25, 1954, on  
the above subject.

Please allow us to call your attention to Order No.  
R-370A of the New Mexico Oil Conservation Commission governing  
the Sumont Gas Pool. Rule 7A of that Order states that standard  
proration units shall consist of 160 acres with the allowable  
of a well being proportional to the acreage contained in its  
proration unit. Rule 7B provides that exception to Rule 7A may  
be obtained without notice and hearing, provided that (1) the  
unit contains less than 160 acres; (2) the unit lies wholly within  
a quarter section; and (3) offset operators execute waivers.

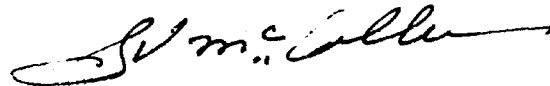
The 80 acre unit proposed for this well (S/2 SE/4) is that portion of a federal lease of the "A" designation lying in this quarter section. The remainder of the quarter section (N/2) is leased to Continental Oil Company, and is federal "A" acreage, but of a lessor diverse to that of the other 80 acres. The purpose of our request for approval of this unorthodox unit is to enable the well to receive an allowable immediately. We hope in the near future to effect a communitization between the lessors of the two 80 acre tracts involved, with the assent of the United States Geological Survey, in order to form a standard proration unit. Of course, if this is not possible, we shall have to seek another means of allocating gas production to the N/2 of the SE/4.

Inasmuch as your property is not within this quarter section, nor even within the section in which our well is located, we fail to see how our unorthodox unit could work to your disadvantage. If it is your desire to communitize your acreage with acreage of other operators in order to form a standard unit, your relief should be gained through agreement with Sinclair Oil and Gas Company and Standard Oil Company of Texas.

Pacific Western Oil Corporation  
Page 3

We should appreciate your reconsidering our request  
for your execution of the waivers which are attached for your  
convenience.

Yours very truly,



SVMc-MC

Enc

Carbon copy to:  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

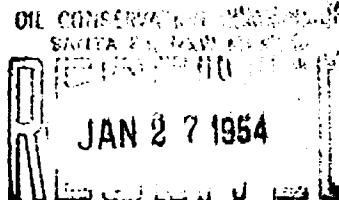
# Pacific Western Oil Corporation

ADDRESS ALL CORRESPONDENCE  
DIRECT TO THE COMPANY

SUBWAY TERMINAL BUILDING  
417 SOUTH HILL STREET

Los Angeles.

January 25, 1954



Continental Oil Company  
Fair Building  
Fort Worth 2, Texas

Attention: Mr. H. L. Johnston  
Regional Manager of Production  
Southwestern Region

Re: Application to New Mexico Oil Conservation  
Commission for Approval of an Unorthodox  
Gas Proration Unit for Lockhart A-18 No. 1 Well  
in Section 18, T. 21 S., R. 36 E., N.M.P.M.,  
Eumont Pool

Gentlemen:

We have your letter of January 5, 1954 in which you request waiver of notice and hearing as to the application for approval of the above described unorthodox gas proration unit.

In view of this company's production in the immediate vicinity in the NE/4 NE/4 of Section 19 of the same township and range, this company objects to the formation of such unorthodox unit and requests notice and hearing under said application.

Very truly yours,

PACIFIC WESTERN OIL CORPORATION

By

*S. E. Cavanaugh*  
S. E. Cavanaugh

SEC:LC

cc: ✓ New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico  
Atten: Mr. R. R. Spurrier

Skelly Oil Company  
Box 1650  
Tulsa, Oklahoma  
Atten: Mr. A. L. Cashman

*Nancy* *WPM*  
*Take Care of This*  
**Pacific Western Oil Corporation**

ADDRESS ALL CORRESPONDENCE  
DIRECT TO THE COMPANY

SUBWAY TERMINAL BUILDING  
417 SOUTH HILL STREET

Los Angeles 13

January 27, 1954

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Re: Midco 141 NM State "A" Lease  
Lea County, New Mexico

Gentlemen:

We have been advised that Continental Oil Company is making application for approval of an unorthodox gas production unit for its Lockhart A-18 No. 1 well located 330 feet from the south and east lines of Section 18, Township 21 South, Range 36 East, N. M. P. M. in the Eumont Pool.

As this may affect production we have on adjoining lands we hereby request that you furnish us with a notice of the hearing as to Continental Oil Company's application.

Very truly yours,

PACIFIC WESTERN OIL CORPORATION

By

*F. W. Leonard*  
F. W. Leonard

Manager, Land Department

FWL:ml