

Case No.

735

Application, Transcript,
Small Exhibits, Etc.

CASE 735: Continental Oil Company's application for unorthodox gas proration unit, Jalco Gas Pool

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. 735
ORDER NO. R-498

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 7 (a) OF ORDER NO. R-368-A IN
ESTABLISHMENT OF AN UNORTHODOX GAS PRO-
DUCTION UNIT OF 80 CONTIGUOUS ACRES CON-
SISTING OF THE W/2 NE/4 OF SECTION 24,
TOWNSHIP 25 SOUTH, RANGE 36 EAST,
NMPM., LEA COUNTY, NEW MEXICO IN THE
JALCO 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, herein-
after referred to as the "Commission".

NOW, on this 7th 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 jurisdic-
tion of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-368-A,
the Commission has power and authority to permit the formation of a gas pro-
duction 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 25 SOUTH, RANGE 36 EAST, NMPM.
W/2 NE/4 of Section 24

containing 80 acres, more or less.

(4) That applicant, Continental Oil Company, has a producing well
on the aforesaid lease known as Ascarate C-24, No. 1 located 660' from the
North line and 1980' from the East line of Section 24, Township 25 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-368-A, and is located
within the limits of the pool heretofore delineated and designated as the Jalco
Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the NE/4 of Section 24, Township 25 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 Jalco 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

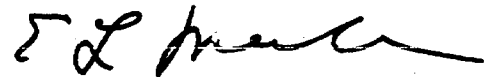
TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM.
W/2 NE/4 of Section 24

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

(2) That applicant's well, Ascarate C-24, No. 1, located in the NW/4 NE/4 of Section 24, Township 25 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.

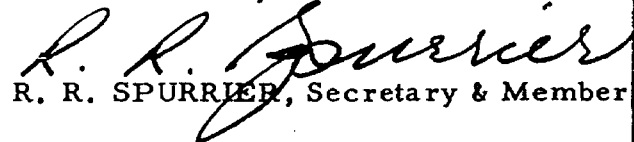
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman

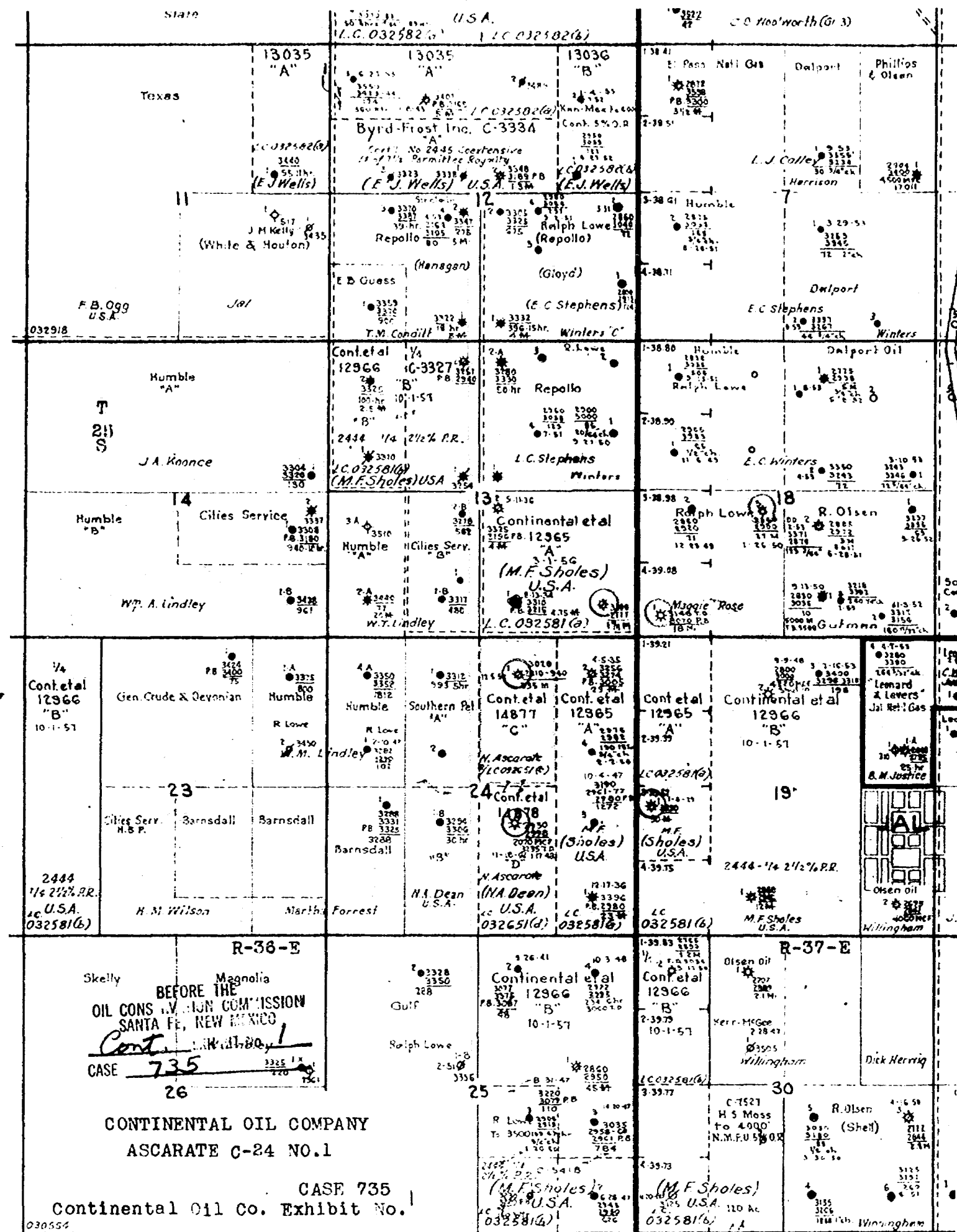


E. S. WALKER, Member



R. R. SPURRIER, Secretary & Member

SEAL



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Cont. EXHIBIT No. 2
CASE 735

CASE 735
Continental Oil Co.
Exhibit No. 2

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN EXCEPTION
TO RULE 7(A) OF ORDER NO. R-368-A FOR AN
UNORTHODOX GAS PRORATION UNIT CONSISTING OF
APPROXIMATELY 80 ACRES DESCRIBED AS THE W/2
NE/4 SECTION 24, TOWNSHIP 25 SOUTH, RANGE
36 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO,
FOR ITS ASCARATE C-24 WELL NO. 1 IN THE
JALCO POOL

APPLICATION

Comes now Continental Oil Company, hereinafter called "applicant", and respectfully requests an exception to Rule 7(A) of Order No. R-368-A and approval by the Commission of an unorthodox gas proration unit for applicant's Ascarate C-24 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 Ascarate C-24 lease, covering the W/2 NE/4 of Section 24, Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico.
2. Applicant drilled its Ascarate C-24 No. 1 well at a location described as 660 feet from north and 1,980 feet from east lines of Section 24 on said lease and completed said well on April 9, 1934, as an oil well producing from the Seven Rivers Formation. Said well subsequently was plugged back and on December 9, 1952, was recompleted as a gas well producing from a depth interval of 2810 to 2940 in the Yates Formation.
3. Said well is located within the limits of the Jalco 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.
4. The other 80-acre tract in this quarter section is under lease to Continental by a royalty ownership diverse to the above described unit. For this reason, it would be impractical to pool the tracts in this quarter section to form a single gas proration unit.
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 for applicant's Ascarate C-24 well No. 1 as described above.

CONTINENTAL OIL COMPANY

By 