

The Ohio Oil Co.

Midland, Texas
P.O. Box 552

January 9, 1957

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

Attention: Mr. A. L. Porter, Jr.

Re: Non-Standard Gas Proration Unit, Jalmat Gas Pool, 600 Acres - All of Section 16, T-22-S, R-36-E, except the NW/4 of the NW/4 of the Section

Gentlemen:

The Ohio Oil Company respectfully requests that you grant this application for the designation and formation of a 600 acre non-standard gas proration unit consisting of all of Section 16, Township 22 South, Range 36 East, except the NW/4 of the NW/4 of the Section, in the Jalmat Gas Pool, Lea County, New Mexico. The Ohio owns the oil and gas leasehold estates on 560 acres within the proposed unit and two gas wells completed in the Jalmat Gas Pool are located on the acreage, the first well, known as State-McDonald A/C #1 Well No. 25, being located at a point 1980 feet from the north line and 660 feet from the east line of the Section, and the second well, State-McDonald A/C #1 Well No. 6, being located at a point 1980 feet from the west line and 660 feet from the south line of the Section. Continental Oil Company owns the leasehold estate on the SW/4 of the NW/4 of Section 16, being 40 acres within the proposed unit. Continental and The Ohio have entered into a Communitization Agreement covering the proposed unit and a copy of the Agreement is attached to the original of this application.

All acreage included in the proposed unit falls within the limits of the Jalmat Gas Pool and is reasonably presumed to be productive of gas from that pool. The State of New Mexico is lessor in the oil and gas leases which cover the acreage to be included in the proposed unit. The records of The Ohio indicate that the NW/4 of the NW/4 of the Section is subject to an oil and gas lease owned by Oil Well Drilling Company. Efforts to negotiate a communitization agreement with Oil Well Drilling Company have been unsuccessful.

The records of the Commission will verify that by Administrative Order NSP-84 dated January 30, 1955, a non-standard gas proration unit was formed in the Jalmat Gas Pool, which unit was comprised of 520 acres out of the 600 acres to be included within the proposed unit. The unit now proposed is intended as an enlargement of the non-standard gas proration unit approved by Administrative Order NSP-84 *dated 11-3-55*

Unless the proration unit is enlarged and approved as proposed by this application, The Ohio and Continental will be deprived of a fair opportunity to recover their just and equitable shares of the natural gas in the Jalmat Gas Pool. The enlarge-

January 9, 1957

New Mexico Oil Conservation Commission

Page 2

ment and approval of the proration unit as proposed will protect correlative rights and will not cause but will prevent waste. The Ohio and Continental have no objection to a reasonable limitation upon the volume of gas which may be legally produced from either of the gas wells on the proposed proration unit. In this connection, The Ohio suggests that it would not be unreasonable at this time to impose the following restriction:

"Neither of the gas wells on this proration unit shall be permitted to produce a greater volume of gas during any proration period than 75% of the volume of gas which such well would be permitted to produce during such proration period under the applicable rules and regulations if such well were the only well on the proration unit."

A plat marked EXHIBIT A is attached hereto which indicates the location of the proposed unit and the location of the surrounding tracts. A copy of this application with plat attached has been sent by registered mail to each of the Operators named on the attached list.

The Ohio therefore requests that you grant an exception to Rule 5(a) of the Special Rules and Regulations for the Jarmat Gas Pool, and that this application be approved and the non-standard gas proration unit be enlarged and approved as proposed by this application at the earliest practical date. Unless the Commission Staff concludes that a hearing is necessary, it is requested that the relief herein applied for be granted without further notice or hearing and pursuant to the provisions of Rule 5(b) of those Rules, upon the expiration of thirty days from this date. If a hearing is deemed necessary, it is requested that proper notice be given and that the hearing be held before an Examiner at the earliest convenient date after notice has been given.

Each and all of the foregoing statements are true and correct.

Very truly yours,

THE OHIO OIL COMPANY

By Coe S. Mills
Coe S. Mills, District Manager

THE STATE OF TEXAS
COUNTY OF MIDLAND

Subscribed and sworn to by COE S. MILLS, before me, the undersigned authority, on this 7th day of January, 1957, to certify which witness my hand and seal of office.

J. P. Bizzelle J. P. BIZZELLE
Notary Public in and for Midland County, Texas

cc - Mr. Murray Morgan
Land Commissioner
P. O. Box 791
Santa Fe, New Mexico

List of Operators notified of The Ohio Oil Company's application dated January 9, 1957, for 600 acre non-standard gas proration unit in the Jalmat gas Pool:

Continental Oil Company
P. O. Box 431
Midland, Texas

Western Natural Gas Company
8th Floor, Midland Tower Building
Midland, Texas

Sun Oil Company
P. O. Box 2792
Odessa, Texas

Mid-Continent Petroleum Corporation
P. O. Box 830
Midland, Texas

Oil Well Drilling Company
P. O. Box 3468
Odessa, Texas

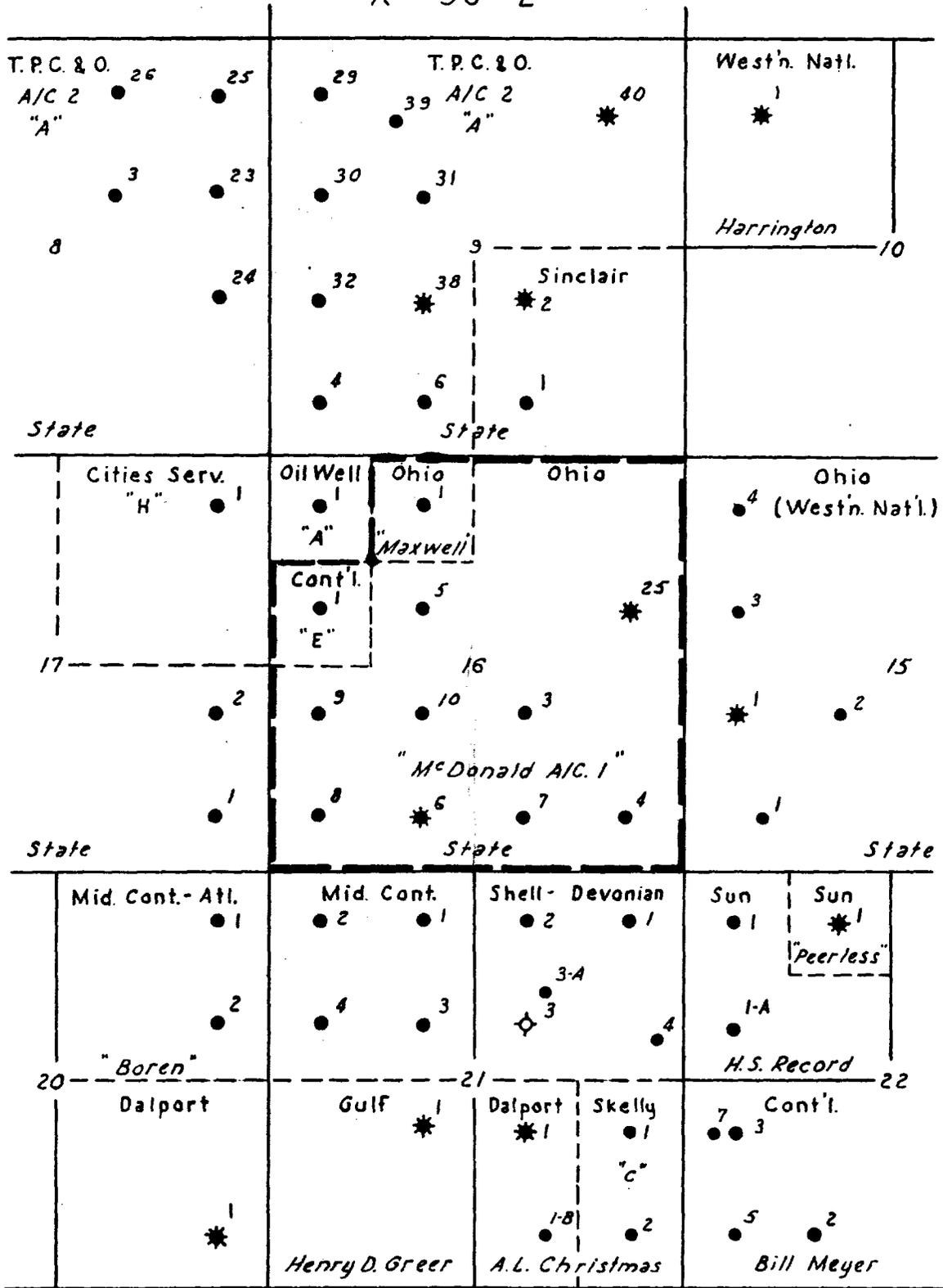
Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Texas Pacific Coal and Oil Company
P. O. Box 2110
Fort Worth, Texas

Sinclair Oil & Gas Company
901 Fair Building
Fort Worth, Texas

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

R-36-E



T
22
S

EXHIBIT "A"

Scale 1"=2000'

To THE OHIO OIL COMPANY'S Application
 For Non Standard Gas Proration Unit
 For All of Section 16-22-36 Except The NW/4 of NW/4
 JALMAT GAS POOL.