

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. 2338
Order No. R-2037

APPLICATION OF CONTINENTAL OIL
COMPANY FOR TWO NON-STANDARD OIL
PRORATION UNITS AND FOR AN EXCEP-
TION TO RULE 309 (a), EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 19, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 owner and operator of the State "S" and "P" Leases comprising, in pertinent part, Lots 1, 2, 3, and 4, the E/2 NW/4 and the SE/4 SW/4 of Section 30, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.
- (3) That the applicant proposes the establishment of two non-standard oil proration units in the Empire-Abo Pool, one unit consisting of Lots 1 and 2 of said Section 30 containing 55.65 acres, and one unit consisting of Lots 3 and 4 of said Section 30 containing 56.61 acres.
- (4) That the evidence presented at the hearing of this case indicates that Lots 1 and 4 of said Section 30 are not productive of oil from the Empire-Abo Pool.
- (5) That in order to prevent the dedication of unproductive acreage to oil proration units in the Empire-Abo Pool, particularly

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where the establishment of oversized units is proposed, and in order to protect the correlative rights of offset operators, the proposed non-standard proration units should not be established.

(6) That inasmuch as it appears that Lots 2 and 3 of said Section 30 may be productive of oil in the subject pool, an administrative procedure should be established whereby a 56.11-acre non-standard oil proration unit in said pool could be formed of these two lots. Said unit would be dedicated to the State S-30 Well No. 1, located 2310 feet from the North line and 330 feet from the West line of said Section 30.

(7) That if a well in either the NE/4 NW/4 or in the SE/4 SW/4 of said Section 30 is completed as a producer in the Empire-Abo Pool, this case should be reopened to reconsider the dedication of acreage in the W/2 of said Section 30.

(8) That the applicant further proposes to commingle the Empire-Abo Pool production from the portions of its State "S" and "P" Leases located in said Section 30 and to allocate production on the basis of periodic well tests.

(9) That inasmuch as the ownership of the State "S" and "P" Leases is common throughout, the commingling portion of the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the application of Continental Oil Company for the establishment of two non-standard oil proration units in the Empire-Abo Pool, one unit consisting of Lots 1 and 2 containing 55.65 acres and one unit consisting of Lots 3 and 4 containing 56.61 acres, all in Section 30, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby denied.

(2) That an administrative procedure is hereby established whereby the Secretary-Director of the Commission may approve the formation of a 56.11-acre non-standard oil proration unit in the Empire-Abo Pool, comprising Lots 2 and 3 of said Section 30, to be dedicated to the State S-30 Well No. 1, located 2310 feet from the North line and 330 feet from the West line of said Section 30. The Secretary-Director of the Commission may approve the formation of such unit 20 days after receipt of the application together with evidence that all operators owning leases offsetting said Lots 2 and 3 have been notified of the proposed formation of the unit. The Secretary-Director may dispense with the waiting period provided waivers of objection are received from said offset operators.

(3) That the allowable to be assigned to said proration unit shall bear the same ratio to a standard allowable in the

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Empire-Abo Pool as the acreage in said unit bears to the acreage in a standard oil proration unit in said pool.

(4) That the applicant is hereby authorized to commingle the Empire-Abo Pool production from the portions of its State "S" and "P" Leases located in said Section 30 and to allocate production on the basis of quarterly well tests, contingent upon the completion of a well in said pool on the State "P" Lease.

(5) That if a well in either the NE/4 NW/4 or in the SE/4 SW/4 of said Section 30 is completed as a producer in the Empire-Abo Pool, this case shall be reopened to reconsider the dedication of acreage in the W/2 of said Section 30.

(6) 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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



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