

Heard case No 5956

6/8/77

must be readjusted  
for 6/22/77 due to error  
in land descriptions  
in New Mexican

CASE 5956: CONTINENTAL OIL COMPANY  
FOR A NON-STANDARD PRORATION UNIT,  
LEA COUNTY, NEW MEXICO

Case Number  
5956

Application  
Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
8 June 1977

IN THE MATTER OF:

Application of Continental Oil Company)  
for a non-standard proration unit, Lea)  
County, New Mexico. )

CASE  
5956

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

Tom Kellahin, Esq.  
KELLAHIN & FOX  
500 Don Gaspar  
Santa Fe, New Mexico

sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

I N D E X

VICTOR T. LYON

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 7

E X H I B I T S

Continental Exhibit Number One, Plat 7

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1 MR. NUTTER: Call Case Number 5956.

2 MS. TESCHENDORF: Case 5956. Application of Con-  
3 tinental Oil Company for a non-standard proration unit, Lea  
4 County, New Mexico.

5 MR. NUTTER: Before we proceed with this Case  
6 Number 5956, I would like to make the observation that there  
7 was an error in the land description in the Santa Fe paper  
8 in this case. The case has been re-advertised for June the  
9 22nd and we'll go ahead and hear the case at this time but  
10 we'll withhold entering an order until after the correct ad-  
11 vertising has been published.

12 MR. KELLAHIN: Tom Kellahin of Kellahin & Fox,  
13 appearing on behalf of the Applicant, and I have one witness  
14 to be sworn.

15 (THEREUPON, the witness was duly sworn.)  
16

17 VICTOR T. LYON

18 called as a witness, having been first duly sworn, was ex-  
19 amined and testified as follows:  
20

21 DIRECT EXAMINATION

22 BY MR. KELLAHIN:

23 Q Would you please state your name, by whom you are  
24 employed, and in what capacity?

25 A I'm Victor T. Lyon, employed by Continental Oil

1 Company as Conservation Coordinator in the Hobbs Division  
2 Office, located in Hobbs, New Mexico.

3 Q And what is your field of expertise, Mr. Lyon?

4 A I'm a petroleum engineer.

5 Q And you have previously testified before this Com-  
6 mission and had your qualifications accepted and made a mat-  
7 ter of record?

8 A Yes, sir.

9 MR. KELLAHIN: Are the witness' qualifications  
10 acceptable?

11 MR. NUTTER: Yes, they are.

12 Q (Mr. Kellahin continuing.) Mr. Lyon, will you  
13 refer to Exhibit Number One, identify it, and tell us what  
14 Continental is seeking?

15 A Case Number 5956 is the application of Continental  
16 Oil Company for approval of a 160-acre non-standard gas pro-  
17 duction unit for its Warren Unit Well Number 42.

18 Exhibit One is a plat showing the Warren Unit by  
19 the heavy dashed outline, consisting of all or parts of  
20 Sections 20, 21, 22, 25, 26, 27, 28, and 29, 30, 34, and 35,  
21 of Township 20 South, Range 38 East.

22 The cross-hatched areas are those properties which  
23 are owned by the four companies comprising the New Mexico  
24 Federal Unit, and these lands are either in the Warren Unit  
25 or the Southeast Monument Unit or on N.M.F.U. property located

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1 outside but adjacent to these units. I have shown by the  
2 green circles the wells which are producing from the Warren-  
3 Tubb Gas Pool. The well Number 42, which is the subject of  
4 this application is circled in red, is shown at a location  
5 1980 feet from the south line, 660 feet from the east line  
6 of Section 27. The proposed gas proration unit is shown out-  
7 lined in red and consists of the north half of the northeast  
8 quarter, the southeast of the northeast quarter, and the  
9 northeast quarter of the southeast quarter.

10 Well Number 42 is producing from an interval --  
11 this is dual completion -- and the Tubb interval is 6578 to  
12 6674, which related to sea level is a minus 3019 to 3115.

13 Our Well Number 37, which is the direct west off-  
14 set, is the nearest well both geographically and structurally  
15 to Well Number 42, and it produces from an interval of minus  
16 3026 to 3137.

17 Number 42 appears to be a rather anomalous situ-  
18 ation but the tests to date indicate that the well is very  
19 definitely a dry gas well.

20 The quality of the Tubb formation to the north  
21 and -- well, to the north of Well Number 42, and on the north  
22 flank of the reservoir as we have it developed, seems to be  
23 deteriorating and at least at this time, it appears to be  
24 very improbable that the other locations in this proposed  
25 proration unit will be drilled.

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1 Q Well Number 42 is a dual completion from what  
2 formations, again?

3 A The Tubb and Blinebry. Now, as of yesterday, this  
4 well had not been connected and therefore we have not -- we  
5 have not taken a multi-point test on the well, but the flow  
6 test on completion was 2000 mcf plus on the short test that  
7 was taken.

8 Q Well 42 had the only Blinebry production in the  
9 area?

10 A No. No, there are a number of dual completions  
11 in this, but since this matter involves just the Tubb forma-  
12 tion, I have just shown the Tubb well.

13 Q Okay. In your opinion, Mr. Lyon, is the proposed  
14 non-standard proration unit reasonably productive of gas and  
15 in your opinion ought to be allocated to Well Number 42?

16 A Yes, sir, the acreage is available. It, I think,  
17 is a reasonable presumption that it is productive of gas, and  
18 we believe that it is an appropriate disposition of that  
19 acreage.

20 Q Was Exhibit One prepared by you directly or com-  
21 piled under your direction and supervision?

22 A Yes, it was.

23 Q In your opinion, Mr. Lyon, will approval of this  
24 application be in the best interests of conservation, the  
25 prevention of waste and the protection of correlative rights?



1 A Yes, I believe that it will prevent waste and it  
2 will not impair correlative rights.

3 MR. KELLAHIN: That concludes our direct examina-  
4 tion and we move the introduction of Exhibit One.

5 MR. NUTTER: Continental Exhibit One will be ad-  
6 mitted in evidence.

7

8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q Mr. Lyon, what formation are these wells down  
11 here in Sections 33 and 34 produced?

12 A Those are producing from the Blinebry.

13 Q And then the Well Number 30 up here in Section  
14 27 is what?

15 A That is a Blinebry well and it was drilled to the  
16 Drinkard and at the present time we have -- we're in the  
17 process of plugging that well back from the Drinkard and it  
18 has been perforated in the Tubb and is testing.

19 Q So you'll have another Tubb well in Number 30,  
20 then, later?

21 A Yes, sir.

22 Q Now, the gas wells are all clustered over to the  
23 west here, the Number 10, 35, 8, 9, and 26?

24 A Yes, sir.

25 Q So, apparently, that's the high as far as the

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1 structure is concerned.

2 A Yes.

3 Q And then you have a rim of oil wells on the north  
 4 and east side of that.

5 A Correct.

6 Q Then you come down the structure a little further  
 7 and you get into this Number 42.

8 A Yes.

9 Q And it's a gas well, and you called it an anomalous  
 10 situation.

11 A Yes, it's rather anomalous.

12 Q And you don't have an actual potential on it yet,  
 13 but while you were drilling it, it was tested for over two  
 14 million?

15 A Yes, sir.

16 Q Did you get any ratio on that? Did it make any  
 17 liquids, also?

18 A No, no reported oil. I think there was some water  
 19 that was produced. It was fractured and there was some fract  
 20 fluid that was recovered.

21 Q What is the GOR classification on up here for gas  
 22 wells and oil wells, do you recall?

23 A I don't believe there is one.

24 Q What are the classifications based on?

25 A The gravity of the liquid.

1 Q Solely gravity?

2 A Yes, sir, I believe 45 degrees is the dividing  
3 point.

4 Q And what's the acreage dedication requirement for  
5 gas wells?

6 A 160 acres.

7 Q And oil wells is 40?

8 A Yes.

9 MR. NUTTER: Are there any further questions of  
10 Mr. Lyon? He may be excused.

11 Do you have anything further, Mr. Kellahin?

12 MR. KELLAHIN: No, sir, not in this case.

13 MR. NUTTER: Does anyone have anything they wish  
14 to offer in Case Number 5956?

15 We'll take the case under advisement.

16 (Hearing concluded.)  
17  
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19  
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25

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand 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.

Sally Walton Boyd  
Sally Walton Boyd, C. S. R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examinee hearing of Case No. 5956,  
heard by me on 6/8, 1977.

[Signature] Examiner  
New Mexico Oil Conservation Commission

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 22, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company  
for a nonstandard proration unit,  
Lea County, New Mexico.

CASE  
5956  
(Cont'd.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

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1 MR. STAMETS: We will call next Case 5956.

2 MS. TESCHENDORF: Case 5956, application of Continental  
3 Oil Company for a nonstandard proration unit, Lea County,  
4 New Mexico.

5 MR. STAMETS: This case is simply recalled for  
6 purposes of readvertisement and if there is nothing further  
7 in the case the record of the June 2nd hearing will be all  
8 that is considered. Being nothing else this case is taken  
9 under advisement.

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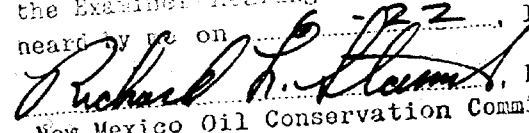
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6956  
heard by me on 6-12-77, 19 77.  
, Examiner  
New Mexico Oil Conservation Commission





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. 5956  
Order No. R-5480

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A NON-STANDARD PRORATION UNIT,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter, and on June 22, 1977, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 1977, 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, seeks approval of a 160-acre non-standard gas proration unit comprising the E/2 NE/4, NW/4 NE/4, and NE/4 SE/4 of Section 27, Township 20 South, Range 38 East, NMPM, to be dedicated to its Warren Unit Well No. 42, located in Unit I of said Section 27.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Warren-Tubb Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Warren-Tubb Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 5956  
Order No. R-5480

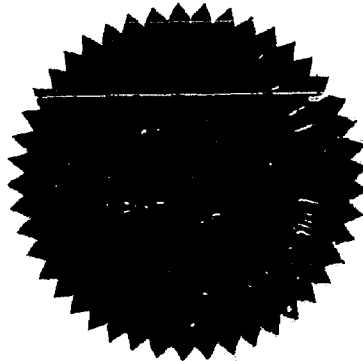
IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby granted a 160-acre non-standard gas proration unit in the Warren-Tubb Gas Pool comprising the E/2 NE/4, NW/4 NE/4, and NE/4 SE/4 of Section 27, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, to be dedicated to its Warren Unit Well No. 42, located in Unit I of said Section 27.

(2) 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



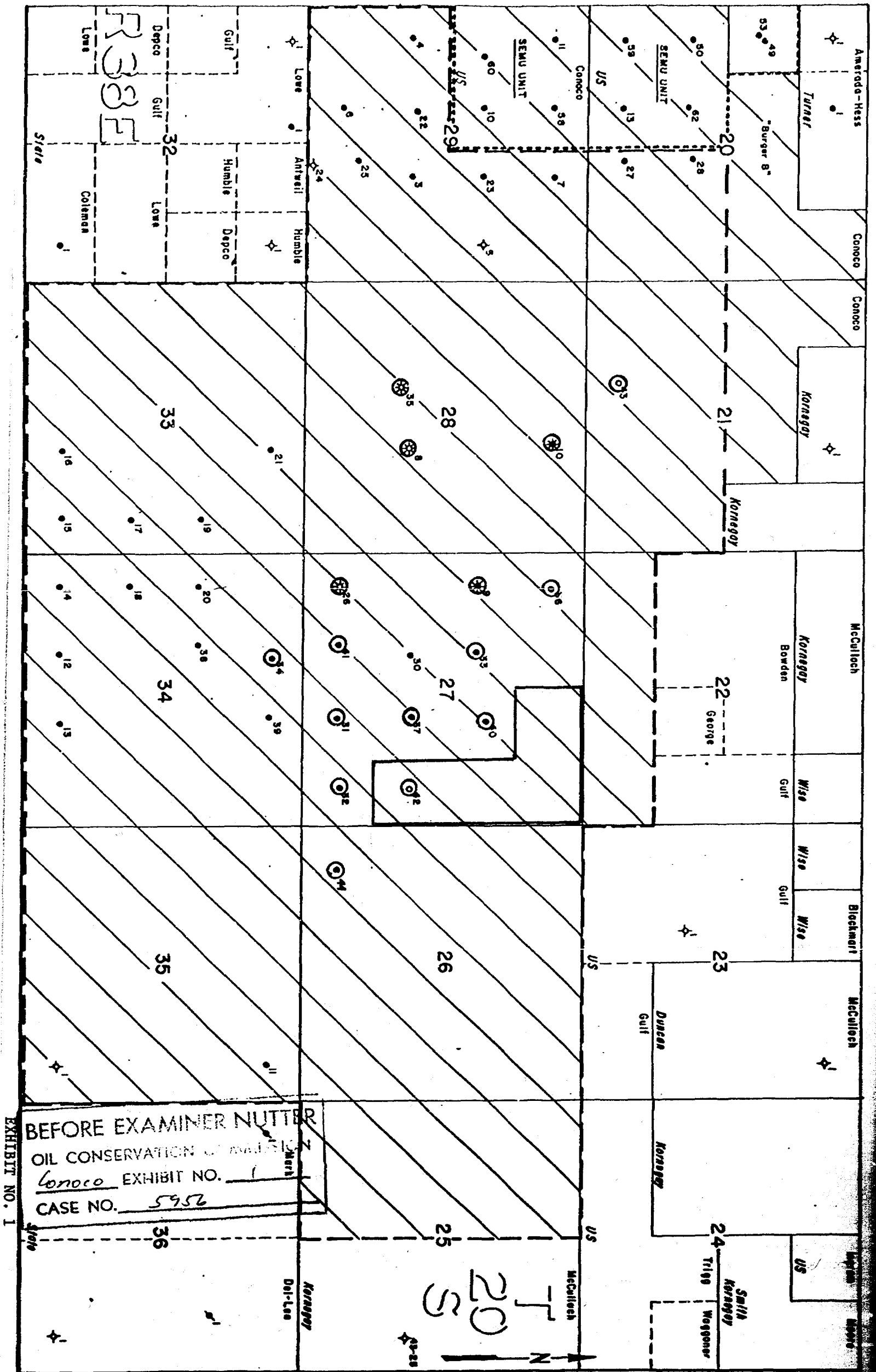
*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/



- CASE 5950: Application of Joe Don Cook for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of produced salt water from his State Well No. 1, located in Unit J of Section 2, Township 19 South, Range 31 East, Shupart Pool, Eddy County, New Mexico, into an earthen evaporation pit in said Section 2.
- CASE 5951: Application of Odessa Natural Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5952: Application of Hudson & Hudson for unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of 14 oil wells to be drilled at the following locations:
- 25 feet from the North and East lines of Units B, C, D, E, F, G, J, K, N, and O; and 25 feet from the North line and 330 feet from the East line of Units A, H, I, and P, all in Section 25, Township 17 South, Range 31 East, Maljamar Grayburg-San Andres Pool, Eddy County, New Mexico.
- CASE 5953: Application of Rice Engineering & Operating, Inc., for amendment of Order No. R-5384, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5384 to extend the injection interval in its Hobbs Salt Water Disposal Well No. 16 located in Unit P of Section 16, Township 19 South, Range 38 East, Lea County, New Mexico, to include the total open-hole section from 4176 feet to 10,008 feet.
- CASE 5954: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of its Breech Well No. 368 located in Unit I of Section 23, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5955: Application of Penroc Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Foxie-Federal Well No. 2 to be drilled in the center of Unit O of Section 18, Township 20 South, Range 28 East, Eddy County, New Mexico, the E/2 of said Section 18 to be dedicated to the well.
- CASE 5956: Application of Continental Oil Company for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the E/2 NE/4, NW/4 NE/4, and NE/4 SE/4 of Section 27, Township 20 South, Range 38 East, Warren-Tubb Gas Pool, Lea County, New Mexico, to be dedicated to its Warren Unit Well No. 42 located in Unit I of said Section 27.
- CASE 5957: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Otero-Chacra and South Blanco-Pictured Cliffs production in the wellbores of its AXI Apache "J" Wells Nos. 9 and 11, located in Units C and A, respectively, of Section 6, and Wells Nos. 10 and 12, located in Units I and K of Section 5, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5958: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gonzales-Mesaverde and Otero-Chacra production in the wellbores of its AXI Apache "J" Wells Nos. 18, 23, and 24 located in Units A, D, and P of Section 8; Nos. 19 and 22 in Units D and L of Section 6; Nos. 20 and 21, in Units C and I of Section 5; and No. 25 in Unit A of Section 7, all in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5959: In the matter of the application of the Oil Conservation Commission on its own motion to consider the creation, extension, and abolishment of certain pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico:
- a) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the North Cato-San Andres Pool. The discovery well is the Cleary Petroleum Corporation Federal "15" Well No. 1 located in Unit M of Section 15, Township 7 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 30 EAST, NMPM  
Section 15: SW/4

- CASE 5967: Application of Belco Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 8 and in the other Pennsylvanian formations underlying the E/2 of said Section 8, Township 24 South, Range 35 East, Cinta Roja-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5968: Application of Sun Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Tubb production in the wellbore of its Elliott A Well No. 2 located in Unit H of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 5969: Application of Getty Oil Company for an exception to Rule 104(C), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104(C) to permit its Mexico "L" Wells Nos. 3 and 24, located in Unit B of Section 5, Township 25 South, Range 38 East, Dollarhide-Fusselman Field, Lea County, New Mexico, to be located closer than 330 feet to each other.
- CASE 5953: (Continued from June 8, 1977, Examiner Hearing)  
Application of Rice Engineering & Operating, Inc., for amendment of Order No. R-5384, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5384 to extend the injection interval in its Hobbs Salt Water Disposal Well No. 16 located in Unit P of Section 16, Township 19 South, Range 38 East, Lea County, New Mexico, to include the total open-hole section from 4176 feet to 10,008 feet.
- CASE 5954: (Continued from June 8, 1977, Examiner Hearing)  
Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of its Breech Well No. 368 located in Unit I of Section 23, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5956: (Continued from June 8, 1977, Examiner Hearing)  
Application of Continental Oil Company for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the E/2 NE/4, NW/4 NE/4, and NE/4 SE/4 of Section 27, Township 20 South, Range 38 East, Warren-Tubb Gas Pool, Lea County, New Mexico, to be dedicated to its Warren Unit Well No. 42 located in Unit I of said Section 27.
- CASE 5970: Application of Texaco Inc., for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of pressure maintenance, all mineral interests in the Grayburg-San Andres formation underlying the following-described lands, Vacuum-Grayburg-San Andres Pool, Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 34 EAST  
Section 25: SE/4 NE/4 and S/2  
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 35 EAST  
Section 30: All  
Section 31: N/2, SW/4, and SW/4 SE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST  
Section 12: N/2 NE/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST  
Section 6: All  
Section 7: NW/4 and NW/4 NE/4

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

Production Department  
Hobbs Division  
Western Hemisphere Petroleum Division

Continental Oil Company  
P.O. Box 480  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

May 4, 1977

*Set for hearing*

New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Attention Mr. Joe D. Ramey, Secretary Director

Gentlemen:

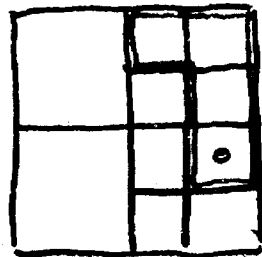
Application for 160-acre NSP Unit - Continental Oil Company - Warren Unit  
Tubb No. 42, Unit Letter I, Section 27, T-20S, R-38E, Lea County,  
New Mexico - Warren Tubb Gas Pool

Continental Oil Company respectfully requests administrative approval for a 160-acre nonstandard gas proration unit for its Warren Unit - Tubb No. 42, located 1980' from the south and 660' from the east lines of Section 27, T-20S, R-38E, Lea County, New Mexico. Approval is requested under Rule R-1234 of the Special Rules and Regulations for the Warren Tubb Gas Pool.

The proposed nonstandard unit will consist of the E/2 and the NW/4 of the NE/4 and the NE/4 of the SE/4 of Section 27. It conforms to requirements as follows:

1. Said unit consists of contiguous quarter-quarter sections (and/or lots).
2. Said unit lies wholly within a single governmental section.
3. The entire proposed unit may be reasonably presumed to be productive of gas.
4. The length or width of said unit does not exceed 5,280 feet.
5. Copies of this application have been furnished by certified mail to all offset operators and all operators within said section.

Plats attached show the proposed unit, the location of Well No. 42 and offset ownerships.



New Mexico Oil Conservation Commission

Page 2

May 4, 1977

Your consideration of this request will be appreciated.

Yours very truly,

*E. L. Oshlo*

E. L. Oshlo  
Assistant Division Manager

CRB:rej

Enc

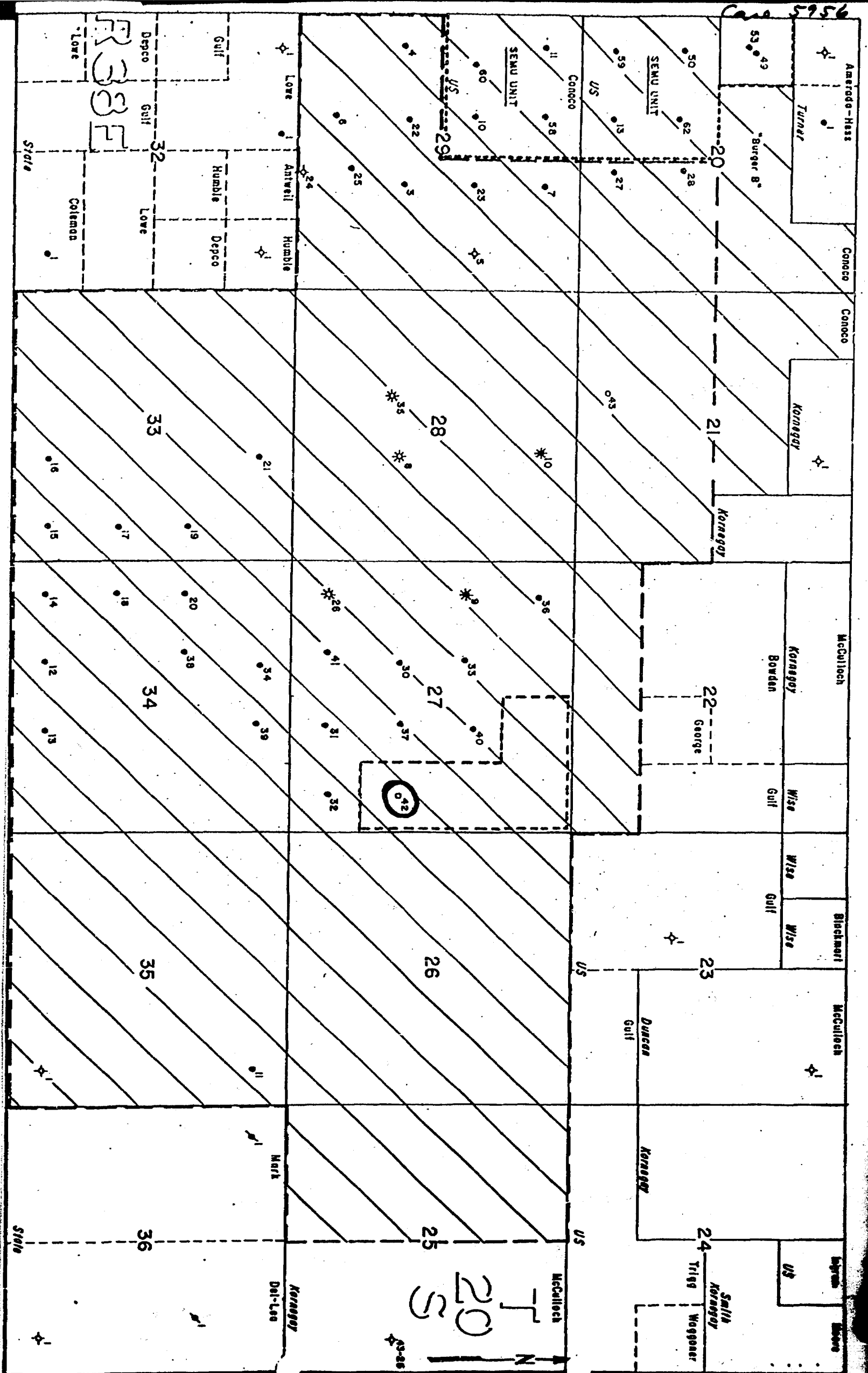
CC:

Gulf Oil Company

Gulf Building

Box 1150

Midland, Texas 79701





DRAFT

dr/

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:

*Don*  
CASE NO. 5956

Order No. R- 5480

*Roll*  
APPLICATION OF CONTINENTAL OIL COMPANY  
FOR A NON-STANDARD PRORATION UNIT,  
LEA COUNTY, NEW MEXICO.

*LD Jack*  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8,  
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.  
*and on June 22, 1977, before Examiner Richard L. Stumets.*  
NOW, on this        day of June, 1977, 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,  
seeks approval of a 160-acre non-standard gas proration unit  
comprising the E/2 NE/4, NW/4 NE/4, / and NE/4 SE/4 of Section 27, Town-  
ship 20 South, Range 38 East, NMPM, to be  
dedicated to its Warren Unit Well No. 42,  
located in Unit I of said Section 27.

(3) That the entire non-standard proration unit may rea-  
sonably be presumed productive of gas from the Warren-Tubb  
       Gas Pool and that the entire non-standard  
gas proration unit can be efficiently and economically drained  
and developed by the aforesaid well.

(4) That approval of the subject application will afford  
the applicant the opportunity to produce his just and equitable  
share of the gas in the Warren-Tubb Gas  
Pool, will prevent the economic loss caused by the drilling of  
unnecessary wells, avoid the augmentation of risk arising from  
the drilling of an excessive number of wells, and will otherwise  
prevent waste and protect correlative rights.

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Case No. \_\_\_\_\_

Order No. R- \_\_\_\_\_

*That the applicant, Continental Oil Company, is hereby granted,*

IT IS THEREFORE ORDERED:

(1) ~~That~~ a 160-acre non-standard gas proration unit in the Warren-Tubb Gas Pool comprising the E/2 NE/4, NW/4 NE/4, and NE/4 SE/4 of Section 27, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, <sup>*to be*</sup> ~~is hereby established and~~ dedicated to its Warren Unit Well No. 42, located in Unit I of said Section 27.

(2) 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.