

a CASE 5962: AMOCO PRODUCTION COMPANY FOR
A NON-STANDARD PRORATION UNIT, UNORTHO-
DOX LOCATION & SIMULTANEOUS DEDICATION *any*
~~FROM~~ COUNTY, NEW MEXICO
488

5962

Application
Transcripts.
Small Exhibits
ETC.

NAME	REPRESENTING	LOCATION
Charles Verquer	Caulkins Oil Co	Farmington
O. V. Stuckey	Getty Oil Co.	Midland
ANTONE PETERSON	Amoco Production Co.	Houston
H. H. Rice, Jr	" " "	"
Jim E. Pearce	" " "	"
W. J. Mueller	Phillips Petrol Co.	Odessa
Robert E. Davis	Texaco Inc.	Midland
Morris S. Todd	Texaco Inc.	Midland
KEN Bateman	Whitehook Kelly & McCarty	Santa Fe
J. T. Power	SUN OIL Co.	DALLAS, TX
STEPHEN A. GILBERT	- - -	MIDLAND
R. J. Anthony	Texaco, Inc.	Hobbs, NM
W. R. Hayworth	Texaco, Inc.	Hobbs, NM
KENNETH W. LARSON	SUN OIL Co.	DALLAS
Tom Kellahan	Kellahan & Fox	Santa Fe
L. B. GOODHART	RICE FUEL & OIL, INC.	HOBBS
D. R. LAYTON	LAYTON ENTERPRISES	LUBBOCK
Don Stevens	" "	Santa Fe
JOE V. PEACOCK	PHILLIPS PETROL CO.	ODESSA

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company
for a nonstandard proration unit, un-
orthodox locations and simultaneous
dedication, Lea County, New Mexico.

CASES
5962
&
5963

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 Commis
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

Antone L. Peterson, III, Esq.
Attorney at Law
Amoco Production Company
Post Office Box 3092
Houston, Texas

ATWOOD, MALONE, MANN & COOTE
Attorneys at Law
P. O. Drawer 700
Roswell, New Mexico

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3 J. E. PEASE

4 Direct Examination by Mr. Peterson

5

6

7

8

EXHIBIT INDEX

9

Offered

Adm

10 Amoco's Exhibit One, Map

4

11 Amoco's Exhibit Two, Tabulation

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3 Production Company for a nonstandard proration unit, unor
4 locations and simultaneous dedication, Lea County, New Mex

5 MR. STAMETS: Call for appearances in this case.

6 MR. PETERSON: Amoco Production and Antone Peter
7 attorney. The file should reflect an appearance on Amoco
8 behalf by Atwood, Malone, Mann and Cooter, New Mexico cour

9 MR. STAMETS: That is on file.

10 MR. PETERSON: Amoco will have one witness today
11 I would like to have him sworn at this time.

12 Amoco would like to consolidate this case with t
13 case immediately following to expedite matters. They are
14 similar and we have the same exhibits for purpose of testi
15 only.

16 MR. STAMETS: Please call the next case.

17 MS. TESCHENDORF: Case 5963, application of Amoco
18 Production Company for a nonstandard proration unit and
19 simultaneous dedication, Lea County, New Mexico.

20 MR. STAMETS: These two cases will be consolidat
21 for the purpose of testimony.

22 Will the witness stand and be sworn, please?

23 (THEREUPON, the witness was duly sworn.)
24
25

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3 and testified as follows:

4

5

DIRECT EXAMINATION

6 BY MR. PETERSON:

7

Q. Would you state your name, please?

8

A. J. E. Pease.

9

Q. You have testified before the Commission previously have you not, Mr. Pease?

11

A. Yes, sir.

12

Q. And your qualifications were found acceptable?

13

A. Yes, sir.

14

Q. What is your field of expertise?

15

A. Reservoir engineering.

16

MR. PETERSON: Are the witness' qualifications acceptable, Mr. Examiner?

18

MR. STAMETS: They are.

19

Q. (Mr. Peterson continuing.) I would like for you to turn your attention to Amoco's Exhibit One, Mr. Pease and what that exhibit shows, please?

22

A. Exhibit One is a map of a portion of the Eumont Pool being in portions of Township 20 South, Range 37 East Township 21 South, Range 36 of Lea County, New Mexico.

25

Q. You have hatched lines shown on the map, could you

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3 proration units for the gas completions in the Eumont Gas
4 which are shown on this map by the yellow dots.

5 Q Aside from the yellow dots you have also marked
6 wells or locations with red markings, could you explain the
7 significance of those, please?

8 A Yes, sir. In the bottom portion of the map is a
9 dot, it represents Amoco's State "C" Tract 11, Well No. 5
10 is the subject for Case 5962. The location of this well is
11 thirty-three hundred feet from the north line and six hundred
12 and sixty feet from the east line which places it in Unit
13 Section 2 which is an oversized section, Township 21 South
14 Range 36 East. This well was permitted on a hundred and
15 acres on April 18th, 1977. It was completed as a gas well
16 the Queen formation on May the 8th, 1977.

17 Q Is that location an orthodox location in that unit?

18 A For three hundred and twenty acres that would be
19 unorthodox location.

20 Q I would like for you to turn your attention now
21 other red dot mentioned earlier to the north of the red dot
22 which you just discussed and tell us the significance of the
23 marking, please?

24 A This red dot represents the proposed location for
25 Amoco's Gilluly B Federal Royalty Count A Well No. 16. The

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3 M of Section 22, Township 20 South, Range 37 East.

4 Q Is that an orthodox location on that unit?

5 A This proration unit contains two hundred and for
6 acres and this would be an unorthodox location for this unit.
7 The first well on this unit was Well No. 7 and it's at a
8 standard location. The nonstandard unit was approved admini-
9 tratively in May of 1956 by Order No. NSP-263.

10 Q Do you have any further comments at this time
11 regarding Exhibit One?

12 A I would like to go back on the State "C" Tract 1
13 mention that the nonstandard unit there in the nonstandard
14 location for Well No. 1 was approved by Order No. R-656.

15 Q All right, I would like for you to turn now to
16 Exhibit Two, Amoco's Exhibit Two, and explain what that
17 tabulation shows, please?

18 A This is a table of allowables and production. On
19 left-hand side I have the months and the year for the last
20 balancing period for the Eumont Gas Pool and I have reported
21 the allowable which a nonmarginal gas well containing a hundred
22 and sixty acre proration unit would have received. I have
23 the monthly volume and then adjacent to it on the right I have
24 that converted to a daily basis. As you can see this would
25 be approximately a thousand MCF a day for last year.

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3 and forty acres and also the daily allowable for a nonmar
4 gas well with three hundred and twenty acres.

5 Then on the right is the production data. The
6 column there would be for Amoco State "C" Tract 11 Well N
7 as I mentioned had a three hundred and twenty acre prorat
8 unit. As you can see it averaged slightly less than one
9 hundred MCF a day during the last balancing period.

10 Taking the allowable which a nonmarginal gas well
11 with three hundred and twenty acres would have received th
12 unit was short approximately eighteen hundred and fifty M
13 a day during the last year.

14 On the right, the two right columns, represent
15 production for Amoco's Gilluly "B" Federal Royalty Count
16 Well No. 7. As I mentioned this has a two hundred and for
17 acre unit. Again taking its total production for the year
18 subtracting that number from the allowable for which a two
19 hundred and forty acre would have received a nonmarginal
20 allowable we find that this unit was short five hundred an
21 ninety-one MCF a day during the past year.

22 Q Any further comments on this exhibit?

23 A No, sir.

24 Q I would like for you to again look at Amoco's Ex
25 One, more specifically State "C" Tract 11 Well 5 and expla

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3 the production of the surrounding wells to the Unit, it a
4 that more than one additional completion would be necessar
5 this lease to raise it up from a marginal to a nonmarginal
6 status. You can see there are two Blinebry completions wh
7 are in the Hardy Blinebry Field. Well No. 4 is producing
8 barrels of oil a day and forty barrels of water. Well No.
9 makes about seventeen barrels a day and about twelve barre
10 of water. It is anticipated that these wells will be comp
11 to the Queen zone in the future and a standard location in
12 three hundred and twenty acres would have been nineteen hu
13 and eighty feet from the north unit boundary, which would
14 placed it due east of the Well No. 4, so to obtain a bette
15 spread of our wells on this tract a decision was made to d
16 a new well at the present time in the nonstandard location
17 picked. This location doesn't crowd any of the existing w
18 and it's indicated that it is draining a portion of the re
19 which perhaps hasn't been drained by the other wells. The
20 Cities Service wells north of it, the State "AO" No. 1 in
21 produced eighty-one MCF a day. The No. 5 Well tested seve
22 hundred MCF a day and the bottom-hole pressure recorded in
23 well shut in after a hundred and eighteen hours is two hun
24 and ninety-four pounds.

25 Q I would like for you now to look at Well 16 on t

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3 hundred and forty acres, would have been nineteen hundred
4 eighty feet from the west line. It was decided to move it
5 to the west which places it closer to an existing proration
6 unit on the same lease.

7 Q. Do you have any further comments regarding either
8 Exhibit One or Two?

9 A. No, sir.

10 Q. In your opinion will the granting of these applications
11 which have been combined for purposes of testimony prevent
12 waste, protect correlative rights and promote the interest
13 of conservation?

14 A. It will.

15 Q. Were Exhibits One and Two prepared by you or under
16 your supervision?

17 A. They were.

18 MR. PETERSON: I would like to move that Amoco's
19 Exhibits One and Two be admitted into evidence.

20 MR. STAMETS: These exhibits will be admitted.

21 (THEREUPON, Amoco's Exhibits One and Two
22 were admitted into evidence.)

23 MR. STAMETS: Mr. Pease, do you know the order number
24 which approved these two nonstandard units originally?

25 MR. PEASE: Yes, sir, the State "C" Tract 11 was

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3 like.

4 MR. STAMETS: No, just the final order that con
5 dated the two hundred and forty acres.

6 MR. PEASE: That would have been an administrat
7 order, NSP-263.

8 MR. STAMETS: Are there any other questions of t
9 witness? He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. STAMETS: Anything further in this case?
12 case will be taken under advisement.

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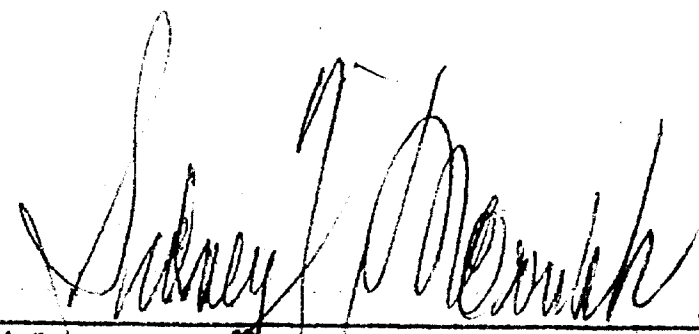
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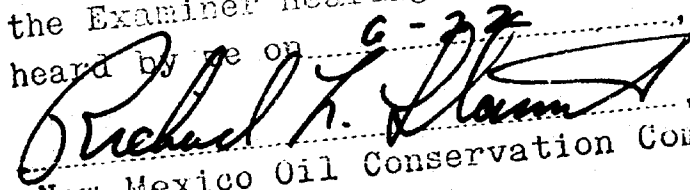
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3 do hereby certify that the foregoing and attached Transcrip
4 of Hearing before the New Mexico Oil Conservation Commissi
5 was reported by me, and the same is a true and correct rec
6 of the said proceedings to the best of my knowledge, skill
7 ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5962-5963
heard by me on 6-27, 1972

Richard K. Damm, Examiner
New Mexico Oil Conservation Commission

EMERY C. ARNOLD

Other _____

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. 5962
Order No. R-547

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NON-STANDARD PRORATION UNIT, UNORTHODOX
LOCATIONS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 28th day of June, 1977, the Commission, quorum being present, having considered the testimony, 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, Amoco Production Company, seeks approval of a 320-acre non-standard gas proration unit comprising Lots 9, 10, 15, and 16, and the SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, to be simultaneously dedicated to State "C" Tract 11 Wells Nos. 1 and 5, located at unorthodox locations in Units X and I, respectively, of said Section 2.

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

(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 Eumont 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.

(5) That Commission Order No. R-656 which previously approved the subject proration unit should be superseded.

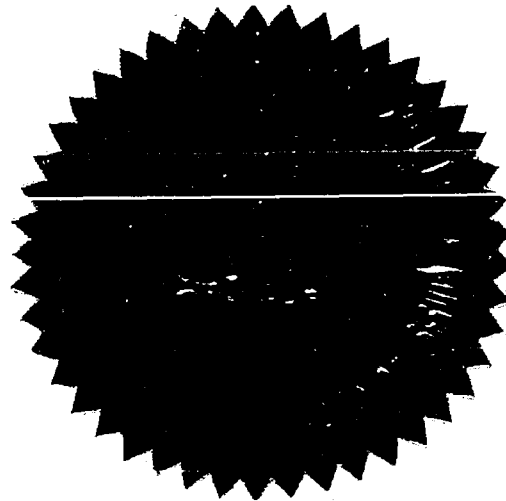
IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby granted a 320-acre non-standard gas proration unit in the Eun Gas Pool comprising Lots 9, 10, 15, 16, and the SE/4 of Section Township 21 South, Range 36 East, NMPM, Lea County, New Mexico be simultaneously dedicated to its State "C" Tract 11 Wells Nos. 1 and 5, located at unorthodox locations in Units X and I, respectively, of said Section 2.

(2) That Commission Order No. R-656 is hereby superseded.

(3) 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

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner.

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising Lots 9, 10, 15 and 16 and the SE 1/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

NON MARGINAL GAS ALLOWABLE

50 ACRE UNIT

MONTH, MCF DAILY, MCFD

DAILY
240 ACRE
MCFD

DAILY
320 ACRE
MCFD

AMOCO STATE C TR. 11 #1
320 ACRE UNIT
MONTH, MCF DAILY, MCFD

PRODUCTION DATA

AMOCO GILLULY "B" FED. R.
240 ACRE UNIT
MONTH, MCF DAILY, MCFD

22,288	743	1,114	1,486	2,747	92	26,772	892
19,520	630	945	1,260	3,124	101	27,181	877
14,997	500	750	1,000	3,103	103	27,054	902
11,505	371	556	742	2,872	93	22,055	711
15,000	484	726	968	3,159	102	28,082	906
25,415	847	1,270	1,694	3,143	105	25,288	843
38,720	1,249	1,874	2,498	3,001	97	26,998	871
40,367	1,346	2,019	2,692	2,913	97	26,882	896
42,724	1,378	2,067	2,756	2,846	92	29,203	942
31,185	1,006	1,509	2,012	2,844	92	28,514	920
43,098	1,539	2,308	3,078	2,884	103	24,806	886
52,197	1,684	2,526	3,368	2,965	96	27,012	871

357,016 MCF/Yr.

535,524 MCF/Yr.

714,032 MCF/Yr.

319,847 MCF/Yr.

NON MARGINAL ALLOWABLE MINUS PRODUCTION

678,431 MCF

215,677 MCF

1,849 MCFD

591 MCFD

BEFORE EXAMINER STA
OIL CONSERVATION COM.

Amoco EXHIBIT NO.

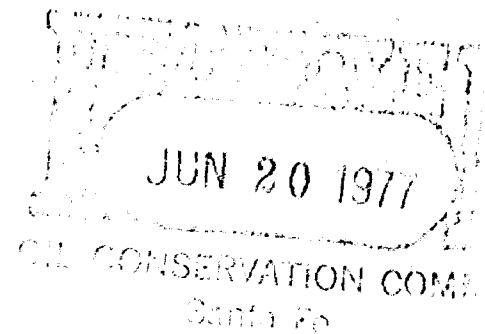
CASE NO. 5962 ds

Submitted by Pease

Hearing Date 6-22-77

June 16, 1977

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



RE: Examiner Hearing June 22, 1977

Dear Joe:

We would appreciate your filing the enclosed Entries of Appearance, for Amoco Production Company, in cases No. 5962, 5963, 4962 and 5967.

Thank you and with regards.

Very truly yours,


Charles F. Malone

CFM:sas
cc: Guy Buell, Esquire


STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
A NON-STANDARD PRORATION UNIT,) No. 5962
UNORTHODOX LOCATIONS AND DEDICA-)
TION, EUMONT GAS POOL, LEA COUNTY,)
NEW MEXICO.

ENTRY OF APPEARANCE

The undersigned hereby enter their appearance herein
for the Applicant, Amoco Production Company, with Antone Peter-
son of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

By 
Post Office Drawer 700
Roswell, New Mexico 88201

Attorneys for Amoco Production Compa

MAY 31 1977
OIL CONSERVATION COMM.
SANTA FE

May 27, 1977

File: HHR-986.51NM-2252

Re: Application for Hearing
Eumont Gas Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

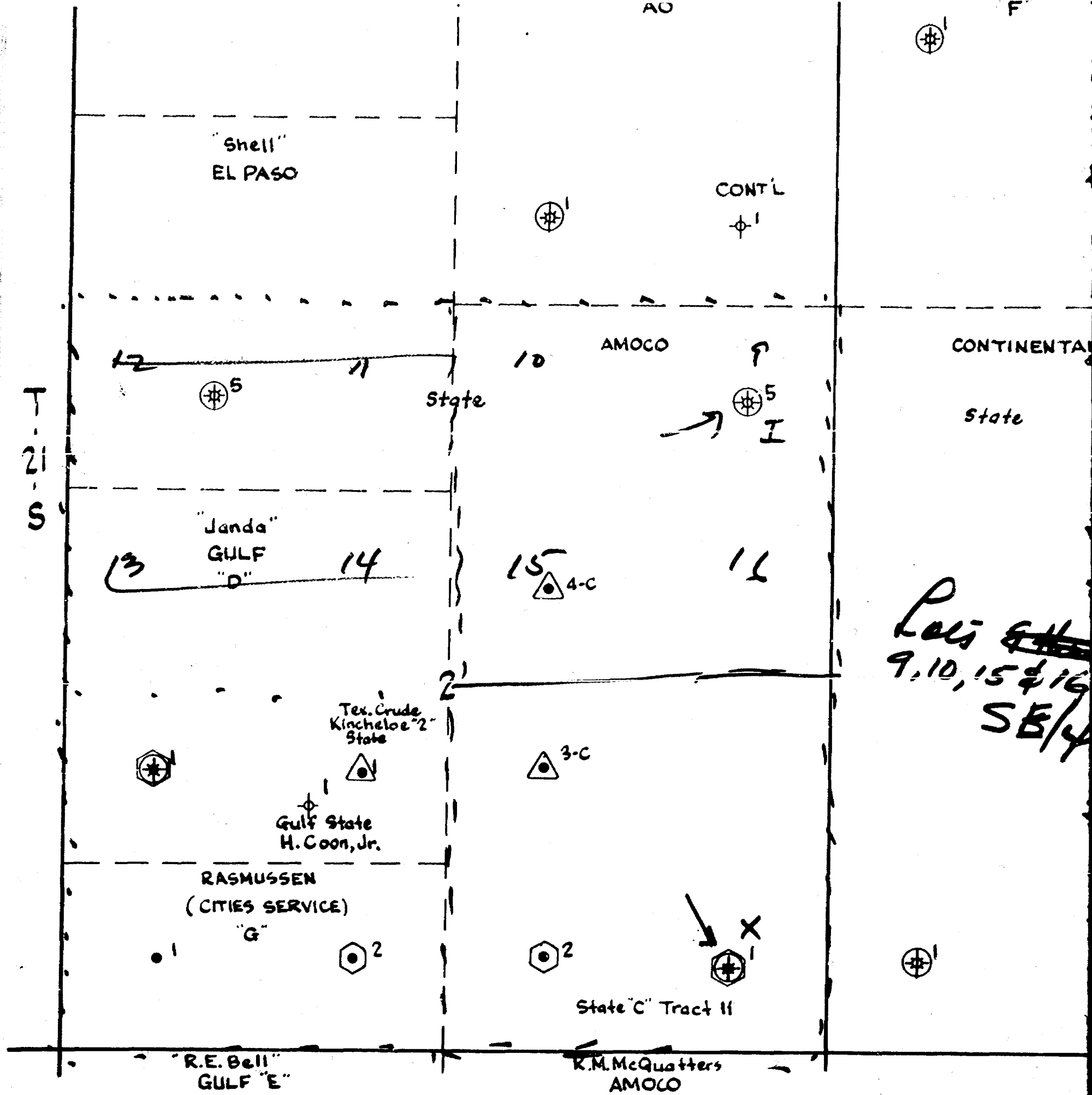
Amoco Production Company respectfully requests a hearing for obtaining approval of a 320 acre non-standard proration unit to be simultaneously dedicated to State "C" Tract 11 Well Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, in Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico.

Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone number 713-652-5461.

Yours truly,

J M Brown

JEP/lb
Attachments



Portion of
EUMONT GAS PO
Lea Co., New Mex
1"=1000'

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5962

Order No. R- 5476

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NON-STANDARD PRORATION UNIT, UNORTHODOX LOCATIONS AND
SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Sta

NOW, on this day of , 19 77, the
Commission, a quorum being present, having considered the test
the record, and the recommendations of the Examiner, and being
advised in the premises,

FINDS:

(1) That due public notice having been given as require
law, the Commission has jurisdiction of this cause and the sub
matter thereof.

(2) That the applicant, Amoco Production Company
seeks approval of a 320--acre non-standard gas proration
comprising the SE/4
Lots 9, 10, 15, and 16, and / of Section 2, Tow
ship 21 South, Range 36 East, NMPM, to be
simultaneously dedicated to its State "C" Tract 11 Wells Nos. 1 and 5
at unorthodox locations
located/in Units X and 7 of said Section 2
I, respectively,

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

(4) That approval of the subject application will affor
the applicant the opportunity to produce his just and equitable
share of the gas in the Eumont

Pool, will prevent the economic loss caused by the drilling of

IT IS THEREFORE ORDERED:

(1) ~~That~~ a 320-acre non-standard gas proration
in the Eumont Gas Pool comprising 10, 15, & 16, and the SE/4 of Section 2, Township 21 South
Range 36 East, NMPM, Lea County
New Mexico, ~~is hereby established and~~ ^{to be} simultaneously dedicated to its State
Tract 11 Wells Nos. 1 and 5, located in Units X and Y, ~~res~~
of said Section 2.

(3) 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 herein
designated.

(2) That Commission Order No R-6
is hereby superseded.