

Case 313

CONTINENTAL OIL COMPANY

EXHIBIT NO. 1

| Pool Depth Range | A 1st 40 Acre Credit | B Added Investment Credit | C 40 Acre Proportional Factor | D 2nd 40 Acre Credit | E 80 Acre Deep Well Proportional Factor |
|------------------|----------------------------|------------------------------------|--|----------------------------|---|
| | | | (A ÷ B) | | (A ÷ B) |
| 0 - 5,000 | 1.00 | ===== | 1.00 | ===== | ===== |
| 5,000 - 6,000 | 1.00 | 0.33 | 1.33 | 1.00 | 2.33 |
| 6,000 - 7,000 | 1.00 | 0.77 | 1.77 | 1.00 | 2.77 |
| 7,000 - 8,000 | 1.00 | 1.33 | 2.33 | 1.00 | 3.33 |
| 8,000 - 9,000 | 1.00 | 2.00 | 3.00 | 1.00 | 4.00 |
| 9,000 - 10,000 | 1.00 | 2.77 | 3.77 | 1.00 | 4.77 |
| 10,000 - 11,000 | 1.00 | 3.67 | 4.67 | 1.00 | 5.67 |
| 11,000 - 12,000 | 1.00 | 4.67 | 5.67 | 1.00 | 6.67 |
| 12,000 - 13,000 | 1.00 | 5.75 | 6.75 | 1.00 | 7.75 |

OIL COMMISSIONER, COMMISSIONER
SANTA FE, NEW MEXICO
APR 21 1952

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 CONSIDERING:

CASE No. 313
ORDER No. R-160

THE APPLICATION OF THE OIL CONSERVA-
TION COMMISSION UPON ITS OWN MOTION
FOR AN ORDER AMENDING RULE 505, OIL
PRORATION, WITH PARTICULAR REFERENCE
TO PARAGRAPH 2: PROPORTIONAL FACTORS
FOR DEEP WELLS UNDER VARIOUS SPACING
PATTERNS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at Santa Fe, New Mexico,
at 10 o'clock a.m. October 23, 1951, before the Oil Conservation Com-
mission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this $12^{\frac{7}{8}}$ day of June, the Commission, a quorum
being present, having considered the testimony adduced and the exhibits
received at said hearing, and being otherwise fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the
Commission has jurisdiction of this cause and the subject matter thereof.

(2) That heretofore, by virtue of Order No. 850, Rule 505,
to which reference is hereby made, the Commission established 40-acre
proportional factors for oil wells in allocated pools.

(3) That the proportional factors were established as follows:

| POOL DEPTH RANGE | PROPORTIONAL FACTOR |
|-----------------------|------------------------|
| 0 to 5,000 Feet | 1.00 |
| From 5,000 to 6,000 " | 1.33 |
| " 6,000 to 7,000 " | 1.77 |
| " 7,000 to 8,000 " | 2.33 |
| " 8,000 to 9,000 " | 3.00 |
| " 9,000 to 10,000 " | 3.77 |
| " 10,000 to 11,000 " | 4.67 |
| " 11,000 to 12,000 " | 5.67 |
| " 12,000 to 13,000 " | 6.75 |

(4) That the proportional factors as established for 40-acres
were computed in order to provide a reasonable return on the additional
investment required to drill a well upon 40 acres to a depth below 5,000
feet.

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(5) That in order to protect correlative rights there is a need for the establishment of 80-acre proportional factors.

IT IS THEREFORE ORDERED:

(1) That Order No. 850, Rule 505, Paragraph 2, be and the same hereby is amended as follows:

| <u>POOL DEPTH RANGE</u> | <u>40-Acre Proportional Factor</u> | <u>80-Acre Proportional Factor</u> |
|-----------------------------|--|--|
| 0 to . 5,000 Feet | 1.00 | - - - |
| 5,000 to 6,000 " | 1.33 | 2.33 |
| 6,000 to 7,000 " | 1.77 | 2.77 |
| 7,000 to 8,000 " | 2.33 | 3.33 |
| 8,000 to 9,000 " | 3.00 | 4.00 |
| 9,000 to 10,000 " | 3.77 | 4.77 |
| 10,000 to 11,000 " | 4.67 | 5.67 |
| 11,000 to 12,000 " | 5.67 | 6.67 |
| 12,000 to 13,000 " | 6.75 | 7.75 |

(a) The 40-acre proportional factor shall be applied to pools developed on the normal statewide 40-acre spacing pattern.

(b) The above 80-acre proportional factor shall hereafter be applied to all pools developed on an 80-acre spacing pattern, which the Commission hereafter authorizes as an exception to the normal statewide 40-acre spacing pattern.

PROVIDED FURTHER, That jurisdiction of this case be retained for the purpose of revocation or modification under changing conditions.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman


GUY SHEPARD, Member


R. R. SPURRIER, Secretary