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CONTINENTAL OIL COMPANY

Roswell, New Mexico
April 18, 1958

DC - 595
Due May 1, 1958
(on waiting)

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Application of Continental Oil Company for administrative approval of dual completion in the Jalmat Oil Pool and the Jalmat Gas Pool of its Farney A-17 Well No. 3 located in Section 17, T-23-S, R-36-E, NMPM, Lea County, New Mexico; and for approval of a 160-acre non-standard gas proration unit consisting of the NW/4, Section 17, T-23-S, R-36-E.

Gentlemen:

Continental Oil Company respectfully requests administrative approval under the provisions of statewide rule 112-A of the Rules and Regulations of the New Mexico Oil Conservation Commission for the dual completion of its Farney A-17 No. 3 to be drilled at a location 1650 feet from the north line and 990 feet from the west line of Section 17, T-23-S, R-36-E, NMPM, Lea County, New Mexico, for the production of oil from the Jalmat Oil Pool and gas from the Jalmat Gas Pool, and in support thereof states:

1. Applicant is operator of the Farney A-17 lease consisting of the NW/4 of said Section 17.
2. Applicant proposes to drill and complete its Farney A-17 Well No. 3 as an oil well in the lower Yates formation. Said well will be in the defined limits of the Jalmat Oil Pool.
3. Applicant proposes to perforate selected intervals from approximately 3550 to 3625 feet in the upper Yates formation to produce Jalmat gas through the casing-tubing annulus while producing Jalmat oil through two-inch tubing. Separation of fluids from the two pools will be effected by means of a packer to be set at 3640 feet. A diagrammatic sketch of the dual completion is attached hereto, showing the formation involved, the proposed intervals to be perforated in the lower Yates formation for Jalmat oil production and upper Yates formation for Jalmat gas production, location of packer and other information pertinent to the dual completion.
4. The upper Yates gas zone in said well is in the defined limits of the Jalmat Gas Pool.

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5. The well will be equipped in such a manner that there will be no commingling of fluids from the two common sources of supply and each productive zone will be tested separately in the well, as required by the Commission.
6. Approval of the proposed dual completion is in the interest of conservation and will serve to prevent waste and protect correlative rights.
7. That by copy of this letter of application all offset operators are notified of this application.

We further respectfully request approval under the provisions of Rule No. 5 (b) of the Special Rules and Regulations for the Jalmat Gas Pool of Order No. R-520 of a 160-acre non-standard gas proration unit consisting of the NW/4 of the said Section 17 to be allocated to the said well No. 3. In support of this request we should like to point out that the proposed unit conforms with the requirements of said Rule 5 (b) in all respects as follows:

1. Said proposed non-standard gas proration unit consists of contiguous quarter-quarter sections.
2. Said proposed non-standard gas proration unit lies wholly within a single governmental section.
3. The entire proposed non-standard gas proration unit may be reasonably presumed to be productive of gas.
4. The length or width of said proposed non-standard gas proration unit does not exceed 5,280 feet.
5. Copies of this application have been furnished by registered mail this date to all offset operators and all operators within 1,500 feet of said well, as required by the provisions of said Rule 5 (b).

A plat is attached hereto showing to the best of our knowledge and belief the proposed unit, the location of the No. 3 well and other wells on the lease, offset wells and ownership thereof.

The granting of this application is in the interest of preventing waste and the protection of correlative rights.

In view of the facts set out herein it is respectfully requested that the Commission enter an order approving the proposed dual completion and non-standard proration unit both as described above.

Yours very truly,



R. L. Adams
Division Superintendent
of Production
New Mexico Division

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

R. L. Adams, being first duly sworn on behalf of the applicant in the above application, says: That he is the Division Superintendent, of applicant, and as such is authorized to make said application, that he has read the foregoing application, knows the contents thereof, and that the same are true, as he is reliably informed and believes.

R. L. Adams
(Signature)

Subscribed and sworn to before me this 18th day of April,
1958.

Louis B. Houston
Notary Public

My Commission expires:

May 25, 1960

Copies to:

✓ New Mexico Oil Conservation Commission-6
HLJ-2 JRP File

Registered Mail:

Sinclair Oil & Gas Company
520 E. Broadway
Hobbs, New Mexico

Texas Pacific Coal & Oil Company
P. O. Box 1688
Hobbs, New Mexico