

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR
AN ORDER INSURING RATABLE TAKES
OF GAS PRODUCTION, SOUTH BLANCO
PICTURED CLIFFS POOL, RIO ARriba
COUNTY, NEW MEXICO.

11-24-34
C. H. 4028

A P P L I C A T I O N

Comes now Continental Oil Company and applies to the Oil Conservation Commission of New Mexico for an order or orders designed to insure ratable taking of gas in the South Blanco Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the operator of the AXI Apache Leases, located in Township 25 North, Ranges 4 and 5 West, N.M.P.M., Rio Arriba County, New Mexico, under leases from the Jicarilla Apache Indian Tribe.
2. Applicant's wells are connected to and gas is sold through a gas pipeline operated by Southern Union Gas Company.
3. Pipeline pressures, at the point at which applicant's wells are connected are substantially higher than the operating pressures for other wells connected to the same system and producing from the same common source of supply; likewise the operating pressures against which applicant's wells are forced to produce are considerably higher than operating pressures of the pipeline to which wells offsetting applicant's wells are connected. All of said wells are producing from the South Blanco Pictured Cliffs Gas Pool, as defined by the Commission.
4. Because of the pressure differential between the pressures against which applicant's wells must operate, and other wells in the same system, applicant has been discriminated against

in the production of gas from the same common source of supply, and applicant's correlative rights, as defined by law, are being impaired, contrary to the provisions of law and the rules and regulations of this Commission.

5. Because of the pressure differential between the pressures against which applicant's wells must operate, and the pressures against which other wells offsetting applicant's wells in the same common source of supply operate, applicant is being discriminated against in the production of gas, and its correlative rights are not being protected, as required by law.

6. The differences in the facilities provided by the pipeline company serving applicant bear no fair relationship to the differences in quality, quantity or pressure of the gas available or to the relative lengths of time during which such gas will be available to the purchaser, and constitute a violation of the provisions of Section 65-3-15, New Mexico Statutes, Annotated, 1953 Compilation, as amended, and Rule 902 (b) of the Commission's Rules and Regulations.

7. In accordance with said statutes, rules and regulations, the gas transmission facilities of gas purchaser should be installed, and operated in such a manner as to afford without unreasonable discrimination the ratable taking of gas from the wells in the South Blanco Pictured Cliffs Gas Pool connected thereto.

8. In accordance with the provisions of Commission Order No. R-1670, Rule 16 (B), applicant's wells should be immediately reclassified as non-marginal wells on the basis of the wells' deliverability data, well tests, and evidence as to the wells' ability to produce.

WHEREFORE Applicant prays that this matter be set for hearing before the Oil Conservation Commission of New Mexico at such date the Commission shall determine, and that after notice and hearing as required by law, the Commission enter

its order or orders designed to insure ratable takes of gas by Southern Union Gas Company in the South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, and to insure that the correlative rights of the applicant will be protected; that applicant's wells be reclassified as non-marginal wells, and for such other and further orders as may be proper in the premises.

Respectfully submitted,

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