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April 5, 1979

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

Attention Mr. Joe D. Ramey, Secretary Director

Gentlemen:

Application for Proration Unit Acreage Reduction - Sanderson B-1 No. 2,
Unit Letter H, Section 10, T-20S, R-36E, Lea County, New Mexico

Continental Oil Company respectfully requests administrative approval for reducing the 240-acre proration unit currently assigned under Commission Order R-3323 for the subject well to a 200-acre NSP. The proposed unit will consist of the NE/4 of the NW/4, the NW/4 and E/2 of the NE/4 and the NE/4 of the SE/4 of Section 10, T-20S, R-36E, Lea County, New Mexico. This adjustment is needed, because it was found in a recent study that the SE/4 of the SE/4 of Section 10, which is a part of the existing 240-acre proration unit, is also assigned as a 40-acre proration unit for Sanderson B-1 No. 4, located in Unit Letter P of Section 10. Both wells are Eumont completions. Well No. 4, however, is classified "Oil". The proposed unit will conform to regulatory standards 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.

The enclosed plat shows the proposed nonstandard proration unit, the location of well No. 2 and offsetting ownerships.

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OIL CONSERVATION COMM.
HOUSTON, TX 77001