

The Ohio Oil Co.

Legal Department

December 28, 1954

W. Hume Everett

Thomas H. McElroy

J. C. Terrell Couch

Attorneys

P.O. Box 3128
Houston, Texas

Mr. W. B. Macey, Secretary
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Non-Standard Gas Proration Unit - 520 Acres
the NE/4, the SE/4 of NW/4, and the S/2 of
Sec. 16, T-22-S, R-36-E, Jalmat Gas Pool

Dear Sir:

The Ohio Oil Company respectfully requests that you grant this application for the designation and formation of a 520 acre non-standard gas proration unit consisting of the NE/4, the SE/4 of NW/4, and the S/2 of Section 16, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico. The Ohio owns the oil and gas leasehold estate on the acreage included in the proposed unit and two gas wells completed in the Jalmat Gas Pool are located on the acreage, the first well, known as State-McDonald A/c #1 Well No. 25, being located at a point 1980 feet from the north line and 660 feet from the east line of the Section, and the second well, State-McDonald A/c #1 Well No. 6, being located at a point 1980 feet from the west line and 660 feet from the south line of the Section.

All acreage included in the proposed unit falls within the limits of the Jalmat Gas Pool and is reasonably presumed to be productive of gas from that pool. The State of New Mexico is lessor in the oil and gas lease which covers the acreage to be included in the proposed unit, and the State is also lessor in an oil and gas lease owned by The Ohio covering the NE/4 of the NW/4 of the Section. The records of The Ohio indicate that the W/2 of the NW/4 of the Section is subject to oil and gas leases owned by other parties, Oil Well Drilling Company being shown as the owner of an oil and gas lease covering the NW/4 of the NW/4 of the Section, and Continental Oil Company being shown as the owner of an oil and gas lease covering the SW/4 of the NW/4 of the Section. The two wells included in the proposed unit are the only gas wells completed in the Jalmat Gas Pool in said Section 16; however, The Ohio has opened negotiations with the above designated owners of the oil and gas leases on the W/2 of the NW/4 of the Section, with the ultimate aim of forming a proration unit comprised of the entire Section, based upon a unitization agreement to be applicable only to natural gas within the vertical limits of the Jalmat Gas Pool in said Section.

In view of the fact that the State of New Mexico is the lessor in the lease covering the acreage within the proposed non-standard proration unit and is the owner of all royalty to which the acreage is subject, The Ohio has deemed

it unnecessary at this time to attempt to unitize its State-Maxwell lease with the acreage included in the proposed proration unit. However, when negotiations regarding the W/2 of the NW/4 have been concluded, The Ohio expects to take the necessary steps to enlarge the proration unit proposed by this application, so as to fix as the proration unit for the two wells identified above all acreage which it is practical to unitize within the Section.

Unless the proposed proration unit is formed, The Ohio will be deprived of a fair opportunity to recover its just and equitable share of the natural gas in the Jalmat Gas Pool. The formation of the proposed proration unit will protect correlative rights and will not cause but will prevent waste. The Ohio has no objection to a reasonable limitation upon the volume of gas which may be legally produced from either of the gas wells on the proposed proration unit. In this connection, The Ohio suggests that it would not be unreasonable at this time to impose the following restriction:

"Neither of the gas wells on this proration unit shall be permitted to produce a greater volume of gas during any proration period than the volume of gas which such well would be permitted to produce during such proration period under the applicable rules and regulations if there were assigned to such well for such proration period a gas allowable of seventy-five per cent of the gas allowable actually assigned to this proration unit for such proration period."


A plat is attached hereto which indicates the location of the proposed unit and the location of the surrounding tracts. A copy of this application with plat attached has been sent by registered mail to each of the Operators named on the attached list.

The Ohio therefore requests that you grant an exception to Rule 5(a) of the Special Rules and Regulations for the Jalmat Gas Pool, and that this application be approved and the proposed non-standard gas proration unit be designated and formed by you without further notice or hearing and pursuant to the provisions of Rule 5(b) of those Rules, upon the expiration of thirty days from this date.

Very truly yours,

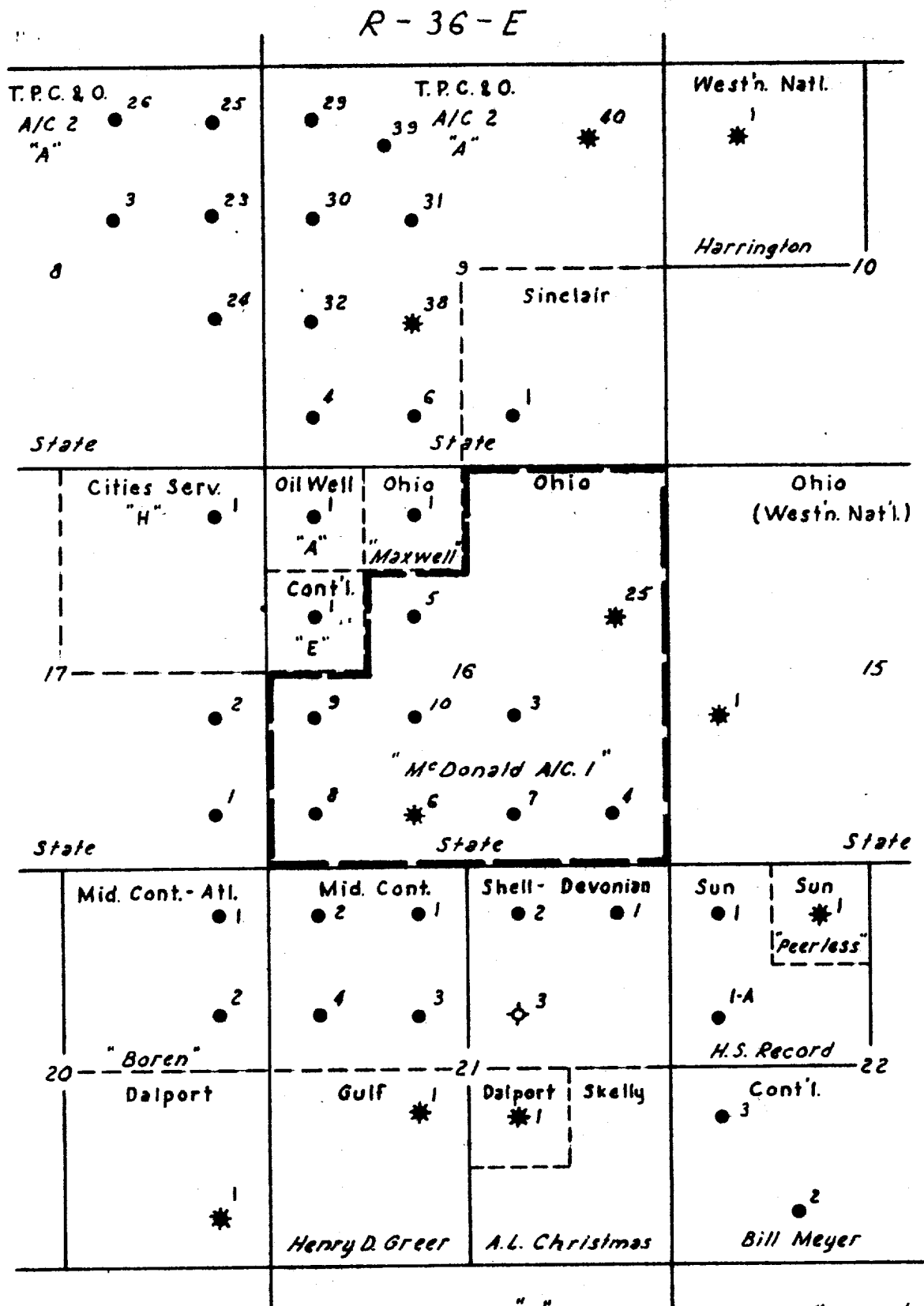
THE OHIO OIL COMPANY

By


J. C. Terrell Couch, Attorney

TC:MK

cc - Mr. E. S. Walker
Land Commissioner
P. O. Box 791
Santa Fe, New Mexico



To THE OHIO OIL COMPANY'S Application
For Non Standard Gas Proration Unit
For The NE/4, SE/4 of NW/4 & S/2 of 16-22-36
JALMAT GAS POOL.

List of Operators notified of The Ohio Oil Company's application dated December 28, 1954, for 520 acre non-standard gas proration unit in the Jalmat Gas Pool:

Western Natural Gas Company
8th Floor, Midland Tower Building
Midland, Texas

Sun Oil Company
P. O. Box 2792
Odessa, Texas

Mid-Continent Petroleum Corporation
P. O. Box 830
Midland, Texas

Continental Oil Company
P. O. Box 431
Midland, Texas

Oil Well Drilling Company
P. O. Box 3468
Odessa, Texas

Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Texas Pacific Coal and Oil Company
P. O. Box 2110
Fort Worth, Texas

Sinclair Oil & Gas Company
901 Fair Building
Fort Worth, Texas

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico