

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 14, 1969

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P
Y
Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

**Re: Request to continue sale of gas
produced by the Continental Oil
Company State KT-24 Well No. 1,
Eumont Pool, Lea County, New
Mexico**

Gentlemen:

**Reference is made to your application of November 3, 1969,
seeking approval to sell gas produced by the Continental
Oil Company State KT-24 Well No. 1 located 2310 feet from
the South line and 1800 feet from the East line of Section
24, Township 21 South, Range 35 East, Eumont Pool, Lea
County, New Mexico, to Continental Carbon Company for use
in said carbon black plant.**

**You are hereby authorized to sell gas produced by the
subject well in accordance with your application.**

Very truly yours,

**A. L. PORTER, Jr.
Secretary-Director**

ALP/GMH/esr

cc: Oil Conservation Commission - Hobbs



CONTINENTAL OIL COMPANY

P. O. Box 460
Hobbs, New Mexico 88240
November 3, 1969

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico

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

Re: Exception to Statewide Rule 404,
State KT-24 Well No. 1
Eumont Pool, Lea County, N. M.

Gentlemen:

By letter dated October 21, 1969, an application for an 80-acre non-standard gas proration unit for our State KT-24 No. 1 was filed for administrative approval. As stated in that letter, this well had been a Eumont oil well until September 1, 1969, when it was re-classified as a result of an excessive gas-oil ratio. This well has been connected for sale of casinghead gas to Continental Carbon Company.

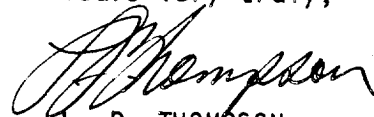
Rule 404 indicates that the sale of dry gas for use in a carbon black plant may be approved only under certain limited conditions. We should like to point out that there has been no recompletion in this well and that the gas is being produced from the same intervals which were open to production when the well was classified as an oil well. Furthermore, producing pressures have declined to the point that the remaining reserves versus expense of connection to another system has a very limited appeal to other purchasers.

Continental Carbon has been searching diligently for additional sources of gas for the past several years. Their search and our review of the area within reasonable reach of their plant indicates that all

natural gas, casinghead gas, and residue gas in this area is being used beneficially and, in fact is contracted for sale either to gasoline plants, carbon black plants, or to dry gas gathering lines. We should also like to call to your attention that the carbon black plant operated by Continental Carbon Company is a furnace plant which is considerably more efficient than the channel plants which operate or have operated in this area during the past years. Furnace plants not only yield a higher quantity of carbon black per MCF gas, but also release a much lower amount of carbon to the atmosphere. We believe that this is a very pertinent point in construing Rule 404.

In view of the facts cited above, it is respectfully requested that Continental Oil Company be permitted to continue selling gas from the State KT-24 Lease to Continental Carbon Company for use in their carbon black plant located approximately five miles north of the city of Eunice, New Mexico.

Yours very truly,

A handwritten signature in cursive script, appearing to read "L. P. Thompson".

L. P. THOMPSON
Division Manager

cc: Continental Carbon Company
Eunice, New Mexico

RLA JJB JWK RPH