

NEVILLE G. PENROSE, INC.

1815 FAIR BUILDING
FORT WORTH 2, TEXAS

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November 4, 1957 9:48

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application for 160 acre Non-Standard Gas Proration Unit,
Eumont Gas Pool, Comprising NW/4 of Section 8, T-21-S,
R-37-E, Lea County, New Mexico

Gentlemen:

Neville G. Penrose, Inc. hereby makes application for approval of a non-standard gas proration unit comprising the NW/4 of Section 8, T-21-S, R-37-E, Lea County, New Mexico and in support thereof states the following facts:

1. Neville G. Penrose, Inc. and the New Mexico Federal Unit (for which Continental Oil Company is Operator) are owners of an oil and gas lease known as Alves "B" Lease, Lea County, New Mexico and have pooled their respective rights to comprise a 160 acre gas proration unit. Neville G. Penrose, Inc. will operate the lease.

2. Neville G. Penrose, Inc. proposes that the above described acreage be established as a non-standard 160 acre gas proration unit in exception to Rule 5 of Order R-520.

3. The Alves "B" Well No. 1, located 1980' from the North line and 1980' from the West line of Section 8, T-21-S, R-37-E, Lea County, New Mexico was completed September 10, 1957 in the Eumont gas pool. The applicant proposes to use this well as the unit well.

4. The proposed non-standard gas proration unit will meet the requirements of Rule 5(b) or the Oil Conservation Commission Order No. R-520 as follows:

a. Contiguous quarter-quarter acres will comprise the unit.