

Case No.

614

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 614
Order No. R-424

THE APPLICATION OF SKELLY OIL
COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION TO RULE
7 (a) OF ORDER NO. R-369-A IN ESTABLISH-
MENT OF AN UNORTHODOX GAS PRORATION
UNIT OF 160 CONTIGUOUS ACRES CONSISTING
OF THE SOUTH HALF OF THE SE/4 AND SOUTH
HALF OF THE SW/4 OF SECTION 2, TOWNSHIP
23 SOUTH, RANGE 36 EAST, NMPM, LEA COUNTY,
NEW MEXICO, IN THE LANGMAT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on December 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16th day of April, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-369A the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant, Skelly Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
S/2 SE/4, S/2 SW/4

containing 160 acres, more or less.

(4) That applicant, Skelly Oil Company, has a producing well on the aforesaid lease known as Mexico E, Well No. 1, located 660' from the South line and 1320' from the East line of Section 2, Township 23 South, Range 36 East, NMPM.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R-369-A, and is located within the limits of the pool heretofore delineated and designated as the Langmat Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the south half of Section 2, Township 23 South, Range 36 East, NMPM, and that the owners of adjoining acreage in said half section have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover his just and equitable share of the natural gas in the Langmat Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

(1) That the application of Skelly Oil Company for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
S/2 S/2 Section 2

be, and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Mexico E, Well No. 1, located in the S/2 SE/4 of Section 2, Township 23 South, Range 36 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 160 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

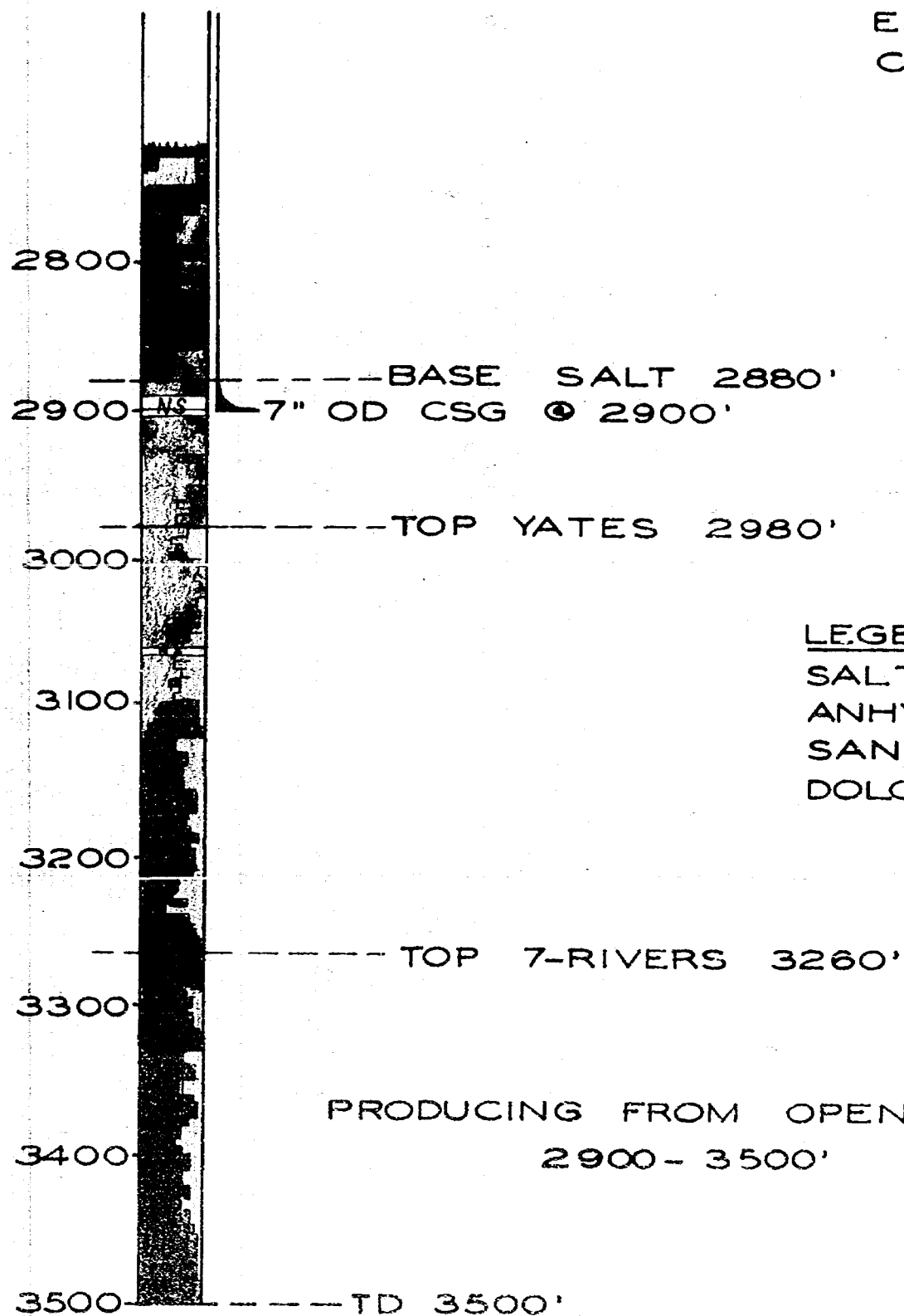
R. R. Spurrer

R. R. SPURRIER, Secretary and Member

S E A L

MEXICO "E" No 1
SAMPLE LOG

EXHIBIT 2
CASE 614



LEGEND

SALT	■
ANHY.	▣
SAND	▣
DOLO.	■

NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

June 16, 1950

Skelly Ex 3
Cuseby

Mr. George W. Selinger
Skelly Oil Company
Tulsa 2, Oklahoma

Dear Mr. Selinger:

We enclose herewith, signed copy of Order No. R-20, issued by the
Oil Conservation Commission, in connection with Case No. 220, heard
in Santa Fe, New Mexico on May 23, 1950.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
W

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 220
ORDER NO. R-20

IN THE MATTER OF THE APPLICATION OF THE
SKELLY OIL COMPANY FOR AN EXCEPTION TO
RULE 104 FOR THE FORMATION OF AN UNORTHODOX
UNIT IN SECTION 2, TOWNSHIP 23S, RANGE
36E, N.M.P.M., LANGLEY-MATTIX POOL, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

This matter came on for hearing at 10:00 o'clock a.m., on May 23, 1950, pursuant to legal notice, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

The Commission having heard the evidence and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of the subject matter and of the interested parties.

2. Skelly Oil Company is the owner of the full 7/8 working interest in two separate State of New Mexico oil and gas leases, one of said leases covering the S/2 SE/4 and the other, the S/2 SW/4 Sec. 2, T. 23S, R. 36E. Said leases lay within the exterior boundaries of the Langley-Mattix oil pool but no wells have been drilled on said leases.

3. Six gas wells have been drilled and are now producing in the immediately adjacent area and it is probable that a well drilled on any part of the two above described leases will produce gas in commercial quantities.

4. Applicant desires to drill a well approximately 660 ft. from the south line and 1320 ft. from the east line of section 2 and to unitize said two 80-acre leases.

5. The unitization of said two 80-acre leases will be in the interest of conservation and the prevention of waste.

IT IS THEREFORE ORDERED:

1. The application of Skelly Oil Company is hereby granted and it is given permission to commence the drilling of a well 660 ft. from the south line and 1320 ft. from the east line of section 2, T. 23S, R. 36E.

2. Subject to the approval of the Commissioner of Public Lands, the two State of New Mexico oil and gas leases described above may be unitized.

DONE this 24th day of May 1950, at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

THOMAS J. HARRY, CHAIRMAN

Guy Shepard
GUY SHEPARD, MEMBER

R. R. Spurrer
R. R. SPURRER, SECRETARY

FILED

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Dec 17 1953 Hearing - CROSS FILE: Re Cases 613 - 626, incl.

In File Case 613, note Shell Oil Company statement, which was to
be applied to Cases 613 - 626, incl.

C
N

NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

June 16, 1950

Mr. George W. Selinger
Skelly Oil Company
Tulsa 2, Oklahoma

Dear Mr. Selinger:

We enclose herewith, signed copy of Order No. R-20, issued by the
Oil Conservation Commission, in connection with Case No. 220, heard
in Santa Fe, New Mexico on May 23, 1950.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

Case 614

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 220
ORDER NO. R-20

IN THE MATTER OF THE APPLICATION OF THE
SKELLY OIL COMPANY FOR AN EXCEPTION TO
RULE 104 FOR THE FORMATION OF AN UNORTHODOX
UNIT IN SECTION 2, TOWNSHIP 23S, RANGE
36E, N.M.P.M., LANGLEIE-MATTIX POOL, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

This matter came on for hearing at 10:00 o'clock a.m., on May 23, 1950, pursuant to legal notice, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

The Commission having heard the evidence and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of the subject matter and of the interested parties.
2. Skelly Oil Company is the owner of the full 7/8 working interest in two separate State of New Mexico oil and gas leases, one of said leases covering the S/2 SE/4 and the other, the S/2 SW/4 Sec. 2, T. 23S, R. 36E. Said leases lay within the exterior boundaries of the Langlie-Mattix oil pool but no wells have been drilled on said leases.
3. Six gas wells have been drilled and are now producing in the immediately adjacent area and it is probable that a well drilled on any part of the two above described leases will produce gas in commercial quantities.
4. Applicant desires to drill a well approximately 660 ft. from the south line and 1320 ft. from the east line of section 2 and to unitize said two 80-acre leases.
5. The unitization of said two 80-acre leases will be in the interest of conservation and the prevention of waste.

IT IS THEREFORE ORDERED:

1. The application of Skelly Oil Company is hereby granted and it is given permission to commence the drilling of a well 660 ft. from the south line and 1320 ft. from the east line of section 2, T. 23S, R. 36E.
2. Subject to the approval of the Commissioner of Public Lands, the two State of New Mexico oil and gas leases described above may be unitized.

DONE this 24th day of May 1950, at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPOURDIE, SECRETARY

ILLEGIBLE

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

at
Santa Fe, New Mexico
December 17, 1953

In the Matter of:

Application of Skelly Oil Company for
exception to Rule 7(a) of Order No. R-369-A
in establishment of an unorthodox gas proration
unit of 160 contiguous acres consisting of S/2
SE/4 and S/2 SW/4 of Section 2, Township 23
South, Range 36 East, in the Langmat Gas Pool,
Lea County, New Mexico.

Case No. 614

(Notice of Publication read by Mr. Graham.)

MAX E. CURRY

Testified as follows:

DIRECT EXAMINATION

By MR. SELINGER:

Q State your name?

A Max E. Curry.

Q Are you the same Mr. Curry that testified for Skelly Oil
Company in Cases No. 613 and 615?

A I am.

Q You likewise are familiar with Skelly Oil Company's operations
in the Langmat Gas Field?

A I am.

Q Are you also familiar with Skelly Oil Company's Mexico E well
No. 1 located in Section 2, Township 23 South, Range 36 East?

A I am.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Q I refer you to what has been placed on the board as Skelly Oil Company's Exhibit No. 1, and ask you to state if the Mexico E 160 acre unit is outlined in green on that Exhibit?

A It is.

Q How is that described, as the south half of the south half of that section?

A It could be described as such, yes, this being the outlines of Section 2.

Q Will you tell the Commission when this well was completed for oil or gas?

A This well was drilled for gas and completed in September of 1950 in the Yates and Seven Rivers formations of what is now the Langmat Gas Pool by setting seven inch casing at 2900 feet and drilling to total depth of 3500 feet.

(Skelly Oil Company's Exhibits No. 1
and No. 2 Marked for Identification)

Q I hand you what has been marked as Skelly Oil Company's Exhibit No. 2, is that a sample log of Mexico E No. 1?

A It is.

Q Mr. Curry, has the Skelly Oil Company filed the necessary form C104 and C110 with the Commission on this unorthodox unit?

A They have.

Q Has the Commission assigned an eighty acre allowable pending the disposition in this particular application?

A It has.

(Skelly Oil Company's Exhibit No. 3
Marked for Identification)

MR. SELINGER: We have identified as Skelly Oil Company's

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PHONES 7-9643 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Exhibit No. 3 a photostatic signed copy of Order No. R 20, issued by the Oil Conservation Commission in Case No. 220 on May 23, 1950, in which this well was located in an area already spaced on 160 acres for gas, and this Commission granted us permission to commence the drilling of a well at the location indicated on Exhibit No. 1 in which case we did commence and drill and complete a gas well in accordance with that order. As Skelly Exhibit No. 4 we would like to have made a part of this record a transcript of Case No. 220, in which case the Skelly Oil Company went into great detail as to the necessity for having the unorthodox location and shape that it has due to the fact that the north 160 acres being in common ownership by Shell Oil Company as to the oil right and the El Paso Natural Gas as to the gas rights, because of a peculiar quirk in their contract, after months of negotiation we were unable to work anything out, and at that time neither party made any objection and we wish to point out to the Commission that the formation of this unit in its unorthodox shape will permit Shell, and El Paso, whoever, owns the lease and contracts, to form a similar unorthodox location, so there will be no dislocation outside of the south half of the governmental section.

(Skelly Oil Company's Exhibit No. 4 Marked for Identification)

MR. SELINGER: We would like to offer in evidence Skelly Oil Company's Exhibits 1 through 4, inclusive, and I believe that is all we have.

MR. WALKER: Without objection they will be admitted.

MR. SELINGER: That is all we have on this matter.

MR. SETH: I would like to read a statement on behalf of Shell Oil Company. I am Mr. Seth. This statement we would like the

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PHONES 7-9648 AND 5-9546
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Commission to include in the record of each of the Cases 613 to 626 and this statement is not directed to Skelly's application in particular, but I thought this might be a convenient time to read the statement. " Cases number 613 to 626, inclusive, on today's docket are all applications for approval of unorthodox gas proration units as exceptions to field rules recently established by this Commission. All of the fields involved are located in southeastern New Mexico and are fields which might be termed "developed" fields at the time field rules were promulgated.

None of the cases on today's docket directly affect Shell's acreage. As an operator in New Mexico, however, we are vitally interested in orderly development and in the application of the Commission's rules, and it is for that reason that we would like to make a general statement of our position on the matter of approval of unorthodox gas proration units in fields for which rules have been established.

In order to obtain the maximum recovery of gas and to protect the right of each operator to obtain his fair share of such gas, this Commission, after hearings, recently established field rules for all of the fields involved in today's hearings.

Rule 7 of each set of field rules establishes standard gas proration units of 160 acres, and provides that the acreage in a unit shall be contiguous and that such unit shall be substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys. A pattern was thus set which the Commission found would give the greatest recovery of gas and would come the nearest to guaranteeing to each operator that he would recover

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his fair share of such gas.

We recognize that there are some exceptional cases in which exceptions to established field rules are justified, but it is our belief that established field rules should be strictly adhered to except in those very unusual and extraordinary cases in which such adherence would cause injustice or a very real undue hardship.

We do not know all the facts of all of the cases on today's docket in which exceptions are sought, so that we are not in a position to attempt to judge of their merits. We do suggest, however, that in the interest of orderly and fair gas proration, exceptions to field rules should be sparingly granted and operators should be required to conform to the rules which the Commission has found to be best for all concerned. If this principle is not adhered to, then the rule itself is destroyed by the exceptions granted, and we are right back where we were before we started except for more confusion and more inequities.

At the hearings at which these Rules were adopted the representatives of the Commission put into the record examples of inequities and confusion that would result from the adoption of a Gas Proration Unit Rule other than that which was adopted. We consider it proper at this time to point out that such inequities and confusion which the Commission was trying to avoid can and will result from the granting of exceptions to that Rule unless such exceptions are limited to the most unusual cases.

The decision of the Commission on today's applications for exceptions will set the pattern for the future and will determine whether or not we are to have gas proration under field rules or under exceptions. ~~For fear that liberality in granting exceptions~~

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PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

would destroy the rules and would result in conditions not to be desired, it is our position that exceptions should be granted only in the most unusual and extraordinary cases and that in all other cases we should adhere strictly to the established rules."

MR. WALKER: Does anyone have a question to ask of the witness? If not the witness will be excused.

(Witness excused)

MR. WALKER: Does anyone else have a further statement to make for the record? Does anyone have any objection to this statement being entered into the record or being accepted by the Commission? If not, they are admitted.

MR. SELINGER: I would like to make one short concluding statement, if the Commission remembers at the outset we pointed out that we favored the maintenance of 160 acre governmental quarter section as nearly as possible. At most it should not go outside the government section. I wish to point out in Cases 613 and 615 we have stayed within the government half section. In one instance there are three wells on the governmental quarter section and those wells have been drilled for a number of years, some instances of ten years. There is no possible way that you can avoid an exception in a case like that. We agree wholeheartedly with Shell and with other companies in supporting the Commission and maintaining 160 acre governmental quarter sections as nearly as possible. We wish to point out that in the cases of new wells hereafter drilled we think that such a rule should be strictly adhered to and followed, but you must remember that there are a number of gas wells that have been on production for ten and fifteen years, you are now coming along with

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maintenance of a sort of uniform program. It is manifestly evident that you can not follow a governmental pattern with those old wells that have been on production for some fifteen years. I wish to further point out that as a part of our case we proved that there would be no dislocation of surrounding acreage outside of the government half section in these particular three cases.

Second, we also prove that the density would be maintained on our tracts upon which we asked for the exceptions and surrounding tracts. So, I feel that we have made a showing of unusual circumstances for the granting of these three exceptions. We think that hereafter on new wells drilled that the Commission should strictly adhere to such a policy.

MR. WALKER: Any further comments in this case? If not the case will be taken under advisement and we will move onto Case 619.

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

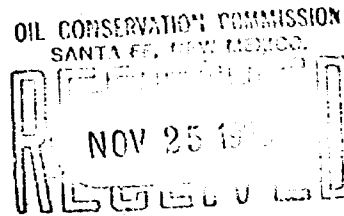
I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 614 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on December 17, 1953, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 18th day of December, 1953.

Ada Dearnley
COURT REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO



Case 614

Re: IN THE MATTER OF SKELLY OIL
COMPANY FOR APPROVAL OF AN
UNORTHODOX GAS UNIT EMBRAC-
ING 160 CONTIGUOUS ACRES IN
THE LANGMAT GAS POOL, LEA
COUNTY, NEW MEXICO

Gentlemen:

Comes now SKELLY OIL COMPANY, a Delaware corporation with offices in Tulsa, Oklahoma, hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox gas proration unit lying wholly within the limits of the Langmat Gas Pool, namely the S/2, SE $\frac{1}{4}$, and S/2, SW $\frac{1}{4}$ of Section 2, T 23 S, R 36 E., N.M.P.M., Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the sole owner of all dry gas leases on the 160 acres confined by the boundaries of the S/2, SE $\frac{1}{4}$, and S/2, SW $\frac{1}{4}$ of Section 2, T 23 S, R 36 E., N.M.P.M., Lea County, New Mexico, and concerns but a single royalty owner, namely, the State of New Mexico.
2. That the petitioner's Mexico "E" Well #1 is located 660' from the South boundary and 1320' from the East boundary of the lease and Section 2, T 23 S, R 36 E., N.M.P.M., and is completed within the vertical limits of the Langmat Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the petitioner's lease is entirely surrounded by producing gas wells in the Langmat Gas Pool and is, therefore, itself capable of production.
4. That a plat showing the above described lands and all offset properties indicating well locations is hereto attached.
5. That there are no gas wells in the SW $\frac{1}{4}$ of Section 2, T 23 S, R 36 E., N.M.P.M. with which that portion under petitioner's lease could be unitized.

Wherefor the petitioner requests that, in the interest of conservation and the protection of correlative rights, the Commission grant an exception to Rule 7(a), Order No. R-369-A, as provided therein, by which the petitioner may operate the above described 160 acres as a single unorthodox unit.

Respectfully submitted,
SKELLY OIL COMPANY

J. N. Dunlavey
J. N. Dunlavey

S K E L L Y O I L C O M P A N Y

CASE No _____

EXHIBIT No. _____

<p>WESTERN GAS Co.</p> <p>1</p> <p>Lorrigan Jones, Cooper</p>	<p>SINCLAIR</p> <p>2</p> <p>R. H. Gill, et al</p>	<p>CONT.</p> <p>4</p> <p>State</p>	<p>WESTERN GAS Co.</p> <p>4</p> <p>State</p>
<p>SINCLAIR</p> <p>4</p>	<p>GULF</p> <p>1</p> <p>2</p> <p>1</p>	<p>R. OLSEN Co</p> <p>"NW"</p> <p>1</p>	
<p>TPC & O Co</p> <p>30</p> <p>State</p>	<p>2</p> <p>SHELL</p> <p>SKELLY</p> <p>Mexico "E"</p> <p>State</p>	<p>SKELLY</p> <p>Mexico "E"</p> <p>State</p> <p>1320'</p>	<p>TIDEWATER</p> <p>1</p> <p>Smith, King</p>
<p>TPC & O Co.</p> <p>1</p> <p>State</p>	<p>TPC & O Co.</p> <p>29</p> <p>State</p>	<p>16-A</p> <p>State</p>	<p>CONT. ATLANTIC STANOLIND STD. OF TEXAS U. S.</p> <p>1</p>

M L
WPK

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE NO. 614
Order No. R- 424 ✓

THE APPLICATION OF *Skelly*
Oil Company
FOR AN ORDER GRANTING APPROVAL
OF AN EXCEPTION TO RULE 7 (a) OF
ORDER NO. R- 369A IN ESTABLISHMENT
OF AN UNORTHODOX GAS PRORATION
UNIT OF 160 CONTIGUOUS ACRES

CONSISTING OF *the south half of*
the SE/4 and south half of the
SW/4 ~~southwest quarter~~ of section
2, Township 23 South, Range
36 East, NM PM, Lea County,
New Mexico, in the Longmat
Gas Pool.

ORDER of the Commission

BY THE COMMISSION:

ORDER OF THE COMMISSION

This cause came on for hearing at 9 o'clock a. m., on *December 17,*
1953, at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-
after referred to as the "Commission".

NOW, on this day of *April*, 1954, the Commission, a
quorum being present, having considered the records and testimony adduced, and
being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose
thereof having been given as required by law, the Commission has jurisdiction of this
case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R- 369A,
the Commission has power and authority to permit the formation of a gas proration
unit consisting of other than a legal quarter section after notice and hearing by the
Commission.

(3) That applicant, *Skelly Oil Company,*
is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of
other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP ³⁶23 SOUTH, RANGE ³⁶37 EAST, NM PM.

S/2 SE/4, S/2 SW/4.

containing 160 acres, more or less.

Order No. R-424

(4) That applicant, *SKelly Oil Company*, has a producing well on the aforesaid lease known as *MEXICO E, Well No. 1* located *660'* from the *South* line and *1320'* from the *EAST* line of Section *2*, Township *23* South, Range *36* East, NMPM.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R-*369A*, and is located within the limits of the pool heretofore delineated and designated as the *LANGMAT* Gas Pool.

(6) That it is ~~impossible~~ ^{IMPRACTICAL} to pool applicant's said lease with adjoining acreage in the *South half of Section 2, Township 23 South, Range 36 East, NMPM* and that the owners of adjoining acreage in said ~~quarter~~ ^{half} sections have not objected to the formation of the proposed proration unit of *160* acres, ~~but have expressly~~ ^{not} ~~consented~~.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover his just and equitable share of the natural gas in the *LANGMAT* Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

(1) That the application of *SKelly Oil Company* for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP *23* SOUTH, RANGE *36* EAST, NMPM.

S/2 S/2 Section 2

be, AND the same
is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created, ~~and approved.~~

Order No. R- 424

(2) That applicant's well, *Mexico E, well No 1*, located in the *S 1/2 SE 1/4* of Section *2*, Township *23* South, Range *36* East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described *160* acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary and Member

(S E A L)