

Case No.

615

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. 615
Order No. R-425

THE APPLICATION OF SKELLY OIL COMPANY
FOR AN ORDER GRANTING APPROVAL OF AN
EXCEPTION TO RULE 7 (a) OF ORDER NO.
R-368-A IN ESTABLISHMENT OF AN UNORTHODOX
GAS PRORATION UNIT OF 240 CONTIGUOUS ACRES
CONSISTING OF THE EAST HALF OF THE SOUTHWEST
QUARTER, AND SOUTHEAST QUARTER OF SECTION 31,
TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM, LEA
COUNTY, NEW MEXICO, IN THE JALCO 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 ¹⁶ 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-368-A, 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 24 SOUTH, RANGE 37 EAST, NMPM
East half Southwest quarter and
Southeast quarter of Section 31

containing 240 acres, more or less.

(4) That applicant, Skelly Oil Company, has a producing well
on the aforesaid lease known as the No. 5, J. W. Sherrill, located 2172'
from the west line and 990' from the south line of Section 31, Township 24
South, Range 37 East, NMPM.

(5) That the aforesaid well was completed and in production
prior to January 1, 1954, the effective date of Order No. R-368-A, and is
located within the limits of the pool heretofore delineated and designated as
the Jalco Gas Pool.

(6) That it is not practicable to pool applicant's said lease with adjoining acreage in the south half of Section 31, Township 24 South, Range 37 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 240 acre.

(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 Jalco 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 24 SOUTH, RANGE 37 EAST, NMPM
East half Southwest quarter and
Southeast quarter of Section 31.

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

(2) That applicant's well, J. W. Sherrill, No. 5, located in the SE/4 SW/4 of Section 31, Township 24 South, Range 37 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 240 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. Spurr

R. R. SPURRIER, Secretary & Member

S E A L

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-368-A in establishment of an unorthodox gas proration unit of 80 contiguous acres consisting of NE/4 NW/4 and the NW/4 NE/4 of Section 6, Township 25 South, Range 37 East, in the Jalco Gas Pool, Lea County, New Mexico

Application of Skelly Oil Company for exception to Rule 7(a) of Order No. R-368-A in establishment of an unorthodox gas proration unit of 240 contiguous acres consisting of the SE/4 and the E/2 SW/4 of Section 31, Township 24 South, Range 37 East, in the Jalco Gas Pool, Lea County, New Mexico.

Case No.s
613 & 615
(Consolidated)

TRANSCRIPT OF HEARING

BEFORE:

Hon. Edwin L. Mechem

Hon. E. S. (Johnny) Walker

Hon. R. R. Spurrier

MR. SPURRIER: The meeting will come to order.

(Notice of Publication read by Mr. Graham.)

MR. SELINGER: We would like to have Case No. 613 and 615 consolidated for the purpose of taking testimony. On behalf of Skelly Oil Company we have one witness that we would like to have sworn. I would like to make a brief preliminary statement.

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COURT REPORTERS
ROOM 105-108, EL CORTEZ BLDG.
PHONES 7-9845 AND 5-9846
ALBUQUERQUE, NEW MEXICO

I believe this is the first unorthodox exception hearing to be held by the Commission with regards to the new gas regulations. It is our view and I think it would be rather enlightening to the Commission, preliminary to these cases, as nearly as possible we tried to confine our unorthodox units to the governmental quarter section. If not we try to confine it to half government quarter section, and in no event do we try to get out of the governmental section. We also are trying to work out these units in the cases of wells that have been on production for a number of years. The formation of these units tried to avoid the drilling of unnecessary wells. We believe that these two cases, the granting of the exceptions in these regards would not dislocate any acreage outside of the governmental half section, and will have no adverse effect on the surrounding properties.

In the case of 613 it happens that our No. 3 well is located in a governmental quarter section which contains two additional gas wells, making a total of three gas wells. We do have, however, an adjoining forty acres which makes this an eighty acre unit, forty lying in the southeast quarter of the governmental section and forty lying in the southwest.

In the case of 615 there are two wells, two gas wells in the south half of the governmental half section, the governmental section, but they are directly offsetting each other on forty acres. The assignment of the two hundred and forty acres lying within that governmental half section would eliminate the drilling of an unnecessary well and would in no way adversely effect or interfere with the surrounding formation of units. In other words, in both

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

instances of 613 and 615 it will not go outside the governmental half section and will not cause any dislocation whatsoever.

MAX E. CURRY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SELINGER:

(Skelly Oil Company's Exhibit No. 1
Marked for Identification)

Q Will you please state your name?

A Max E. Curry.

Q You are associated with Skelly Oil Company?

A I am.

Q In what capacity?

A As a Petroleum Engineer.

Q Where are you located, Mr. Curry?

A In Hobbs, New Mexico.

Q Are you familiar with Skelly Oil Company's operations in the Jalco Pool?

A I am.

Q Do the Sherrell No. 3 and the Sherrell No. 5 wells of Skelly Oil Company produce gas in the Jalco Gas Pool?

A They do.

MR. STANLEY: Excuse me, Mr. Selinger, could we put that plat up on the board?

MR. SELINGER: Yes.

Q On the board is what has been marked as Skelly's Exhibit No. 1 in Cases 613 and 615, the Sherrell No. 3 is on the eighty acres in the south part of the area outlined in green, is that correct?

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A That is correct.

Q How many wells are located in the southeast quarter of Section 1?

A Just a minute.

Q I mean the northeast quarter of Section 1?

A This is Section 5.

Q How many wells are located in that quarter section of Section 6?

A There are three wells located in this quarter section.

Q And Skelly's acreage is an eighty acres lying in the one quarter section of the governmental section and the other forty acres in the other governmental quarter section, is that correct?

A That is correct.

Q Does Anderson-Prichard have a similarly situated eighty acres immediately south on which there is a gas well?

A They do. I believe that this also includes some acreage below in the same lease, but in this same half section they do have a similar eighty acre tract.

Q With respect to the two hundred and forty acres lying in Section 31, how many gas wells are there in the south half of that governmental section?

A There are two gas wells, Texas Company's B No. 2 and Skelly Oil Company's Sherrell No. 5.

Q Are there gas wells located in the north half of that governmental section?

A They are located, there are two, I believe, there is another in this same half section up here, but these wells are located in

the Langmat Gas Pool.

Q But they are similar gas wells, are they not?

A That is correct.

Q So at the present time, with respect to that Section 31, there are two gas wells in the north half and there are two gas wells in the south half?

A That is correct.

Q Now, with respect to the Sherrell No. 3, was that well originally completed as an oil or gas well?

A This well was originally completed as an oil well, it was completed in 1940, it was completed as an oil well in February of 1940, in the Cooper-Jal Field for initial potential of 49 barrels of oil per day. It was drilled to original total depth of 3490 feet. This well was, later in December, 1946, retainer was set in the seven inch casing at 3390 feet, and the well was perforated, seven inch casing was perforated as follows: - -

Q (Interrupting) You don't have to give all of them.

A I will give the top and bottom, from 2830 feet to 3300 feet.

(Skelly Oil Company's Exhibit No. 2
Marked for Identification)

Q Is that the log of the Sherrell No. 3 well?

A That is correct. This is a sample log of the Sherrell No. 3 well.

Q I will ask you, Mr. Curry, whether or not the necessary forms C104 and C110 have been filed with the Commission?

A They have been filed and the proper forms returned.

Q And in the returning of that form forty acres has been assigned to the No. 3 Sherrell well pending the Commission's action in this

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PHONES 7-9645 AND 5-9546
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matter, is that correct?

A That is correct.

Q Now, with respect to the No. 5 well, give the date that well was completed.

A This well was completed in September, 1949. It was completed by setting seven inch casing at 2720 feet and completing an open hole to a total depth of 3350 feet. The initial potential of this well was sixteen million standard cubic feet of gas per day. Shut-in pressure of twenty-four hours of nine hundred and sixty pounds.

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

Q I will hand you what has been marked by the Reporter as Skelly Oil Company's Exhibit No. 3, is that a sample log of the Sherrell No. 5 well?

A It is.

Q Mr. Curry, has the necessary forms, with respect to C104 and C110, on the J. W. Sherrell No. 5 well, been filed with the Commission?

A They have.

Q Has the Commission assigned eighty acres pending the disposition of the Commission in this particular hearing?

A That is correct.

Q If an exception is granted to the applicant in both wells, No. 3 for eighty acres and Well No. 5 for two hundred and forty acres, will that prevent the drilling of unnecessary wells in order to maintain equal density with the offset quarter sections or governmental sections?

A That is correct, it will do that.

Q Will there be no dislocation or interference of the normal

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PHONES 7-9645 AND 8-9546
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operation of the Commission rules, with respect to the surrounding governmental sections or quarter sections?

A It should have no effect on the surrounding operators.

MR. SELINGER: We would like to offer into evidence Skelly's Exhibits 1, 2 and 3.

MR. SPURRIER: Without objection they will be admitted.

MR. SELINGER: That is all we have, with respect to Cases 613 and 615.

MR. SPURRIER: Any questions of the witness? We will take these cases under advisement and move on to Case 614.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Cases No. 613 and 615 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.


COURT REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9648 AND 5-9526
ALBUQUERQUE, NEW MEXICO

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

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

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Case
615

Re: IN THE MATTER OF SKELLY OIL
COMPANY FOR APPROVAL OF AN
UNORTHODOX GAS UNIT EMERAC-
ING 240 CONTIGUOUS ACRES IN
THE JALCO 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 Jalco Gas Pool, namely the SE $\frac{1}{4}$ and E/2, SW $\frac{1}{4}$ of Section 31, T 24 S, R 37 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 leases on the 240 acres confined by the boundaries of the SE $\frac{1}{4}$ and E/2, SW $\frac{1}{4}$ of Section 31, T 24 S, R 37 E., N.M.P.M., and concerns but a single royalty owner.

2. That the petitioner's J. W. Sherrell Well No. 5 is located 2172' from the West and 990' from the South boundaries of the section, and is completed within the vertical limits of the Jalco 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 both the Jalco and Langmat Gas Pools and is, therefore, itself capable of production.

4. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.

5. That no gas well exists in the SE $\frac{1}{4}$ of Section 31 and, although capable of production, that portion of petitioner's lease will be drained unless that acreage is assigned to a producing well.

Wherefor the petitioner requests that, in the interest of conservation and protection of correlative rights, the Commission grant an exception to Rule 7(a), Order No. R-368-A, as provided therein, by which the petitioner may operate the above described lands as a single unit.

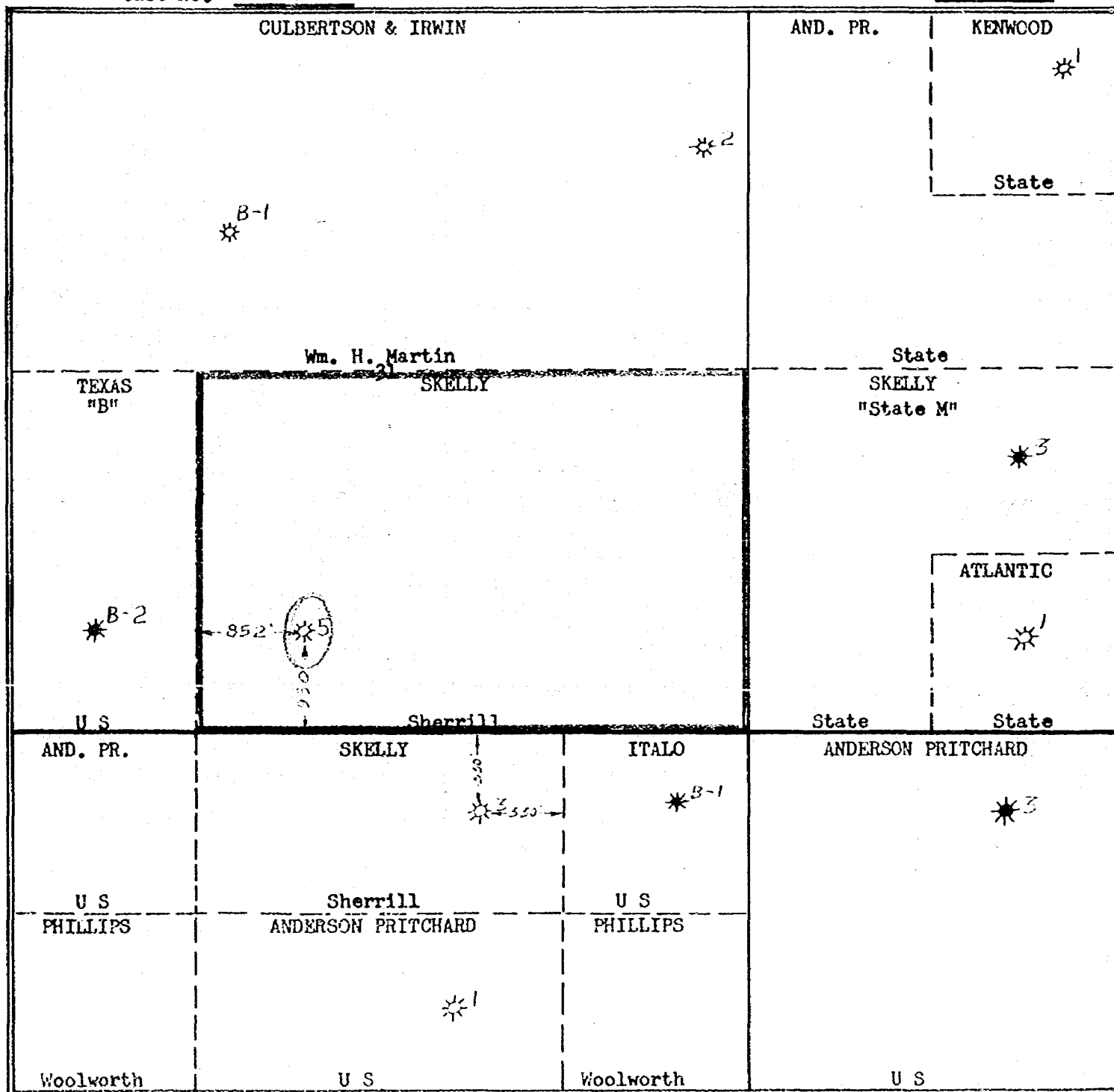
Respectfully submitted,
SKELLY OIL COMPANY

J. N. Dunlavey
J. N. Dunlavey

SKELLY OIL COMPANY

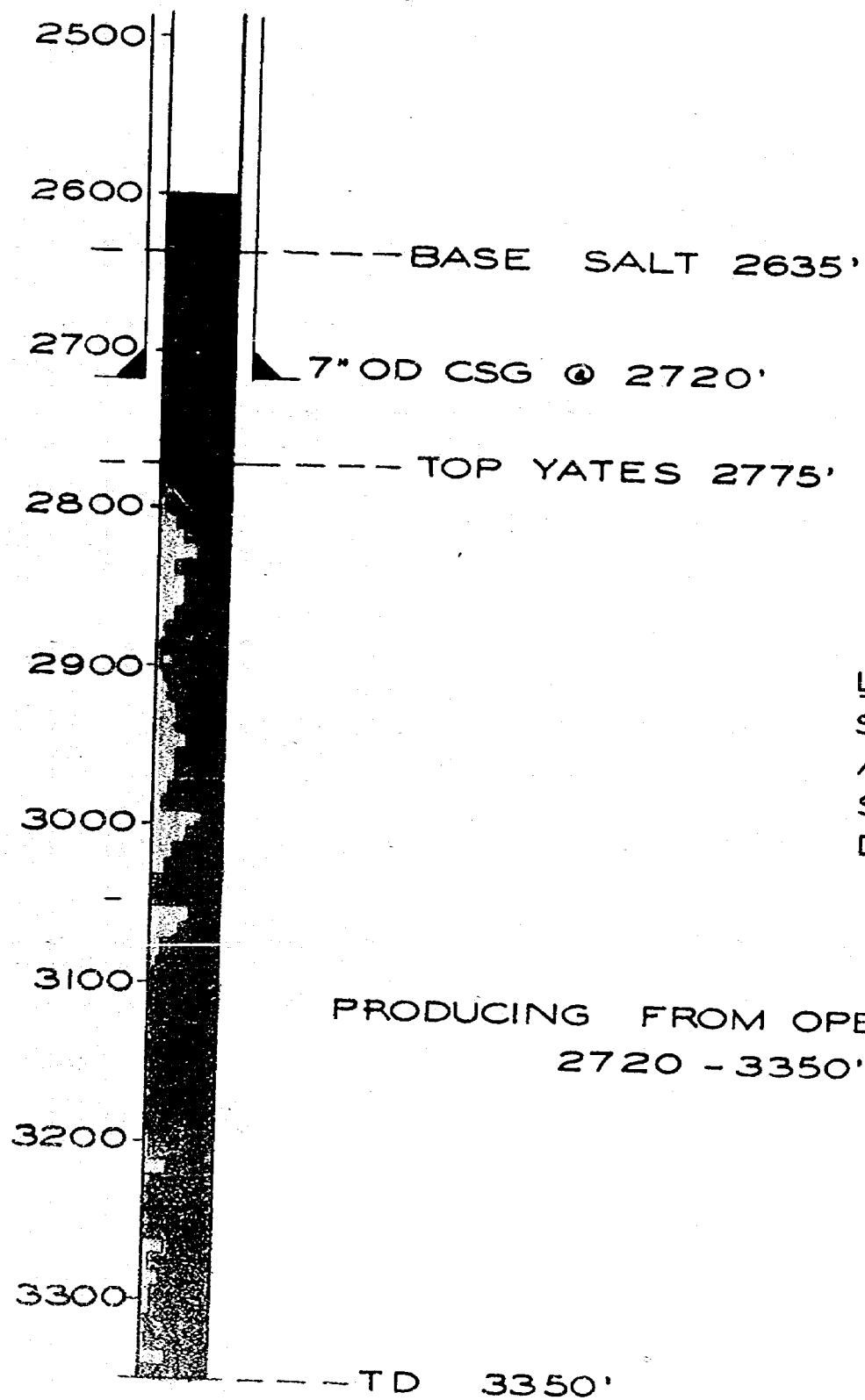
Case No. 615

Exhibit No. _____



SHERRELL No 5
SAMPLE LOG

EXHIBIT 3
CASE 615



LEGEND

SALT	■
ANHY.	■
SAND	□
DOLO.	■

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.

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SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN
VICE PRESIDENT

E. A. JENKINS
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

January 29, 1954

P. WHITMORE
CHIEF PETROLEUM ENGINEER

G. W. SELINGER
PRODUCTION ATTORNEY

J. H. McCULLOCH
CHIEF CLERK

Re: Texas Company - Fristoe NCT-4 "B" No. 2
Section 31-24S-37E, Jalco Gas Pool,
Lea County, New Mexico

The Texas Company
Box 1720
Fort Worth, Texas

Gentlemen:

In line with our policy of not signing waivers for offsets, we regret that we are unable to give you such a waiver. However, we wish to call to the attention of the Commission and the other offset operators the fact that at the December hearing in Case 615 we requested the assignment of the E/2 of the SW/4 of Section 31 to our No. 5 Sherrell gas well, and that with two gas wells on the governmental quarter section it is obvious that The Texas Company is entitled to an exception for its Fristoe NCT-4 "B" Well No. 2 on an 80 acre basis.

Therefore, should you bring this up at a hearing before the Commission, we wish to advise that we would have no objections and would, in fact, urge the Commission to grant you the relief sought.

Yours very truly,

(Signed) GEORGE W. SELINGER

George W. Selinger

GWS:dd

cc: New Mexico Oil Conservation Commission, Santa Fe, New Mexico
Southern California Pet. Co., Box 172, Midland, Texas
Continental Oil Co., 1710 Fair Bldg., Fort Worth, Texas
Anderson-Prichard Oil Corp., Box 337, Monument, New Mexico
Cities Service Oil Company, Drawer G, Hobbs, New Mexico
Shell Oil Company, Box 1509, Midland, Texas

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WJR

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. 615
Order No. R-425 ✓

THE APPLICATION OF *SKelly Oil*
Company
FOR AN ORDER GRANTING APPROVAL
OF AN EXCEPTION TO RULE 7 (a) OF
ORDER NO. R-368-A IN ESTABLISHMENT
OF AN UNORTHODOX GAS PRORATION
UNIT OF 240 CONTIGUOUS ACRES
CONSISTING OF *The East half of the*
Southwest Quarter, and
Southeast Quarter of
Section 31, Township 24
South, Range 37 East, NMPM,
Lea County, New Mexico, in
the Jolca Gas Pool.

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- *368-A*,
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 24 SOUTH, RANGE 37 EAST, NMPM.

East half Southwest quarter, and
Southeast Quarter of Section 31

containing *240* acres, more or less.

Order No. R- 425

(4) That applicant, Skelly Oil Company, Sheerill, has a producing well on the aforesaid lease known as The No. 5, S.W. Sheerill, located 2172' from the West line and 990' from the South line of Section 31, Township 24 South, Range 37 East, N.M.P.M.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R-368A, and is located within the limits of the pool heretofore delineated and designated as the Jalco Gas Pool.

(6) That it is ^{Not Practicable} ~~impossible~~ to pool applicant's said lease with adjoining acreage in the South Half of Section 31, Township 24 South, Range 37 East, N.M.P.M., and that the owners of adjoining acreage in said ^{half} ~~quarter~~ sections have not objected to the formation of the proposed proration unit of 240 acres, but have expressly consented thereto. error

(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 JALCO 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 24 SOUTH, RANGE 37 EAST, N.M.P.M.

East half Southwest quarter and
Southeast quarter of Section 31.

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

Order No. R- 425

(2) That applicant's well, J. W. Sherrill, No 5, located in the SE/4 SW/4 of Section 31, Township 24 South, Range 37 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 240 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)