

Case No.

634

Application, Transcript,  
Small Exhibits, Etc.

NU.

CASE 634: Skelly Oil Co 80-acre  
unorthodox gas unit, Langmat Gas Pool

100-100000000

100-100000000

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
Santa Fe, New Mexico

\* \* \* \* \*

TRANSCRIPT OF PROCEEDINGS

CASE NO. 634

Regular Hearing

March 17, 1954

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

Santa Fe, New Mexico  
March 17, 1954

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IN THE MATTER OF:

Skelly Oil Company's application for  
approval of 80-acre unorthodox gas  
proration unit in the Langmat Gas  
Pool: W/2 SE/4 36-23S-36E.

Case No. 634

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TRANSCRIPT OF PROCEEDINGS

MR. SPURRIER: The next case is 634.

MR. SELINGER: We are ready.

(Exhibits 1, 2, and 3,  
Case No. 634, marked for  
identification)

MAX E. CURRY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SELINGER:

Q State your name.

A Max E. Curry.

Q What company are you associated with?

A Skelly Oil Company.

Q In what capacity?

A As petroleum engineer.

Q Mr. Curry, have you heretofore testified before the  
Commission as an engineer?

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

A I have.

Q Have you heretofore testified before the Commission on other applications for exceptions that Skelly Oil Company had with respect to unorthodox gas units?

A I have.

Q Are you familiar with Skelly Oil Company's operation in what is designated as Mexico-D lease?

A I am.

Q What section and township and range is that located in?

A It is located in Section 36, Township 23 South, Range 36 East.

Q That is in the Langmat Gas Pool?

A Yes.

Q Will you tell the Commission, reading from what has been marked as Skelly Exhibit 1, the date of the completion of this well?

A This well was originally completed in August, 1948. It was completed in the Queen's formation.

Q As an oil well?

A As an oil well.

Q Was that well subsequently completed duly in the gas zone?

A Yes, it was. It was in the Yates Section.

Q Is that gas section classified at the present time under one of the orders requiring proration for gas?

A It is.

Q Referring to what has been marked as Skelly Exhibit 2, will you state to the Commission what that is?

A Exhibit 2 is a sample log showing the method of completion and the relative positions of the formations in the Mexico-D Well.

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PHONES 7-9845 AND 5-9546  
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Q Does it show the perforations and the packer and the casing point of the oil string?

A It does. It shows the open hole section from which the oil is produced, the position of the packer, the top of the Seven Rivers formation and the perforated interval in the Yates section from which the gas is produced.

Q Now, referring to what has been marked as Skelly Exhibit 3, which is a plat of the area, does that indicate the ~~subject~~ well of Case 634?

A It does.

Q What is that well designated as, Skelly D-1 Mexico?

A That is correct.

Q What size acreage tract is that well located on?

A It is an 80 acre tract, all of which is located in a Governmental quarter section.

Q Will you describe the 80 acres?

A The remaining 80 acres is, I mean the remaining 80 acres in the 160 acre quarter section is owned by Gulf.

Q What is the description of the Skelly Mexico D-1 80 acre tract?

A That would be the west half of the southeast quarter of Section 36, Township 23 South, Range 36 East.

Q Are there surrounding gas wells to the 80 acre tract?

A There are several.

Q Are there any gas wells in Section 36?

A There are. There is one in the southwest quarter, one in the northwest quarter, and there are two in the southeast quarter.

Q You have indicated the Gulf B-1, which is a direct east

off set to the Skelly Mexico D-1, as indicating a dual completion.

A Well, at the time this information was gathered, that well was shown as a dual completion well. However, the well is no longer a dually completed well. It has been, the gas section has been plugged.

Q Squeezed off?

A It has been squeezed off.

Q That well is now, presently, a single oil completion?

A That is correct.

Q In other words, Gulf has made attempts to dually complete that well into the gas, and so far has been unsuccessful--

A (Interrupting) Well--

Q (Continuing) --as far as that location is concerned?

A As far as that location is concerned, there is no gas well on it.

Q Mr. Curry, this case has been postponed twice before in an effort to work out an equitable arrangement with Gulf as to the gas reserves under the southeast quarter of Section 36. It is your information that such negotiations have been unsuccessful?

A I have been so informed, yes.

MR. SELINGER: We would like to offer in evidence Skelly's exhibits 1 through 3 inclusive.

MR. SPURRIER: Without objection, they will be received.

MR. SELINGER: That is all the information we have to give to the Commission.

MR. SPURRIER: Does anyone have a question of the witness? If not, the witness may be excused.

MR. SELINGER: I might say that Gulf is here. They can

ADA DEARNLEY & ASSOCIATES  
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express their own views on the matter if they so desire.

MR. MALONE: Ross Malone, representing Gulf Oil Corporation. Gulf would like to verify the facts that negotiations have been conducted between Skelly and Gulf, looking to a joint operation there. The negotiations have been unsuccessful, and Gulf has no objection to the granting of the application for the exception.

MR. SPURRIER: Anyone else? If not, we will take the case under advisement. The next case on the docket is Case 661.

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



STATE OF NEW MEXICO )  
: ss.  
COUNTY OF BERNALILLO )

I, Ada Dearnley, Court Reporter, do hereby  
certify that the foregoing and attached transcript of proceedings  
before the New Mexico Oil Conservation Commission at Santa Fe,  
New Mexico, is a true and correct record to the best of my  
knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial  
seal this 18<sup>th</sup> day of March, 1954.

Ada Dearnley  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

BEFORE THE  
OFF CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

TRANSCRIPT OF HEARING

Case No. 531

(Continued)

January 26, 1954  
Regular Hearing

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

January 20, 1951

-----  
In the Matter of:

Skelly's application for approval of 80  
acre unorthodox gas proration unit in the  
Langmat Gas Pool: W/2 SE/4 36-23S-36E

Case No. 634  
(Continued)

-----  
MR. SPURRIER: The meeting will come to order. The first  
case on the docket this afternoon is Case 634. Mr. Selinger, would  
you like to consolidate those six cases?

MR. SELINGER: No, we have a different disposition on each  
of them today. With respect to Case 634 Skelly owns the 80 acres  
and Gulf owns the remaining 80 acres in that governmental quarter  
section and both parties have agreed to agree to a unit. We would  
like to continue this case to the February hearing.

MR. MACEY: If you form a unit you won't have any reason for  
having a case.

MR. SELINGER: That is right. I feel we will come to some  
sort of an agreement. In case they don't, it will be on the docket.

MR. SPURRIER: Did you say to February?

MR. SELINGER: February, yes, sir.

MR. SPURRIER: Is there objection to counsel's motion? If  
not Case No. 634 will be continued to the regular February hearing  
and we will go on to Case 635.

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

STATE OF NEW MEXICO     )  
                                  )  
COUNTY OF BERNALILLO    )

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 631 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on January 20, 1954, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 26<sup>th</sup> day of January, 1954.

Ada Dearnley  
REPORTER

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

Transcript of Proceedings

Case No. 634

Regular Hearing  
February 17, 1954

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
at  
Santa Fe, New Mexico  
February 17, 1954  
Afternoon Session

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In the Matter of:

Skelly's application for approval of  
80-acre unorthodox gas proration unit  
in the Langmat Gas Pool: W/2 SE/4  
36-23S-36E.  
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Case No. 634

Continued.

MR. SPURRIER: The next case on the docket is 634.

MR. SELINGER: George W. Selinger, representing Skelly Oil Company. We own the 80<sup>00</sup> this particular Governmental quarter-section, the Gulf Oil Corporation owns the remaining acreage in that Governmental quarter-section. The two companies have just about agreed on the formation of an orthodox unit. However, we desire that this case be continued to March 17 in view of the fact that we have advised the Gulf that unless the matter is disposed of by March 17, we will proceed with our application.

MR. SPURRIER: Is there objections to counsel's motion?  
Is Gulf represented here?

MR. MALONE: May it please the Commission, Ross Malone from Roswell, representing Gulf. The statement made by Skelly's counsel is correct. It is correct it is anticipated that an agreement will be reached during the intervening period. We have no objection to the case remaining on the docket pending that time.

MR. SPURRIER: Without objections we will continue the case

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-5545  
ALBUQUERQUE, NEW MEXICO

to March 17.

STATE OF NEW MEXICO }  
COUNTY OF BERNALILLO }

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 634 (Continued) before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 17, 1954, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 20<sup>th</sup> day of February, 1954.

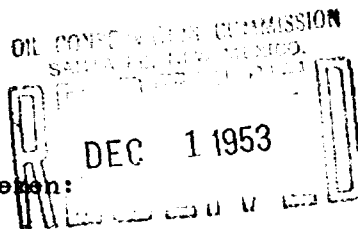
Ada Dearnley  
COURT REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 103-105, EL CORTES BLDG  
PHONES 7-9645 AND 5-0546  
ALBUQUERQUE, NEW MEXICO

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
SANTE FE, NEW MEXICO.

Case 634  
Re: IN THE MATTER OF SKELLY OIL  
COMPANY FOR APPROVAL OF AN  
UNORTHODOX GAS UNIT EMBRACING  
80 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  $W\frac{1}{2}$ ,  $SE\frac{1}{4}$  of Section 36, T23S, R36E., 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 80 acres confined by the boundaries of the  $W\frac{1}{2}$ ,  $SE\frac{1}{4}$  of Section 36, T23S, R36E., N.M.P.M., and concerns but a single royalty owner, namely the State of New Mexico.
2. That the petitioner's Mexico "D" well No. 1 is located 1980' from each of the South and East boundaries of the section 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 and lease ownership to the best of our knowledge is hereto attached.
5. That all lands described above, and contained within the limits of the proposed proration unit, lie within a single legal subdivision (quarter section) of the U. S. Public Land Survey.

Wherefore, 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-369-A by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted

SKELLY OIL COMPANY

J. N. Dunlevy



SKELLY OIL COMPANY

Case No.		Exhibit No.			
CONTINENTAL ATLANTIC "B"	BAKER & TAYLOR	CONT. ATLAN.	CLAY	MAXWELL	
*B-1		*B-1	*B-1		
	CONTINENTAL			LIVERMORE	
	*B-2				
GULF	U S WESTERN GAS CO.	U S AMERADA		Cowden CLAY	
CHRISTMAS					
*1		*2			
combust		State 36		Cowden	
CONT. ATLAN.	WESTERN GAS	CITIES SER. "Q"	RALPH LOWE	SKELLY "Mexico D"	GULF
*A-1			*2	*L 680	*B-1
				1950	
U S	State	State	State	State	U S
HUMBLE "Z"		CONTINENTAL			GULF
*Z-1			*2	*2-1	
State		U S		Camp E P N G	
				Cooper	Carter

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

CASE NO. 634

Re: IN THE MATTER OF SKELLY OIL  
COMPANY FOR APPROVAL OF AN  
UNORTHODOX GAS UNIT EMBRACING  
80 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 W/2, SE/4 of Section 36, T23S, R36E., 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 80 acres confined by the boundaries of the W/2, SE/4 of Section 36, T23S, R36E., N.M.P.M., and concerns but a single royalty owner, namely the State of New Mexico.

2. That the petitioner's Mexico "D" well No. 1 is located 1980' from each of the South and East boundaries of the section 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 and lease ownership to the best of our knowledge is hereto attached.

5. That all lands described above, and contained within the limits of the proposed proration unit, lie within a single legal subdivision (quarter section) of the U. S. Public Land Survey.

Wherefore, 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-369-A by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted  
SKELLY OIL COMPANY

J. N. Dunlavey

N.M. Oil & Gas Engineering Committee  
January 4, 1954  
Hobbs, New Mexico

Case No. 634

Exhibit No. \_\_\_\_\_

SKELLY OIL COMPANY  
Mexico "D" #1  
Sec. 36, T23S, R36E.

#### COMPLETION DATA

SKELLY OIL COMPANY'S Mexico "D" #1 well was completed in August, 1948, in the Queen formation at a total depth of 3590' for an initial potential of 35 BOPD. The well produces oil from open hole below 7" OD casing set at 3400'.

Gas is produced from the following perforations in the 7" casing between the interval 2900' - 3000' in the Yates sandy section. The oil and gas zones are segregated by a Guiberson production packer set at 3126'.

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

June 7, 1954

Skelly Oil Company  
Hobbs, New Mexico

Attention: Mr. J. N. Dunlavey

Gentlemen:

We attach copies of Orders R-469 (in Case 634), R-432 in  
Case 637, and Order R-479 in Case 703.

Very truly yours,

W. B. Macey  
Chief Engineer

WBM:mr

C  
O  
P  
Y

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
SANTE FE, NEW MEXICO.

Re: IN THE MATTER OF SKELLY OIL  
COMPANY FOR APPROVAL OF AN  
UNORTHODOX GAS UNIT EMBRACING  
80 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 W $\frac{1}{2}$ , SE $\frac{1}{4}$  of Section 36, T23S, R36E., 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 80 acres confined by the boundaries of the W $\frac{1}{2}$ , SE $\frac{1}{4}$  of Section 36, T23S, R36E., N.M.P.M., and concerns but a single royalty owner, namely the State of New Mexico.
2. That the petitioner's Mexico "D" well No. 1 is located 1980' from each of the South and East boundaries of the section 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 and lease ownership to the best of our knowledge is hereto attached.
5. That all lands described above, and contained within the limits of the proposed proration unit, lie within a single legal subdivision (quarter section) of the U. S. Public Land Survey.

Wherefore, 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-369-A by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted

SKELLY OIL COMPANY

J. N. Dunlavy

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. 634  
Order No. R-469

THE APPLICATION OF SKELLY OIL  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 7 (a) OF ORDER NO. R-369-A  
IN ESTABLISHMENT OF AN UNORTHODOX  
GAS PRORATION UNIT OF 80 CONTIGUOUS  
ACRES CONSISTING OF WEST HALF OF THE  
SOUTHEAST QUARTER OF SECTION 36,  
TOWNSHIP 23 SOUTH, RANGE 36 EAST,  
NMPM, 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 January 20, 1954, on February 17, 1954, and on March 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 27 day of May, 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-369-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 23 SOUTH, RANGE 36 EAST, NMPM  
W/2 SE/4 of Section 36

containing 80 acres, more or less.

(4) That applicant, Skelly Oil Company, has a producing well on the aforesaid lease known as Mexico "D" No. 1, located 1980' from the South line and 1980' from the East line of Section 36, Township 23 South, Range 36 East.

Order No. R-469

(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 Southeast quarter of Section 36, Township 23 South, Range 36 East, and that the owner of adjoining acreage in said quarter section has not objected to the formation of the proposed proration unit of 80 acres, but has expressly consented thereto.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its 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  
W/2 SE/4 of Section 36

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

(2) That applicant's well, Mexico "D" No. 1, located in the NW/4 SE/4 of Section 36, Township 23 South, Range 36 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 80 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)

WJK

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. 634  
Order No. R- 469

THE APPLICATION OF *Skelly*  
*OIL COMPANY*  
FOR AN ORDER GRANTING APPROVAL  
OF AN EXCEPTION <sup>*pursuant to*</sup> TO RULE 7 (a) OF  
ORDER NO. R- 369A IN ESTABLISHMENT  
OF AN UNORTHODOX GAS PRORATION  
UNIT OF 80 CONTIGUOUS ACRES  
CONSISTING OF *West half of*  
*the southeast quarter of*  
*Section 36, Township 23 South,*  
*Range 36 East, NMPM, in*  
*the Longmat Gas Pool.*

BY THE COMMISSION:

ORDER OF THE COMMISSION

This cause came on for hearing at 9 o'clock a. m., on *January 20, 1954,*  
at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-  
after referred to as the "Commission", *and on February 13, 1954,*  
*and on March 18, 1954,*

NOW, on this *May* 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.

*West half of southeast quarter*  
*of Section 36*

containing *80* acres, more or less.



Order No. R-\_\_\_\_\_

(4) That applicant, *Skelly Oil Company*, has a producing well on the aforesaid lease known as *Mexico "B", no. 1* located *1980'* from the *South* line and *1980'* from the *East* line of Section 36, Township 23 South, Range 36 East.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R- 3694, and is located within the limits of the pool heretofore delineated and designated as the *Longmat* Gas Pool.

(6) That it is <sup>IMPRACTICAL</sup> ~~impossible~~ to pool applicant's said lease with adjoining acreage in the *Southeast quarter of Section 36, Township 23 South, Range 36 East* and that the owners of adjoining acreage in said quarter sections <sup>has</sup> ~~have~~ not objected to the formation of the proposed proration unit of *80* acres, but <sup>has</sup> ~~have~~ expressly consented thereto.

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

*West half of Southeast quarter  
of Section 36*

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

Order No. R- \_\_\_\_\_

(2) That applicant's well, *Mexico "D" No. 1*, located in the  
*NW/4 SE/4* of Section 36, Township 23 South, Range 36 East, NMPM,  
shall be granted an allowable from January 1, 1954 in the proportion that the above  
described 8<sup>0</sup> 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

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