

For the purpose of the  
Act for the production, and for  
adoption of Special Sales & Regula-  
tions. Los County, New Mexico.

(Scanned in 1941)

Don't know  
What

Case No.

1686

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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 NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 1686  
Order No. R-1426

APPLICATION OF SKELLY OIL  
COMPANY FOR THE ESTABLISHMENT  
OF A NEW GAS POOL FOR ATOKA  
PRODUCTION IN LEA COUNTY, NEW  
MEXICO AND FOR THE ESTABLISHMENT  
OF 640-ACRE SPACING FOR SAID POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 3, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 25<sup>th</sup> day of June, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 this cause and the subject matter thereof.
- (2) That the applicant, Skelly Oil Company, is the operator of the Sombrero Unit consisting of the E/2 of Section 11 and the W/2 of Section 12, both in Township 16 South, Range 33 East, Lea County, New Mexico.
- (3) That the applicant is the operator of the Sombrero Unit Well No. 1, located in the SW/4 NW/4 of said Section 12.
- (4) That the applicant proposes the establishment of a new gas pool for Atoka production consisting of the above-described 640 acres.
- (5) That the applicant further proposes the establishment of 640-acre spacing in said pool.

-2-

Case No. 1686  
Order No. R-1426

(6) That the applicant has failed to prove that the said Sombrero Unit Well No. 1 can efficiently drain 640 acres and has further failed to prove that the pool from which said well is producing covers the 640 acres which applicant proposes to dedicate to the well.

(7) That the subject application should be denied.

IT IS THEREFORE ORDERED:

That the application of Skelly Oil Company for the establishment of a new gas pool for Atoka production consisting of the E/2 of Section 11 and the W/2 of Section 12, Township 16 South, Range 33 East, Lea County, New Mexico, and for the establishment of 640-acre spacing for said pool be and the same is hereby denied.

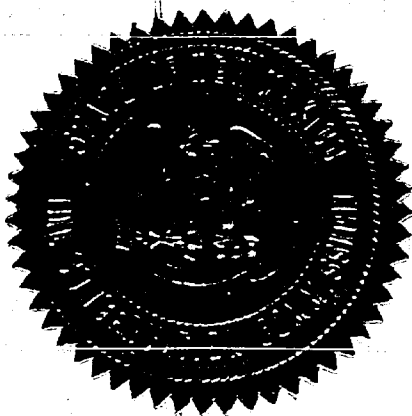
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary



vem/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 26, 1959

Mr. Charlie White  
Box 787  
Santa Fe, New Mexico

Dear Mr. White:

On behalf of your client, Shelly Oil Company, we enclose two copies of Order No. R-1426 issued June 25, 1959, by the Oil Conservation Commission in Case No. 1686.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Enclosures

C  
O  
P  
Y

Arriba Counties, New Mexico. Applicant further requests the non-cancellation of allowables accruing to test wells during the test period and for authorization to transfer said allowables to other wells on the same basic lease, and for such other relief as is necessary to properly conduct said tests including establishment of an administrative procedure for approval of substitute tests.

CASE 1686:

Application of Skelly Oil Company for the establishment of a new gas pool for Atoka production, and for the adoption of Special Rules and Regulations in connection therewith. Applicant, in the above-styled cause, seeks the establishment of a new pool for Atoka production comprising the E/2 of Section 11 and the W/2 of Section 12, Township 16 South, Range 33 East, Lea County, New Mexico, and the Establishment of Special Rules and Regulations therefor including 640-acre spacing for said pool.

CASE 1688:

Application of Anderson-Prichard Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its State "A-28" Well No. 1, located in the SE/4 NE/4 Section 28, Township 26 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce gas from the Yates formation in the Rhodes Storage Area, Jalmat Gas Pool, through the casing-tubing annulus, and to produce oil from the Seven Rivers formation through tubing.

DOCKET: EXAMINER HEARING JUNE 3, 1959

OIL CONSERVATION COMMISSION, 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Daniel S. Nutter, Examiner,  
or A. L. Porter, Jr., Secretary-Director.

- CASE 1661: (Readvertisement) (Continued Case)  
Application of Pan American Petroleum Corporation for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its W. H. Turner No. 1 located in the SE/4 SE/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont producing interval adjacent to the Eumont Pool and the production of oil from the Drinkard Pool. Applicant proposes to utilize a retrievable-type packer in said well.
- CASE 1682: Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil production from the Blinbry Oil Pool and the Tubb Gas Pool, from wells located in the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 1687: Application of Continental Oil Company for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Britt B-15 Well No. 9, located in the NW/4 SE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb formation and the production of oil from the Drinkard formation through parallel strings of tubing.
- CASE 1683: Application of Gulf Oil Corporation for a non-standard gas proration unit and for an order force pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 477-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico, to be dedicated to applicant's B. V. Culp "A" Well No. 3, located 1980 feet from the North and West lines of said Section 19. Applicant further seeks an order force pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Eumont Gas Pool.
- CASE 1684: Application of Honolulu Oil Corporation for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location in an undesignated Yates gas pool for its State Well No. 1-B, located 1830 feet from the South line and 2130 feet from the East line of Section 13, Township 11 South, Range 27 East, Chaves County, New Mexico.
- CASE 1685: Application of El Paso Natural Gas Company for permission to conduct maximum pressure build-up tests and for non-cancellation and/or transfer of allowables for test wells. Applicant, in the above-styled cause, seeks an order authorizing it to conduct maximum pressure build-up tests on nineteen (19) gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs and South Blanco-Pictured Cliffs Pools in San Juan and Rio



MAIN OFFICE OKLAHOMA

## SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

June 19, 1959

PRODUCTION DEPARTMENT  
C. L. BLACKSHER, VICE PRESIDENT

Re: Sombrero Unit Well No. 1

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

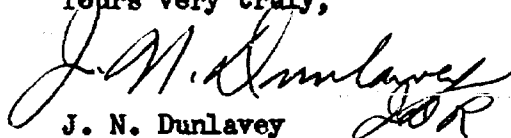
Attention: Mr. Dan Nutter

Gentlemen:

In line with your request of June 18, 1959, attached hereto is a photostatic copy of the buildup curve for the above captioned well. Also, attached is a bottom hole pressure record of the eight surveys taken on this well.

Please excuse the delay in forwarding these and should you desire further information on this matter, please advise.

Yours very truly,

  
J. N. Dunlavey

JDR:dd  
Attach. (2)



N-455-REV. 1-52

# BOTTOM HOLE PRESSURE RECORD

ELEVATION 4183  
TOTAL DEPTH FBTD 13222  
PRESSURE DEPTH (SUB SEA) -8997

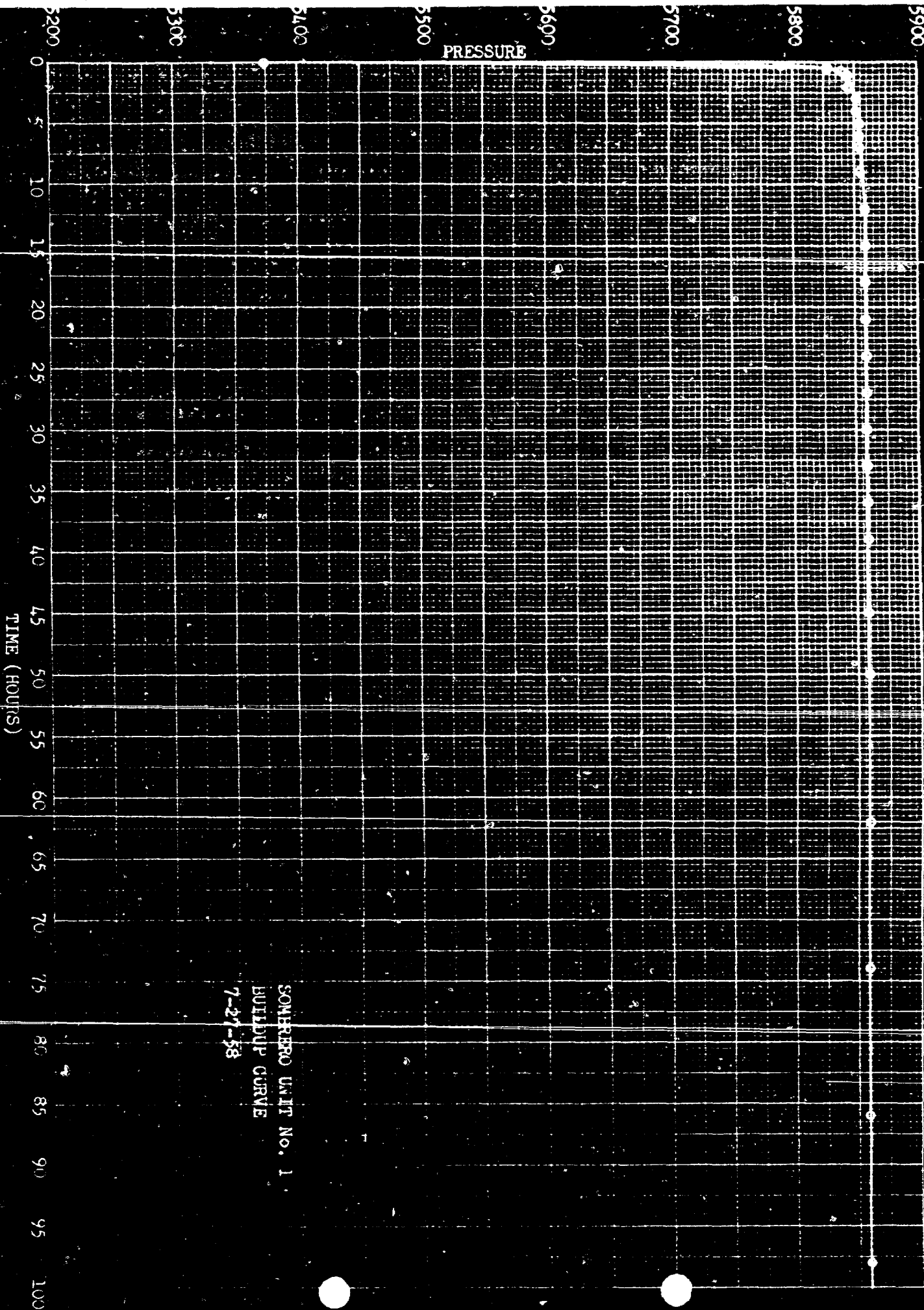
SOMERERO Unit No. 1

LEASE & WELL NO.

DATE	S.I. TIME HOURS	FLUID LEVEL FR. TOP		TEMP @ TEST DEPTH	PRESSURE - P.S.I			DECLINE	ACCUMULATED PROD (BBLs)
		OIL	NO GAS		TUBING	CASING	B.H.		
2-28-57	68	12,780		184	4490		6860		398
4-1-57	50	12,780	26,434		4280		6600		2754
8-27-57	50	12,780	40,541	184	4305		6572		4178
6-3-57	50	12,780	69,556	184	4020		6230		7284
7-29-57	53	12,000	107,456	184	3180		5260		11,273
10-17-57	72		136,619		3040		5850		13,768
7-27-58	115		156,117		3663		5858		15,770
5-29-59	72				3188		5634		

K.E. 10x10 TO THE 1/4 INCH 358-11  
KEUPPEL & ESSEN CO. MARINE P.A.

PRESSURE



SONARPRO UNIT No. 1  
BUILDUP CURVE  
7-27-58

*Call Geo. in morning*

*1000*  
*1000*

*First June hearing.*  
*(Called Geo. Solinger in)*

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF SKELLY OIL COMPANY FOR ESTABLISHMENT OF 640-ACRE DRILLING, SPACING AND PRORATION UNIT HERETOFORE DESIGNATED AS SOMBRERO UNIT, EMBRACING E/2 SECTION 11 AND W/2 SECTION 12-16S-33E, LEA COUNTY, NEW MEXICO.

*Case 1686*  
ORDER NO. \_\_\_\_\_

A P P L I C A T I O N

Comes now Skelly Oil Company and alleges and states:

1. That it is the operator of a well known as the Sombrero Unit Well No. 1, located in the SW NW of Section 12-16S-33E.
2. That said well was drilled to a total depth of 13,700 feet and plugged back to 13,225 feet and is producing from perforations of approximately 13,166 feet to 13,178 feet from the Atoka Formation in the base of the Pennsylvanian as a gas distillate well, with approximately five feet of effective pay.
3. That said well was completed for initial potential of 1,575,000 through a 12/64 inch choke.
4. That heretofore on November 13, 1956, in Case 1173 the Commission issued its Order R-922 approving the Sombrero Unit agreement embracing 640 acres covering the E/2 of Section 11 and W/2 of Section 12-16S-33E.
5. That due to the extreme depth of said well in conjunction with the approximate five feet of effective pay and initial potential and other geological and engineering data, indication is that the one well, for economic and efficient drainage, will be sufficient to recover the recoverable hydrocarbons from said Sombrero Unit area; and that additional drilling is unnecessary.
6. That the establishment of a 640-acre drilling, spacing and proration unit as heretofore indicated would be in the interest of conservation and the protection of correlative rights.

WHEREFORE, PREMISES CONSIDERED, applicant prays that this commission set this matter down for hearing after the giving of notice as required by law, and issue and promulgate rules establishing a 640-acre drilling, spacing and proration unit for the Sombrero Unit Well No. 1, composed of the E/2 of Section 11 and W/2 of Section 12-16S-33E, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

*Lewis*

*Docket Mailed*  
*5-20-59*  
*Q2*

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1686

TRANSCRIPT OF HEARING

JUNE 3, 1959

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

2

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JUNE 3, 1959

IN THE MATTER OF:

CASE 1686 Application of Skelly Oil Company for the establishment of a new gas pool for Atoka production, and for the adoption of Special Rules and Regulations in connection therewith. Applicant, in the above-styled cause, seeks the establishment of a new pool for Atoka production comprising the E/2 of Section 11 and the W/2 of Section 12, Township 16 South, Range 33 East, Lea County, New Mexico, and the Establishment of Special Rules and Regulations therefor including 640-acre spacing for said pool.

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T    O F    P R O C E E D I N G S

MR. NUTTER: Take up next Case 1686.

MR. PAYNE: Case 1686. Application of Skelly Oil Company for the establishment of a new gas pool for Atoka production, and for the adoption of Special Rules and Regulations in connection therewith.

MR. WHITE: If the Commission please, Charles White of Gilbert, White & Gilbert, Santa Fe, New Mexico, appearing as resident counsel for the applicant, Skelly Oil Company. I have associated with me Mr. George W. Selinger, Tulsa, Oklahoma, who will

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
Phone CHapel 3-6691

present the case. We have one witness to be sworn.

(Witness sworn)

JOE D. RAMEY,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SELINGER:

Q State your name.

A Joe D. Ramey.

Q And you are associated with what Company?

A Skelly Oil Company.

Q In what capacity?

A District petroleum engineer, New Mexico District.

Q Mr. Ramey, are you familiar with the Skelly Oil Company's Sombbrero unit in Lea County?

A Yes, sir, I am

Q Have you testified heretofore before the Commission as an engineer?

A Yes, I have.

MR. SELINGER: May his qualifications be admitted?

MR. NUTTER: Yes, sir. Please proceed.

Q I'll hand you what has been marked as Exhibit 1, and ask you to state what that is?

A Exhibit No. 1 is a plat showing the location of the Sombbrero unit colored in yellow. This Sombbrero unit comprises the

E/2 of Section 12, and the W/2 of the E/2 of Section 11, and the W/2 of Section 12 of Township 16 South, Range 33 East, Lea County, New Mexico.

Q Now, is this Sombrero unit adjoined immediately to the Seaman unit to the east and the Humble unit to the north?

A I believe it is diagonal to the Seaman unit and adjoins directly to the Humble unit to the north. It does join the Seaman unit. The Seaman unit includes the SE/4 of Section 12.

Q So that the Sombrero unit does adjoin the Seaman unit on the west and the Humble south, Saunders unit on the north?

A Yes, that is correct.

Q Will you tell the Commission when this well was started for drilling purposes and when it was completed?

A The well was spudded October the 21st, 1956 and completed February the 25th, 1957.

Q Now, at the time this well was drilling, did the Skelly Oil Company file an application with the Commission for the approval of a Sombrero unit composed of 640 acres, containing the E/2 of Section 11 and the W/2 of Section 12?

A Yes.

MR. SELINGER: And we would like to have by reference, Order No. R-922 in Case 1173 issued November 13th, 1956, made a part of this record.

MR. PAYNE: Is that the case that gave approval to the Sombrero unit?

MR. SELINGER: Yes, sir.

MR. NUTTER: Let me get this straight. It is R-922?

MR. SELINGER: R-922 in Case 1173 on November the 13th, 1956, which is the order of this Commission approving the Sombrero unit.

MR. NUTTER: Without objection, Order No. R-922, Case 1173 will be incorporated in the record of this case.

Q (By Mr. Selinger) At the time of the approval of this Order, the well was in the process of being drilled, is that correct?

A Yes, that is correct.

Q Now, again referring to Exhibit 1, does it not indicate the control that you have surrounding in all directions in the Sombrero unit with respect to the production secured from this well?

A Yes, it does. The three wells to the north, which are Humble wells, I don't know the formal name for those, but those wells all indicated to be too impermeable in the Atoka to produce, and the wells to the south, the Seaman units Nos. 1 and 3, which are shown, the No. 1 had, I believe, a fair show of gas from the Atoka. However, the water percentage was fairly high, and the Well No. 3 was water productive only in the Atoka.

Q This Exhibit shows the datum of the particular pay that the Sombrero unit is producing from indicating that while some of these wells were successfully completed in other zones, but insofar as the particular zone that the Sombrero unit is completed in, it



was dry or nonproductive.--

A That is correct.

Q -- or uneconomical?

A That is correct.

Q Generally, you have indicated where water has been encountered. Like the Humble well in the northeast of 3 and the two wells in the Seaman unit, you've indicated by a small symbol of "w", is that correct?

A That is correct, yes.

Q And the two Humble wells to the northwest penetrated the particular zone and were completed in shallower pays as oil wells?

A That is correct.

Q Now, I'll ask you with respect to this particular well, were you present at the time of the approval of the unit?

A Yes.

Q Were you the witness?

A No, I was not.

Q But you were present at the time?

A Yes.

Q And this was a development unit which was sought to be approved by the Commission?

A That is correct.

Q Did you encounter any particular difficulties in drilling the well, or was it just normally drilled?

A Outside of threat of blowout when we encountered this

Atoka pay, why it would be considered a normal well.

Q Have you had bottom hole pressures taken periodically on this particular well?

A Yes, we have.

Q Now, I'll hand you what has been marked as Exhibit 2. Is that a summary of the pressure taken on this well?

A Yes, Exhibit No. 2 is a pressure decline curve for the Sombrero No. 1. It reflects the pressure divided by the S factor versus cumulative time production.

Q How many pressure points do you have on this well?

A We have a total of eight.

Q Eight pressure points. Is that sufficient to give you a particularly good indication as to the probable remaining life of the particular well?

A It appears to be, yes.

Q And from that, have you made an estimation of the reserves of the particular pay?

A Yes, we have. The reserves for the Sombrero unit are one million six hundred thousand MCF, and an estimate of the eight thousand barrels of distillate.

Q Now, does this reserve encompass the entire field or pool in aerial extent?

A Yes.

Q What would happen with respect to additional wells, with particular reference to assigning it to this particular well?

A Essentially all it would do would be to take reserves away from this well.

Q So that the estimated reserves is the total reserves of this small pool and the additional wells would not increase the reserves as you have estimated here?

A That is correct. It would not.

Q Now, at the time of the approval of the Sombrero unit, the Exhibits showed at that time, from our shooting picture, that the small pool would be approximately under the 640 acres. Does this information bear this out?

A Yes, I think it would.

Q Now, I'll hand you what has been marked as Exhibit 3, and ask you to state what that is?

A This is a sheet showing the economics for 640-acre spacing for the Sombrero unit.

Q And the reserves that you have taken were taken from your bottom hole pressure decline point on your Exhibit 2?

A That is correct, yes, sir.

Q What does it indicate the per well development cost?

A Four hundred and one thousand, one hundred nine dollars and eighty cents.

Q What was the total depth of this well, and where was it perforated?

A The well was perforated thirteen thousand one sixty-six to thirteen thousand one sixty-eight, and the total depth of the

well was thirteen thousand seven hundred feet.

Q And was plugged back to thirteen thousand two hundred twenty-five feet?

A That is right.

Q Now, with respect to the operating expense and the estimated salvage value of the lease equipment, what does that indicate the amount to be?

A The estimated operating expense would be \$23,760, and the salvage value would be \$18,840.

Q What do you estimate the ultimate gross income to be with respect to the recovery of the reserves as you have estimated both gas and condensate?

A Skelly's ultimate gross income would be three hundred fifty-six thousand, three hundred seventy.

Q Now, getting down to dollars and cents without theory, what is the payout as of April the 1st, 1959?

A Payout to April 1st, 1959 was three hundred sixty-one thousand five dollars and sixty-nine cents in the red.

Q In other words, the payout of this well has three hundred sixty-one thousand plus in the red?

A Right. We have recovered some forty thousand dollars of the four hundred thousand invested.

Q When this well was drilled, was the perforated zone the only zone that was productive in the well?

A Yes.

Q And there is a well to the south, the Phillips Well, producing. Was this well completed in the same zone or horizon that the Phillips Well is producing from?

A The Phillips Well was also completed in the Atoka. However, we do not think that the sand lens we are producing from ... is perforated in the Phillips Well.

Q Now, the Phillips Well, the M-i-c-h-e-l is producing from four sets of perforations, is that correct?

A That is correct.

Q Did these wells encounter any of those four perforations --

A No.

Q -- as to pay, I mean?

A No, they were not.

Q And was the Phillips Well encountering any production from the single perforated zone that the Sombrero well is?

A In my opinion, no.

Q Your request here is for the establishment of a 650 acre unit for this small aerial pool. Do you believe that this well, in the absence of time, can drain the particular set of perforation zones and efficiently and economically drain it?

A Yes, I do.

Q With all of its economic and efficient drainage, the well still will not pay out, is that correct, --

A That is correct.

Q -- according to your calculations?

A My calculations indicate a net loss of forty-nine thousand, sixty fifty-nine twenty.

Q And the drilling of additional wells would merely divide up the estimated reserves, as you have indicated, --

A That is correct.

Q -- resulting in a greater loss to the Skelly Oil Company, and a definite and certain loss to any other operator that might want to drill?

A Yes.

Q Would you recommend the establishment of this pool as -- to be known as the Atoka Sombrero Pool?

A Yes.

Q Mr. Ramey, with respect to the Seaman unit and the Humble South Saunders unit, are those Federal leases or State leases, or are you familiar with them?

A I am not familiar with those.

Q Skelly Oil Company has an interest in the Seaman unit, does it not?

A That is correct, and also in the Humble unit.

Q And the Sombrero unit is composed of State lands, is that correct?

A Yes.

Q Now, how are these divided up, into how many leases?

A I believe there are three leases.

Q Will you indicate for the record the three particular

leases?

A One lease is the W/2 of Section 12, and the Section lease would be the SE/4 of Section 11, and the third portion would be the NE/4 of Section 11.

Q I'll hand you what has been marked for -- by the Reporter as Exhibit 4, and ask you to state what that is?

A Exhibit No. 4 is a portion of the Schlumberger gamma ray neutron log, which was run on this well, and on this log from an interval of 13172 to 13176. It is colored in red, and that designates the Sombrero Atoka gas pay.

Q Now, I'll hand you what has been marked as Exhibit 5, and ask you to state what that is?

A That is a portion of the Schlumberger induction electric log which was run on the same well.

Q How many feet of pay does this well at its over 13,000 foot depth have?

A It indicates to be about five feet of net effective pay.

Q Looking at solely the Exhibits 4 and 5, its net effective pay would indicate that the well was an economical one at its particular depth?

A No, it would not.

MR. SELINGER: We would like to offer in evidence Exhibits 1 through 5 both inclusive.

MR. NUTTER: Without objection, Skelly's Exhibits 1 through 5 inclusive will be entered in evidence.

MR. SELINGER: I believe that's all we have of this witness.

MR. NUTTER: Does anyone have any questions of Mr. Ramey?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Ramey, would you recommend to your management in the event this application were not approved, that another well be drilled on this 640 acres?

A No, I would not.

Q Do you think it would be self evident to any other operator that a gas well on 320 in this section would not pay out?

A I don't see how he could justify their management that a gas well to this depth would pay out.

Q That being the case, why do you need the 640-acre unit? This gas well is not prorated, is it?

A No, it is not.

MR. SELINGER: I don't know whether this witness can answer that question or not, but I might advise the Oil Conservation Commission that these are State lands, and the State Land Office has suggested the drilling of additional wells or the formation of the 640-acre unit by filing this application to the Oil Conservation Commission, and as is quite evident in the oil business, we may be able to control our own operations, but we have no control over any



erstwhile neophyte coming into the oil business to drill additional wells, and our main interest in preventing the drilling of additional wells to the detriment to all the business is the fact that it will increase the loss on our well. And even though an erstwhile neophyte might enter into the oil and gas business, with the self-evident fact that there is a loss, there is nothing to prevent them from doing so, and resulting in a loss to all concerned without the recovery of additional foot of gas or additional barrel of condensate.

Q (By Mr. Payne) The only way you could lose would be through -- if another well were drilled on this 640, is that right?

A That is correct.

Q Now, has the Land Office cancelled this unit, or do you still have this?

A The unit is still in effect.

Q Have you received any communication from the Land Office relative to this unit?

MR. SELINGER: This witness is not -- does not know that but we were given thirty days' notice with the expiration on June 8 of the abolishment of the Sombrero unit, and --

MR. PAYNE: Does that apply even if this Commission approves your application?

MR. SELINGER: No, sir, it does not apply except if this Commission does not approve the unit, 640-acre unit.

MR. PAYNE: I believe that's all. Thank you.

MR. NUTTER: Any questions? Mr. Utz.

QUESTIONS BY MR. UTZ:

Q Mr. Ramey, on Exhibit No. 2, the eight pressure points that you have shown there, what were the periods of shut-in on those points?

A Those range to -- I believe the minimum was fifty hours, and the maximum was seventy-two hours. I believe the seventh point was shut-in total of ninety-six hours, shows stabilization after seventy-two hours. We ran a pressure build-up on it after that time.

Q That was the seventh point, did you say?

A Yes.

Q Did you take periodic pressure points on these build-ups?

A Yes, we did. We had a bomb in continuously. We left it in seventy-two hours, pulled it out and ran it back in.

Q That record showed that the pressures were stabilized --

A Yes, it did.

Q -- all these pressures were stabilized?

A Yes, I think so. We have one pressure point which certainly appears to be out of line, and I think that was probably mechanical failure.

Q You would have built that up to show stabilization on all these points?

A We have the one build-up that was taken on the seventh pressure point.

Q On the seventh pressure point?

A Yes.

Q That would be the only one that you showed definite stabilization?

A Yes. The other points were shut-in approximately the same number of hours that we obtained a build-up.

MR. UTZ: I believe that's all I have.

MR. PAYNE: One further questions.

QUESTIONS BY MR. PAYNE:

BY MR. PAYNE:

Q I believe you testified that, in your opinion, this well would drain 640 acres, in the absence of time. Is that right?

A Yes.

Q How long do you think it will take this well to drain the 640 acres?

A I don't believe we have enough information on the well as yet. We haven't had enough production to come up with a good educated guess on that.

MR. PAYNE: Thank you. That's all.

MR. NUTTER: Any further questions? Mrs. Rhea.

MRS. RHEA: The State Land Office, I do not believe, suggested a 640-acre spacing. We suggested that they go to the Oil Conservation Commission for whatever spacing the Oil Conservation Commission wished to give.

MR. NUTTER: Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Ramey, you stated that the three Humble Wells up north and west of your Sombrero Well there were impermeable in this same zone?

A Yes.

Q Did they encounter the same zone?

A Not as such. The Atoka is comprised of -- it is a massive shale bed and has sand stringers, and evidently the sand we are producing from was shaley in those wells.

Q Well, I note that the productive interval on your logs is very definitely shown as a kick on both the electrical log and on the radioactive log?

A Yes.

Q Have you observed the logs on the Humble wells?

A It has been some time since I observed them, but I looked at them after they were drilled, yes.

Q And is this same kick present or is it all shaded out?

A It is shaded out.

Q How about the Phillips Well directly south of your Sombrero unit? Have you observed the log on that well?

A Yes, I have.

Q And it's got four sets of perforations?

A That is right.

Q And is this same kick that is evident in your logs of the

Sombrero Well No. 1 evident in the log of Phillips Well?

A No.

Q Is it shaled out there?

A It appears to be shaled out there.. They are producing from what appears to be separate sand stringers.

MR. SELINGER: How much lower structurally is that Phillips Well?

A It is approximately fifty feet lower structurally.

Q In other words, Mr. Ramey, these logs of these other wells substantiated your claim that this is a very small structure or small zone of permeability in this particular interval?

A Yes.

Q Then, what evidence do you have that this little zone extends out to cover 640 acres? It appears that the Phillips Well is a 660-foot location away from the boundary of the unit?

A That's right.

Q And you are asking that 640 acres be dedicated to your well that is 660 feet from another well that does not even have the same formation?

A Yes.

Q Do you think there is a good possibility that your pay does shale out prior to the time it reaches the boundaries of the proposed 640-acre unit?

A I don't think I can be definite on that statement. However, I do think that the pressures certainly indicate that this is

a shale reservoir.

Q Have you made any calculations as to the reserves underlying your well or your unit on a pore volume basis?

A No, I have not.

Q The only reserve figure you have is based on these pressure declines?

A We have no core data, and consequently, we have insufficient porosity and water saturation data, so it would be impossible to make an accurate determination by volumetric methods.

Q You didn't take any cores?

A No, we did not.

Q Could you furnish the Commission with copies of these pressure build-ups.--

A Yes.

Q -- that you have available on the wells?

A Yes, we could.

Q Is this well connected to a gas purchasing pipeline?

A Yes, it is.

Q What is the daily average rate of production from the well?

A I believe it is running now a little less than half a million a day. I think for the month of -- we had a connection in March.

MR. SELINGER: Is that our first connection?

A That is our first connection. We had previously been

selling gas to drilling rigs from that well.

Q So the fact that you are three hundred sixty-one thousand five hundred sixty-nine dollars in the red is an indication, more than anything else to date, of a lack of market for your gas, isn't it?

A That is correct, yes.

Q What is the average daily rate of liquid production from the well, Mr. Ramey?

A It runs about -- roughly right now, I think it is forty-four barrels. I believe that was the average, the last available seven-day period. And our gas volume is a little less than a half a million a day cubic feet.

Q Now, Mr. Ramey, you stated in your direct testimony, and in your opinion, this well can economically and efficiently drain this 640 acres. What do you base that opinion on?

A It certainly can economically drain the 640 acres in -- providing the pay is continuous, and disregarding time, I think we will efficiently drain 640 acres, too.

Q You don't have any knowledge of what the actual permeability of this sand is, though?

A No, we do not.

MR. NUTTER: Anyone else have any further questions?

The witness is excused.

(Witness excused)

MR. SELINGER: I might add for the record that there is

some question with respect to whether the Commission should issue a unit for one well in the pool. We think the evidence clearly demonstrates that this is such a small pool that there is probably none existing like it in the State, particularly at this great depth. In view of perhaps some hesitancy on the part of the Commission to issue a one-unit one-well pool spacing order, a check of the records indicates that perhaps there has not been -- that has not been done in New Mexico, but it has been done in various other States. We had a 440-acre unit which contained the entire productive area for production of gas and gas distillate in the Pawnee Hills in Logan, Colorado, which we would like to have a photostatic copy of marked as Exhibit No. 6.

Similarly, as Exhibit 7, is a typewritten copy of an order in Calcasieu Parish, Louisiana, which covers the entire productive area of a single pool, and merely by reference, the Louisiana Commission on May 26th issued, on application of Carter Oil Company in the Atoka Field of Webster Parish, a drilling unit composing the entire productive area.

And also as Exhibit 8, a notice of hearing by the Louisiana Commission on the Riceville Field which is seeking to establish a single drilling unit comprising all of the productive area of that particular pool. There have been several instances in Oklahoma, and I think by pointing these out to the Commission, that while it has not been done as a matter of general practice in this State, I believe that by sheer coincidence the situation has never



arisen, and it has now arisen here for the first time, and I merely point out that it has been handled by other state regulatory bodies.

MR. PAYNE: Do you believe that approval of this application would prevent an erstwhile neophyte from losing money?

MR. SELINGER: The approval of this order would eliminate the necessity of any erstwhile neophyte of entering into the business in attempting to complete a -- a wellin fivefeet of net pay over 13,000.

MR. NUTTER: Exhibits Nos. 6 and 8 are reproductions of orders or notices; Exhibit No. 7 is a typewritten copy of an order?

MR. SELINGER: Yes.

MR. NUTTER: Was this typewritten order prepared under your supervision?

MR. SELINGER: It was prepared by me from an original notice.

MR. NUTTER: If there are no further questions of Mr. Ramey, he may be excused.

MRS. RHEA: May I ask a question of Mr. Selinger? Mr. Selinger said that in case this order is granted, the unit would continue. I would like to ask Mr. Selinger if he thinks that the order would change the terms of the unit, or wouldn't they have to come in for communitization?

MR. SELINGER: Well, I will put it this way, Mrs. Rhea, if the Commission issues this order, we will file the order as a

supplemental to our February 11th plan of development.

MRS. RHEA: Which would cover no development?

MR. SELINGER: Which would be the development program of this particular unit for the foregoing year, from February 1958 to February 1959. And we have to file a plan of development, which we will every year, in accordance with our requirement.

MRS. RHEA: Well, it was more or less my understanding that you would go to the Commission and get a spacing order, and then if you received a 640-acre spacing, you would come in for a gas communitization.

MR. SELINGER: Yes, ma'am.

MRS. RHEA : And we would terminate your unit?

MR. SELINGER: I don't know about the termination of the unit. You would merely substitute this order for the unit agreement. It doesn't make any difference which way it is handled. If you desire to substitute the 640-acre drilling and spacing unit for this particular pool, it would cover the same area as a unit agreement. The same area would be covered by either order.

MRS. RHEA : I am speaking about the State Land Office in this instance.

MR. SELINGER: Well, in this particular instance, if the Commission issues the order, we would file this order, and if you desire to replace your unit agreement by this order, we would have no objection.

MRS. RHEA : We couldn't do that; it would have to be

in the form of a communitization --

MR. NUTTER: The separate leases, as I understand it, would have to be communitized under one 640-acre communitized tract.

MRS. RHEA: Yes, and approved by the Commission.

MR. NUTTER: Do you wish to offer these three Exhibits?

MR. SELINGER: Yes, I would like to offer the Exhibits 6 through 8.

MR. NUTTER: Without objection, Skelly's Exhibits 6 through 8 will be admitted in evidence.

Does anyone have anything further they wish to offer in Case 1686?

MR. SELINGER: May I state that in view of Mrs. Rhea's observation, that we would like to have the order, if it is issued by this Commission affirmatively, to indicate that all interests therein be communitized, and we will prepare that and send it to the Land Office.

MR. NUTTER: Anything further in Case 1686?

MR. PAYNE: Mr. Examiner, we received a communication from Sinclair Oil & Gas Company stating that it has no objection to the formation of a 640-acre Atoka gas proration unit consisting of the E/2 of Section 11 and W/2 of Section 12.

"Regarding Case 1686, June 3, 1959. This is to advise that Sinclair Oil & Gas Company has no objections to the formation of a 640 acre Atoka gas proration unit consisting of the E/2 Section 11 and the W/2 of Section 12 in T-16-S R-33-E, Lea County, New Mexico, to

be assigned Skelly Oil Companys Sombrero unit Well No 1 H. F. Defenbaugh Division Production Superintendent."

MR. NUTTER: Just as a matter of interest, is Sinclair a working interest owner in this?

MR. SELINGER: No, Skelly is a hundred percent. Skelly is the operator of the Seaman unit adjoining this to the East.

MR. NUTTER: If there is nothing further in Case 1686, we will take this case under advisement.

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 11<sup>th</sup> day of June, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Truitt  
NOTARY PUBLIC

**My Commission Expires:**

October 5, 1960

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 1286  
heard by me on 6-3-59.

....., Examiner,  
New Mexico Oil Conservation Commission

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram	
TELEGRAM	<input checked="" type="checkbox"/>
DAY LETTER	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>

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# WESTERN UNION TELEGRAM

1206 (4-55)

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	<input type="checkbox"/>
LETTER TELEGRAM	<input type="checkbox"/>
SHORE-SHIP	<input type="checkbox"/>

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			<b>OIL CONSERVATION COMMISSION</b>	<b>3 P.M.</b>

Send the following message, subject to the terms on back hereof, which are hereby agreed to

6-25-50

MR. GEORGE W. SELINGER  
SHELLY OIL COMPANY  
TULSA 2, OKLAHOMA

ORDER NO. B-2426 DENIES YOUR APPLICATION IN CASE 1696.

A. L. PORTER, JR  
OIL CONSERVATION COMMISSION

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. The applicable tariff charges on a message destined to any point in the continental United States listed in the Telegraph Company's Directory of Stations cover its delivery within the established city or community limits of the destination point. Beyond such limits and to points not listed in the Telegraph Company's Directory of Stations, the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery by any available means as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee.

5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender; except that when the Telegraph Company sends a messenger to pick up a message, the messenger in that instance acts as the agent of the Telegraph Company in accepting the message, the Telegraph Company assuming responsibility from the time of such acceptance.

6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1935, as amended.

7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Telegraph Company is authorized to vary the foregoing.

4-54

## CLASSES OF SERVICE

### DOMESTIC SERVICES

#### TELEGRAM

The fastest domestic service.

#### DAY LETTER (DL)

A deferred same-day service, at low rates.

#### NIGHT LETTER (NL)

Economical overnight service. Accepted up to 2 A. M. for delivery the following morning, at rates lower than the Telegram or Day Letter rates.

### INTERNATIONAL SERVICES

#### FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language expressed in Roman letters.

#### LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 22 words applies.

#### SHIP RADIOGRAM

For messages to and from ships at sea.

RECEIVED  
MAY 10 1959

Case 1686

In reply refer to:  
Unit Division

CR

May 7, 1959

C  
O  
P  
Y

REGISTERED MAIL

Skelly Oil Company  
Tulsa 2, Oklahoma

Re: Sombrero Unit  
Lea County, New Mexico

ATTENTION: Mr. T. F. Thompson

Gentlemen:

This office by letter dated March 3, 1959 advised you that it was our belief that the Sombrero Unit had under its own terms ceased to have any force or effect.

Therefore, this office is giving you notice by this registered letter that the Sombrero Unit will be terminated June 8, 1959.

We are terminating this unit for failure to submit an acceptable Plan of Development as called for under Paragraph 3 A of the Unit Agreement.

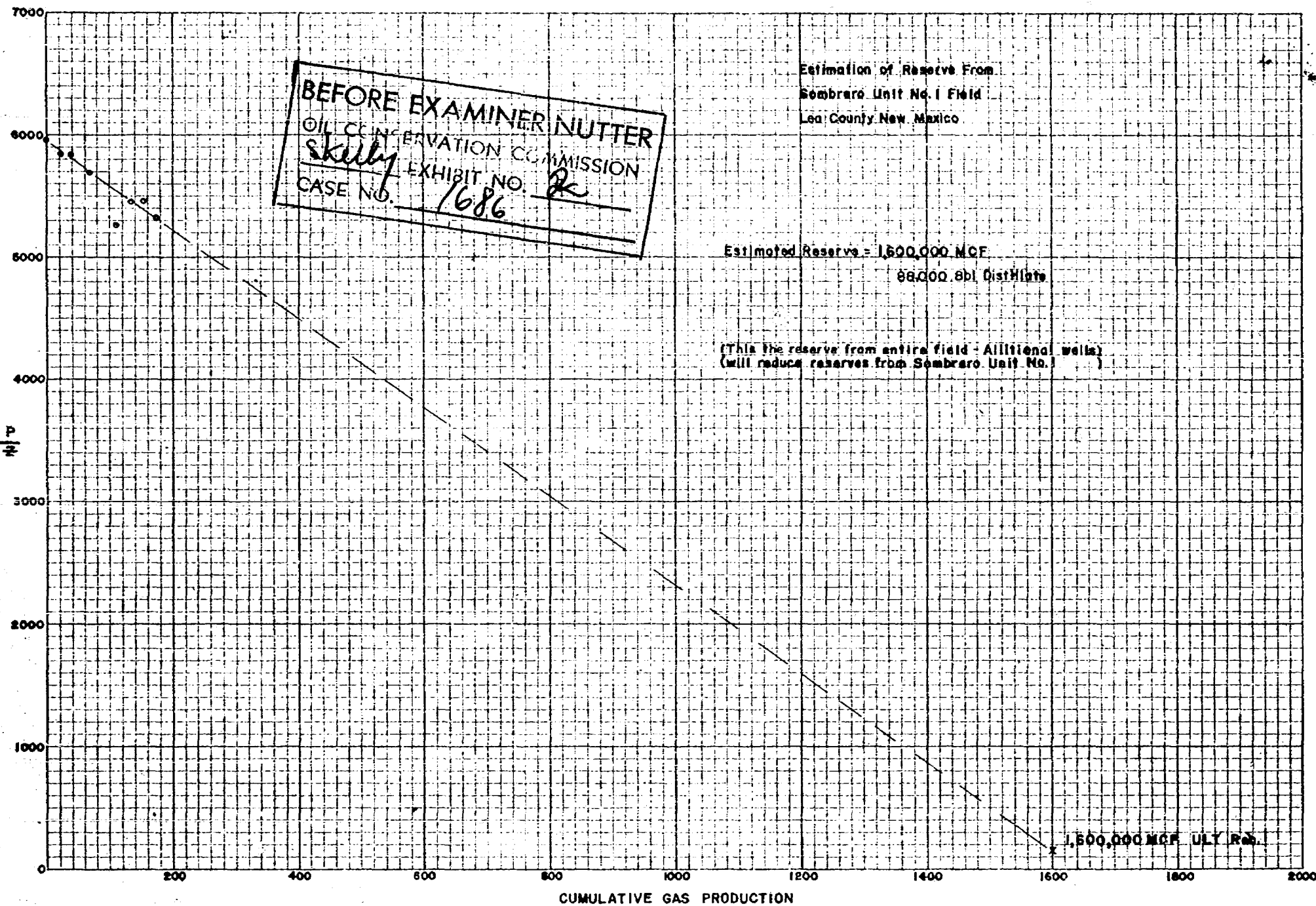
Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MSR/m  
cc:

OCC-Santa Fe, New Mexico  
Attention: Mr. Oliver Payne,  
Attorney





BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>appl</i>	EXHIBIT NO. <i>7</i>
CASE NO. <i>168</i>	

ORDER NUMBER 354-B

Order concerning the application of Sohio Petroleum Company for rules and regulations and the creation of a drilling unit for the Second Camarina Sand in the Bell City Field, Calcasieu Parish, Louisiana.

Pursuant to power delegated under the laws of the State of Louisiana, and particularly Title 30 of Louisiana Revised Statutes of 1950, and after a public hearing held under Docket No. 56-179 in Baton Rouge, Louisiana, on September 11, 1956, upon the application of Sohio Petroleum Company, following legal publication of notice and notice by mail to all known interested parties in accordance with the rules prescribed by the Commissioner of Conservation, the following order is issued and promulgated by the Commissioner of Conservation as being reasonably necessary to conserve the oil and gas resources of the State, to prevent waste as defined by law, to avoid the drilling of unnecessary wells, and otherwise to carry out the provisions of the laws of this State.

#### DEFINITION

The Second Camarina Sand in the Bell City Field, Calcasieu Parish, Louisiana, as used herein, shall be defined and construed as meaning that gas/condensate bearing sand occurring at a depth of 10,305 feet to 10,386 feet in the Douglas Whitaker and Southwest Gas Producing Company No. 1 W. E. Walker Well located in Section 29, Township 10 South, Range 6 West.

#### FINDINGS

The Commissioner of Conservation finds as follows:

1. That the Second Camarina Sand Reservoir in the Bell City Field is reasonably defined, and the limits of this reservoir are shown on the survey plat labeled "Sohio Petroleum Company Exhibit No. 3-A for Docket 56-179", which plat is made a part hereof by special reference and is on file in the official records of the Department of Conservation, Baton Rouge, Louisiana.
2. That the 449.17 acre unit shown on the survey plat, reference Finding No. 1 above, which comprises all of the productive area of said reservoir, can be efficiently and economically drained by the proposed unit well, and therefore said unit should be adopted as a drilling unit for the Second Camarina Sand.
3. That the unit well shown on said unit plat, reference Finding No. 1 above, should be adopted as the unit well for said unit.
4. That all separate tracts and property interests within said drilling unit should be force pooled and integrated.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. The drilling unit shown on the survey plat labeled "Sohio Petroleum Company Exhibit No. 3-A for Docket 56-179", made a part hereof by special reference and on file in the official records of the department of Conservation, Baton Rouge, Louisiana, be and is hereby adopted as a drilling unit for the Second Camerina Sand and is assigned to the Douglas Whitaker and Southwest Gas Producing Company No. 1 W. E. Walker Well.
2. All separately owned tracts, property interests and mineral leases within the unit adopted in this order be and they are hereby pooled, consolidated and integrated, with each separate tract sharing proportionately in unit production on a surface acreage basis.
3. Sohio Petroleum Company be and is hereby designated as the operator of the unit approved herein.

This Order shall be effective from and after November 1, 1956.

DEPARTMENT OF CONSERVATION OF THE STATE OF LOUISIANA

Signed/ John B. Hussey

STATE OF LOUISIANA  
DEPARTMENT OF CONSERVATION  
BATON ROUGE, LOUISIANA

May 8, 1959

ALL CONCERNED:

This will advise that the following legal notice has been given to The State Times, Baton Rouge, Louisiana, for publication:

- 5 -  
RICEVILLE FIELD  
59-226

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 8  
CASE NO. 1686

LEGAL NOTICE

STATE OF LOUISIANA, DEPARTMENT OF CONSERVATION, BATON ROUGE, LOUISIANA.

In accordance with the laws of the State of Louisiana, and with particular reference to the provisions of Title 30 of Louisiana Revised Statutes of 1950, a Public Hearing will be held in the Auditorium, Welfare Building, Baton Rouge, Louisiana, at 9:00 o'clock A.M., Tuesday, June 9, 1959, upon the application of Sid Richardson Carbon Company.

At such hearing the Commissioner of Conservation will consider evidence relative to the issuance of an order covering the following matters pertaining to the 11,400 Foot Sand in the Riceville Field, Vermillion Parish, Louisiana:

1. To establish rules and regulations governing the exploration for and the production of gas and condensate from the 11,400 Foot Sand.
2. To create a single drilling unit of approximately 560 acres, comprising all of the known productive area of the 11,400 Foot Sand Reservoir, and to force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created.
3. To designate the applicant as the operator of said unit.

The 11,400 Foot Sand in the Riceville Field is hereby defined as being that thin gas-condensate bearing sand occurring between 11,403 feet and 11,411 feet in the Sid Richardson Carbon Company - Bonin No. 1 Well located in Section 14, Township 11 South, Range 2 West.

As above mentioned, the applicant will recommend at the hearing a single unit of approximately 560 acres. A plat outlining said unit is available for inspection in the offices of the Department of Conservation in Baton Rouge and Lafayette, Louisiana.

All parties having interest therein shall take notice thereof.

BY ORDER OF:

ASHTON J. MOUTON  
COMMISSIONER OF CONSERVATION

Baton Rouge, Louisiana  
May 5, 1959

LNS; LNSL; LNLAF

Copy of this notice was mailed to all known interested parties. However, all concerned will undoubtedly take notice of publication of notice of public hearing in The State Times, Baton Rouge, Louisiana.

Yours truly,

Ashton J. Mouton  
Commissioner

NOTE: Your name has been furnished to this department by the applicant in the above hearing as being an interested party. This notice does not constitute a summons to appear but is merely an invitation to attend the hearing if you so desire.

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION

## TELEGRAM (20).

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

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NEW MEXICO OIL CONSERVATION COMMISSION=

SANTA FE NMEX=

REGARDING CASE 1686, JUNE 3, 1959, THIS IS TO ADVISE THAT SINCLAIR OIL & GAS COMPANY HAS NO OBJECTIONS TO THE FORMATION OF A 640 ACRE ATOKA GAS PRORATION UNIT CONSISTING OF THE E/2 SECTION 11 AND THE W/2 OF SECTION 12 IN T-16-S R-33-E, LEA COUNTY, NEW MEXICO, TO BE ASSIGNED SKELLY OIL COMPANY'S SOMBRERO UNIT WELL NO 1= H F DEFENBAUGH DIVISION PRODUCTION SUPERINTENDENT=

1686 3 1959 640 E/2 11 W/2 12 T-16-S R-33E 1=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE