

Case No.

289

Application, Transcript,
Small Exhibits, Etc.

NOTICES OF PUBLICATION

Santa Fe New Mexican
Hobbs News-Sun

CASE 289

July 6 1951
July 7 1951

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. 289
ORDER NO. R-86

THE MATTER OF THE APPLICATION OF
SKELLY OIL COMPANY FOR AN ORDER
AUTHORIZING GAS-OIL DUAL COMPLETION
AND PRODUCTION OF ITS STATE "G" NO. 1
WELL, LOCATED NW/4 SE/4, SECTION 30,
TOWNSHIP 20S, RANGE 37 E, NMPM, EUNICE
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause having come on for hearing at 10 o'clock A. M. on the 24th of July, 1951, at Santa Fe, New Mexico before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 22nd of August, 1951, but effective as of the 24th day of July, 1951, the Commission having considered the record, and the testimony adduced at said hearing and being otherwise 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, of all interested parties, and the subject matter thereof.

(2) That although experiments show that mechanical packers and other devices are ordinarily available for successful dual gas-oil and gas-gas completions, the Commission is unconvinced of the soundness of such dual completions in preventing waste and in protecting correlative rights in New Mexico without continuing specific control over each such project.

(3) That the subject well, described in the caption hereof was completed in 1937 as an oil well producing from Grayburg-San Andres formation (3770'-3840') passing through gas producing zones (Yates and Queen formations): That applicant proposes to test the Queen, Yates and Seven Rivers formations after running an electric log and perforate and produce only the more productive of the gas horizons.

IT IS THEREFORE ORDERED, That the applicant herein, Skelly Oil Company, be and it hereby is authorized to dually complete and produce its State "G", No. 1 well located in NW/4 SE/4, Section 30, Township 20 S, Range 37 E, NMPM, Eunice Pool, Lea County, New Mexico, in such a manner that gas from either the Yates formation, or the Queen formation, or the Seven Rivers formation, which ever is determined after test to be the more productive, may be produced through the annular space between the casing and the tubing, and oil may be produced from the Grayburg-San Andres horizon (3770'-3840') through the tubing by proper perforations and packer installations,

PROVIDED, HOWEVER, That said described Skelly State "G" No. 1 well shall be re-completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil gas-gas, or oil and gas or other liquids originating from either stratum or any strata encountered in said well-bore, whether named hereinabove or not, and;

PROVIDED FURTHER, That said well for dual completion and production purposes shall be equipped in such a way that reservoir pressures may be determined separately for each of the two separate formations from which production is had, and that it further be equipped with all necessary connections required to permit recording meters to be installed and used at anytime as may be required by the Commission or its inspectors or engineers in order that natural gas, oil or oil and gas from each separate stratum may be accurately measured and pressure tests and oil-gas ratios determined, and,

PROVIDED FURTHER, That Skelly Oil Company its successors and assigns shall make any and all tests including segregation tests, at such times and in such manner as may be deemed necessary by the Commission. The original and all subsequent tests shall be witnessed by an inspector or engineer of the Commission and by representatives of offset operators, if any there be, at their election, and duplicate reports of results of each test, properly attested by the applicant and signed by all witnesses be made, one copy shall be filed in the Hobbs office of the Commission and one copy shall be filed in the Santa Fe office of the Commission within ten days after the completion date of any such test; and,

PROVIDED FURTHER, That prior to the time said Skelly State "G" No. 1 well is dually completed and produced, the Skelly Oil Company shall furnish the Commission for its approval a drawing showing the proposed method of completion together with an electric log, if then available, showing the location and extent of each separate stratum yielding production, and indicating perforations; and,

PROVIDED FURTHER, That upon actual dual completion of the subject well the Skelly Oil Company shall submit to both the Hobbs, New Mexico and the Santa Fe, New Mexico office of the Commission a diagrammatic sketch of the mechanical installation which was actually used to produce the seal between the various zones or formations, and a special report of initial production, gas-oil ratio of the oil zone, and reservoir pressure of the gas formation immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this case be and it hereby is retained by the Commission for such further order or orders as may appear necessary to the Commission for the purpose of preventing waste as defined by statute or the protection of correlative rights, and, upon failure of Skelly Oil Company, its successors and assigns to comply with any requirement of this order or any subsequent order issued hereunder, then, and in that event, Commission may terminate the authority hereby granted after due notice and hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mecham
EDWIN L. MECHEM, Chairman

Guy Shepard
GUY SHEPARD, Member

R. R. Spurrer
R. R. SPURRIER, Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
THE SKELLY OIL COMPANY FOR A SPECIAL)
ORDER AUTHORIZING DUAL COMPLETION FOR)
THE PRODUCTION OF OIL FROM THE GRAYBURG-)
SAN ANDRES FORMATION AND GAS FROM THE YATES)
OR QUEEN FORMATION IN ITS STATE "G" NO. 1)
WELL LOCATED IN THE NW/4 SE/4 OF SECTION 30,)
TOWNSHIP 20 SOUTH, RANGE 37 EAST, EUNICE)
FIELD, LEA COUNTY, NEW MEXICO.)

CASE NO. 1291

ORDER NO. _____

APPLICATION

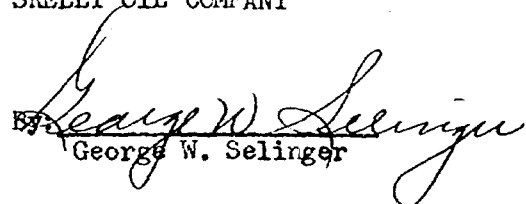
Comes now Skelly Oil Company, Tulsa, Oklahoma, and alleges and states the following:

1. That it completed its State "G" Well No. 1 located in the NW/4 SE/4 of Section 30-20S-37E, in January 1937, to a total depth of 3840'.
2. That said well was completed for a oil well producing from depths of 3770' to 3840'.
3. That applicant proposes to run a Lane-Wells Radioactivity Log from 2400' to 3840', set a Baker production packer in 7" casing at approximately 3700' and perforated the 7" casing opposite the Yates or Queen Formation for gas.
4. That the zone or zones to be perforated will be selected after examination of the Radioactivity Log for gas opposite the Yates or Queen Formation so that said well will be completed as a dual completion producing oil from the Grayburg-San Andres pay through the tubing and gas from the Yates or Queen Formation through the annulus.
5. That the granting of this application for permission to produce dually oil from the Grayburg-San Andres pay and gas from the Yates or Queen Formation is in the interest of conservation and the protection of correlative rights.
6. That applicant will do such things as may be required of it by this Commission in the maintenance of separation of production from said two horizons.
7. That such method of producing from both horizons is mechanically feasible and practical.

Wherefore applicant prays that this Commission set this application for a day certain to be heard after the giving of notice as required by law and its orders, rules and regulations, and that after said hearing that it grant such relief as requested herein to-wit: Produce oil from the Grayburg-San Andres pay through the tubing and gas from either the Yates or Queen Formation through the annulus, and for such other orders, rules and regulations as it may deem necessary in order to promote conservation by the prevention of waste thereof and protect the correlative rights of this applicant.

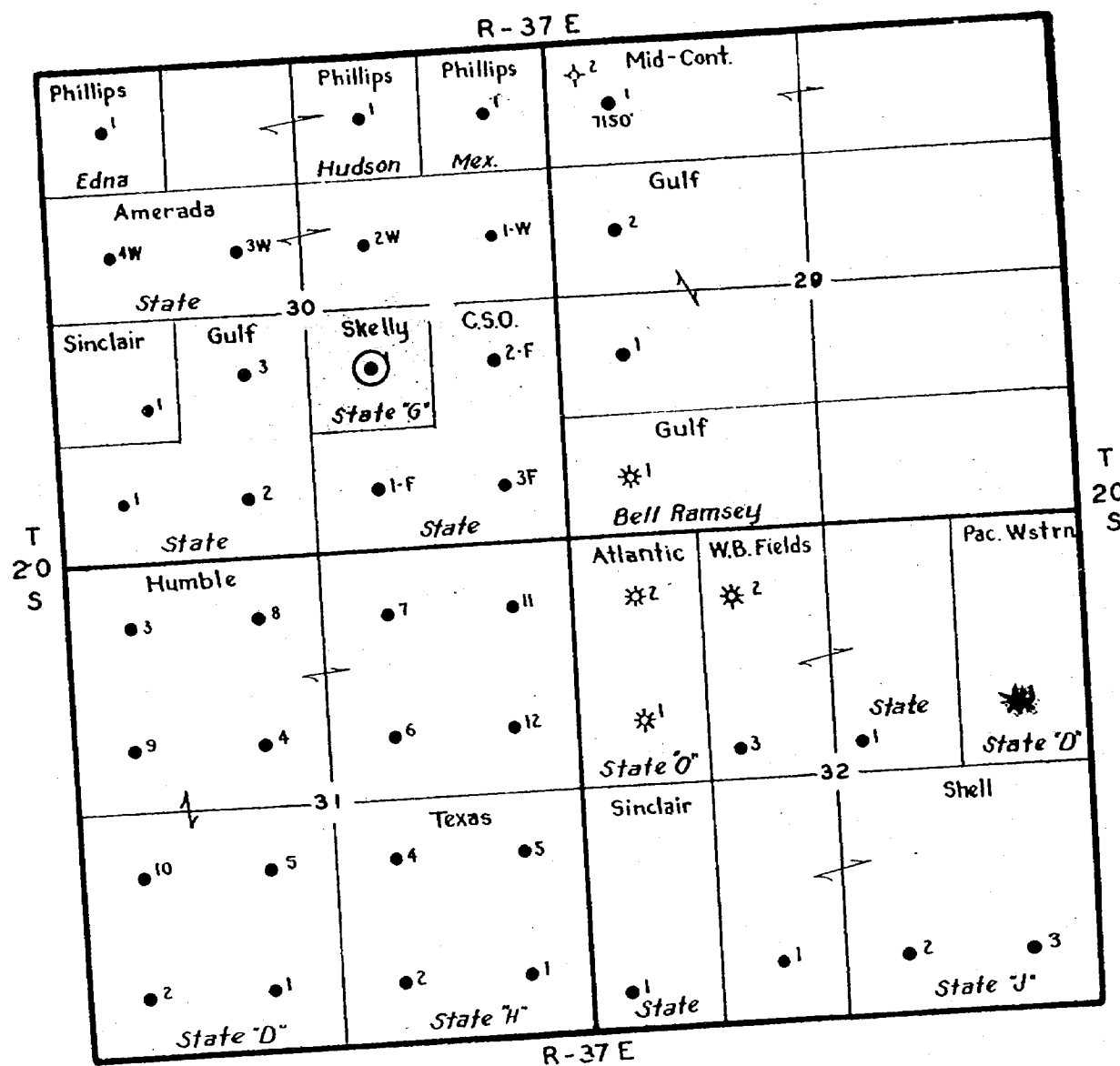
Respectfully submitted,

SKELLY OIL COMPANY


George W. Selinger

LEA COUNTY NEW MEXICO

Case 289



STATE "Q" NO.1

Location: NW/4 SE/4 Sec. 30, ⁵⁰305-37E
Lea County, New Mexico

Original Completion

Date Commenced: 11-20-36

Date Completed: 1-4-37

13" Casing set @ 237' w/225 sx.
9-5/8" Casing set @ 2598' w/400 sx.
7" " " @ 3712' w/200 sx.
2 1/2" Tubing " @ 3839'

Total Depth: 3840'

Acid Treatments:	Jan. 5, 1937	1000 gallons
	Jan. 6, 1937	3000 gallons
	May 4, 1938	5000 gallons
	Mar. 21, 1940	3000 gallons

Initial Potential Flow: 192 barrels, 12 hours thru tubing after acid treatments.

LEA COUNTY NEW MEXICO

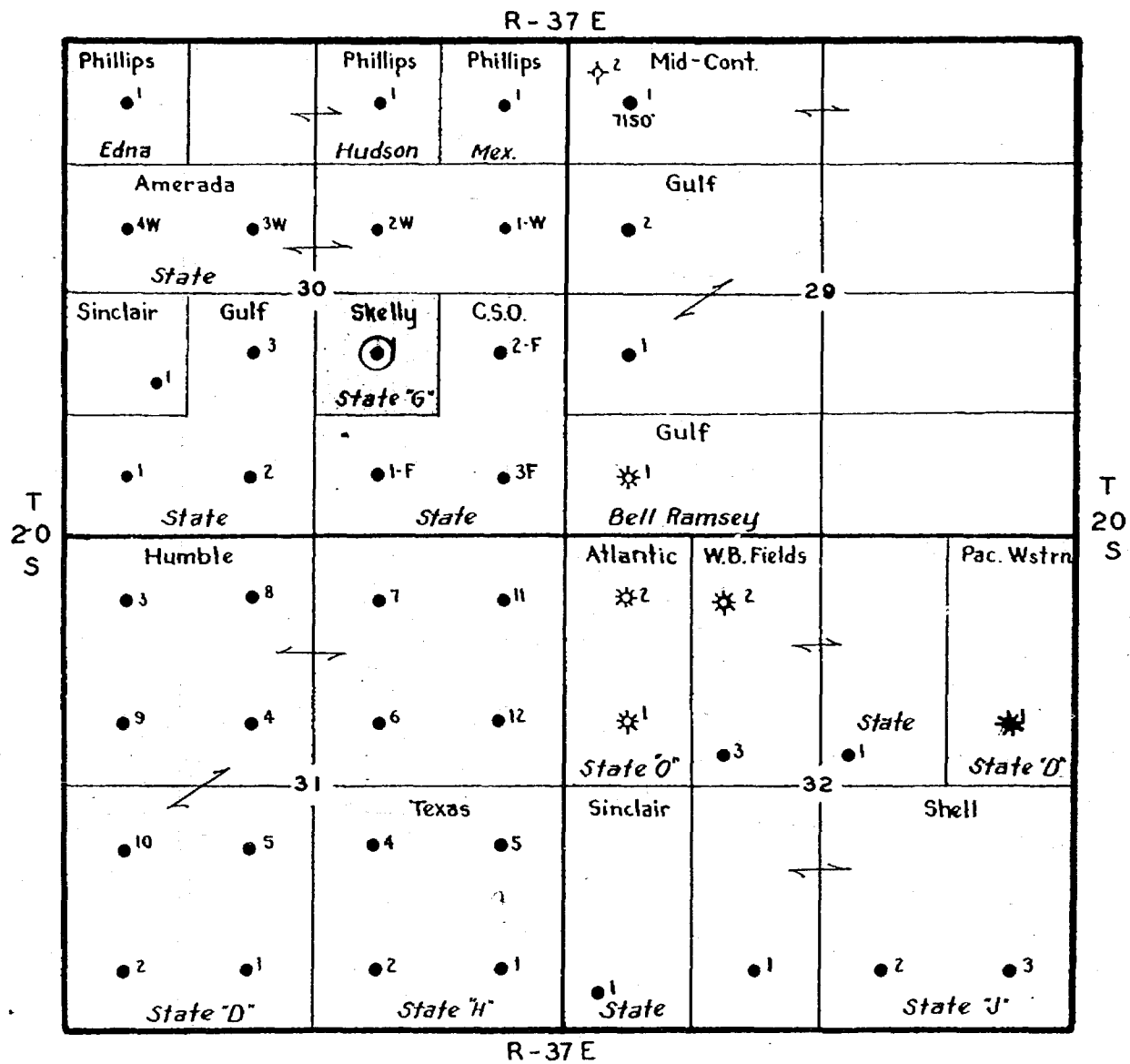


EXHIBIT 1, CASE 289

STATE "G" NO.1

Location: NW/4 SE/4 Sec. 30, 30S-37E
Lea County, New Mexico

Original Completion

Date Commenced: 11-20-36

Date Completed: 1-4-37

13" Casing set @ 237' w/225 sx.
9-5/8" Casing set @ 2598' w/400 sx.
7" " " @ 3712' w/200 sx.
2 1/2" Tubing " @ 3839'

Total Depth: 3840'

Acid Treatments:	Jan. 5, 1937	1000 gallons
	Jan. 6, 1937	3000 gallons
	May 4, 1938	5000 gallons
	Mar. 21, 1940	3000 gallons

Initial Potential Flow: 192 barrels, 12 hours thru tubing after acid treatments.

EXHIBIT 2, CASE 789

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

~~~~~  
TRANSCRIPTION OF HEARING

CASE NO. 289

24 July 1951  
(DATE)

Original

E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1302  
PHONE 2-4547  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
July 24, 1951

-----  
CASE NO. 289: Skelly Oil Company's application for approval  
of an oil-gas dual completion of its State "G" No. 1 well  
NW SE Section 30 Township 20 S Range 37 E NMPM Eunice  
Pool Lea County New Mexico.

(Reporter's note: Please refer to the end of transcript  
in Case No. 288.)

A. F. HOLLAND,

having been duly sworn testified as follows:

DIRECT EXAMINATION

By MR. SELINGER:

Q Mr. Holland have you heretofore testified before the Oil  
Conservation Commission as an engineer?

A I have.

Q Are you familiar with the Skelly Oil Company State "G" No. 1  
one located in the NW quarter of the SE quarter of Section 30  
Township 20 South Range 37 E Lea County New Mexico?

A In a general way yes sir.

Q Are you familiar in a general way with the area surrounding  
that particular well?

A Yes sir I am.

Q I will hand you what has been designated as Skelly Exhibit  
No. 1 and ask you to state what that shows.

A That is a plat of the area of the area nearby to the Skelly State G No. 1. The well circled in red is this well State G No 1.

Q Does that also indicate - does that Exhibit also indicate - the approximate location relatively of the oil and gas wells?

A Yes to the best of our knowledge it represents the producing oil and gas wells of that area.

Q I will hand you what has been designated as Skelly Exhibit 1 and ask you to state what that is?

A That is an Exhibit showing the pertinent completion information on the State G No. 1 well operated by Skelly Oil Company.

Q That well was originally completed as an oil well in the Grayburg oil zone?

A Yes. The well was completed during the year 1937 as a producing oil well from the Grayburg oil zone.

Q And was there ever an electric log run on this well?

A No electric log or radioactivity log has been run on this well.

Q I will hand you what has been designated as Skelly Exhibit 3 and ask you to state if that is not a diagrammatic sketch of the State G No. 1?

A That is a diagrammatic sketch showing how if approval is granted by the Commission to dually complete the well how such dual completion will be accomplished.

Q The well is presently producing from the Grayburg oil zone as an oil well?

A Yes. It produces on an average of five barrels a day of oil from the Grayburg zone.

Q You feel that there are gas formations in this well in either

the Yates or Queen or Seven Rivers?

A Yes. There are wells nearby this well producing gas from those zones. All Skelly Oil Company asks permission is to develop a gas source in its State G. No. 1.

Q From one of the three reservoirs indicated for it?

A Yes. To be determined by further testing of the well.

Q In other words this well has not as yet been dually completed?

A No. The well is a single producer from the Grayburg oil zone.

Q And you ask permission to dually complete it in a gas reservoir whichever might be encountered in either the Yates Queen or Seven Rivers?

A Yes. Whichever zone proves to be productive in the well; that zone if permission is granted will be produced as a gas well.

Q And you will maintain separation between whatever gas is encountered and the oil from the Grayburg?

A Yes we propose to set up Baker packers in the seven inch casing to effectively separate the oil and gas.

MR. SELINGER: I would like to offer in evidence Skelly Exhibits 1 to 3 inclusive and that is all we have.

MR. SHEPARD: They will be admitted. Any objections?

Any question? Do you have anything more.

MR. SELINGER: That is all.

MR. SHEPARD: All right you may be excused.

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

I HEREBY CERTIFY that the foregoing and attached transcript of proceedings before the Oil Conservation Commission in Case No. 289 held on July 24 1951 is a true and correct record of the same to the best of my knowledge skill and ability.

DATED at Albuquerque New Mexico this 31 day of July 1951.

G. G. Green  
REPORTER

My commission expires: 7-4-52



STATE "G" NO. 1

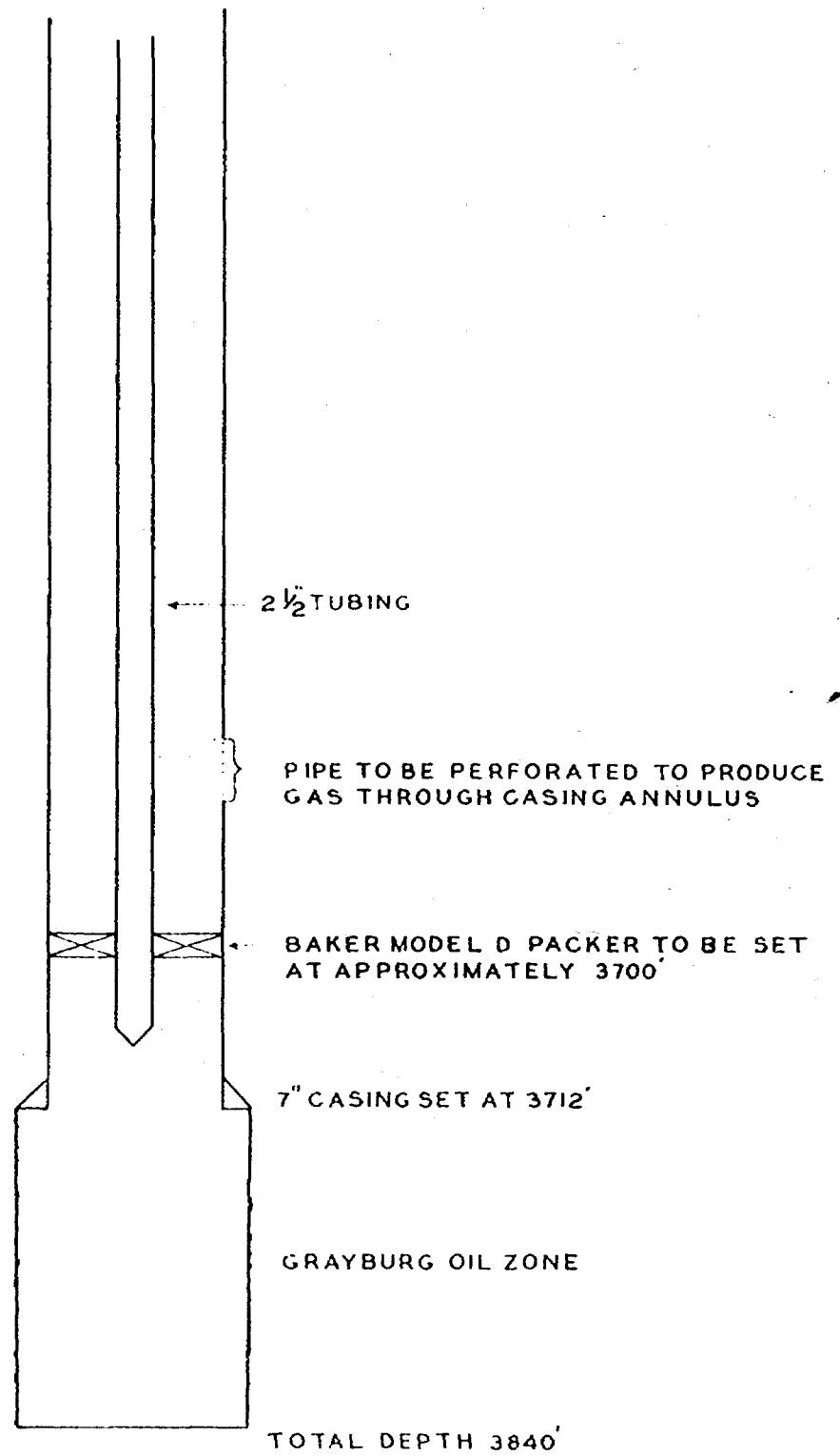


EXHIBIT 3, CASE 289

STATE "M" NO. 3

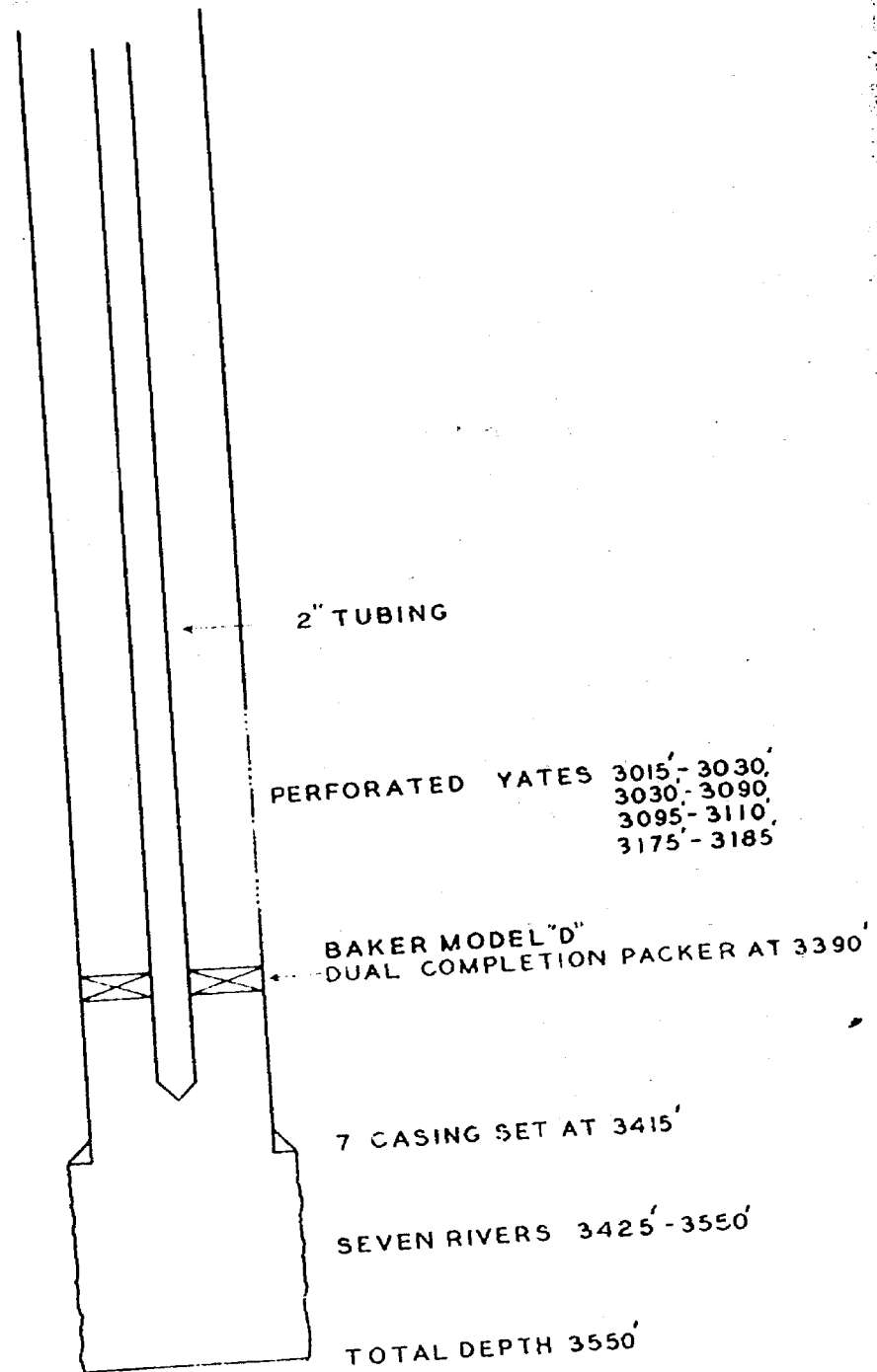


EXHIBIT 4, Case 288