

SKELLY OIL COMPANY

December 4, 1972

EXPLORATION & PRODUCTION DEPARTMENT
WEST CENTRAL DISTRICT

A. B. CARY, EXPLORATION & PRODUCTION MANAGER
V. E. BARTLETT, EXPLORATION MANAGER
C. J. LOVE, PRODUCTION MANAGER
J. R. AVENT, ADMINISTRATIVE COORDINATOR

ADDRESS REPLY TO:
P. O. BOX 1351
MIDLAND, TEXAS 79701

File: Skelly Unit Lease
General No. 73617

Re: Application to N.M.O.C.C.
for an exception to Rule 303-A
to permit commingling of crudes
from the Grayburg-Jackson and
Fren-Seven Rivers Pools.

PC-

hold for
ALSQS
Consent

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter Jr.

Gentlemen:

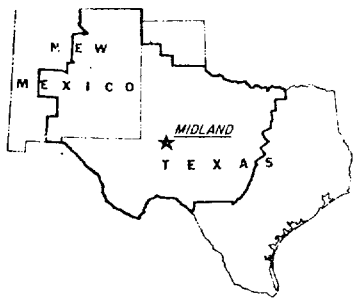
Attached in triplicate is data and information in support of application for an exception to Rule 303-A to permit surface commingling of crudes from the Grayburg-Jackson and Fren-Seven Rivers pools located on the Skelly Unit Federal Lease in Eddy County, New Mexico.

If additional information is needed, please advise.

Very truly yours,


C. J. Love

WTT/rc
Attach:
Plat
Schematic diagrams of test facilities



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ADDRESS REPLY TO:
P. O. BOX 1351
MIDLAND, TEXAS 79701

File: Skelly Unit Lease
General No. 73617

Re: Approval of U.S.G.S. to permit surface
commingling of crudes from the
Grayburg-Jackson and Fren-Seven Rivers
pools. Eddy County, New Mexico

United States Department of Interior (2)
Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Attention: Regional Oil and Gas Supervisor

Gentlemen:

Attached in triplicate is a copy of a recent application to the New Mexico Oil Conservation requesting their approval for an exception to Statewide Rule 303-A which would allow surface commingling of crudes from the Grayburg-Jackson and Fren-Seven Rivers pool located in Eddy County, New Mexico.

Skelly Oil Company owns 100% of the working interest in 6,400 acres of Federal oil and gas leases in Eddy County, New Mexico comprising all of Section 11, 14, 15, 21, 22, 23, 26, 27, 28, and 33 in Township 17 South and Range 31 East.

Through a streamlining of operations and improved efficiency, the economic life of wells and leases will be extended. Less required manpower, equipment, and facilities will increase the net value of a barrel of produced oil.

We therefore request your approval and concurrence with the proposal. Please transmit one approved copy to the New Mexico Oil Conservation Commission, P. O. Box 2038, Santa Fe, New Mexico 87501.

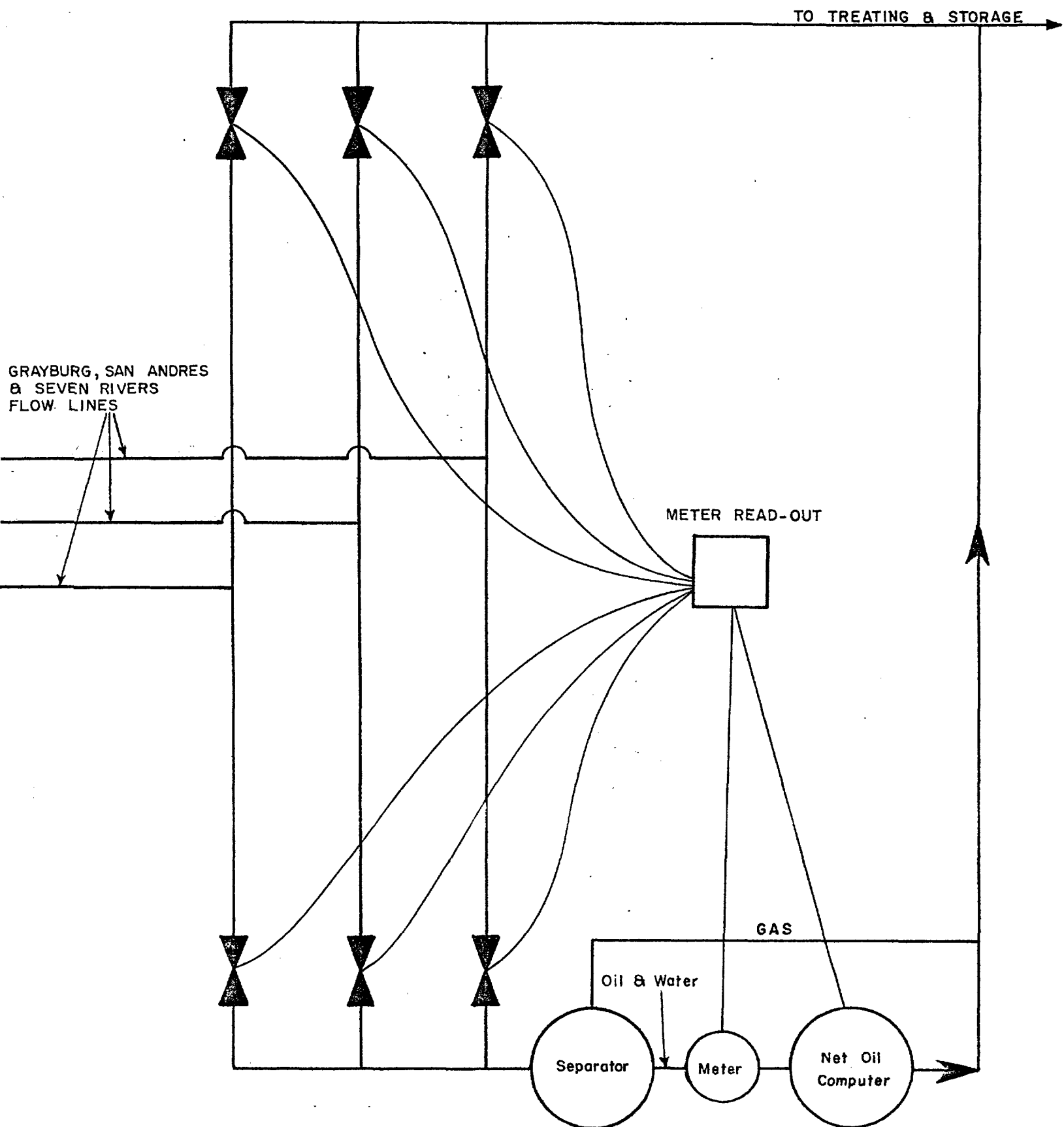
Very truly yours,

C. J. Love
C. J. Love

WTT/rc

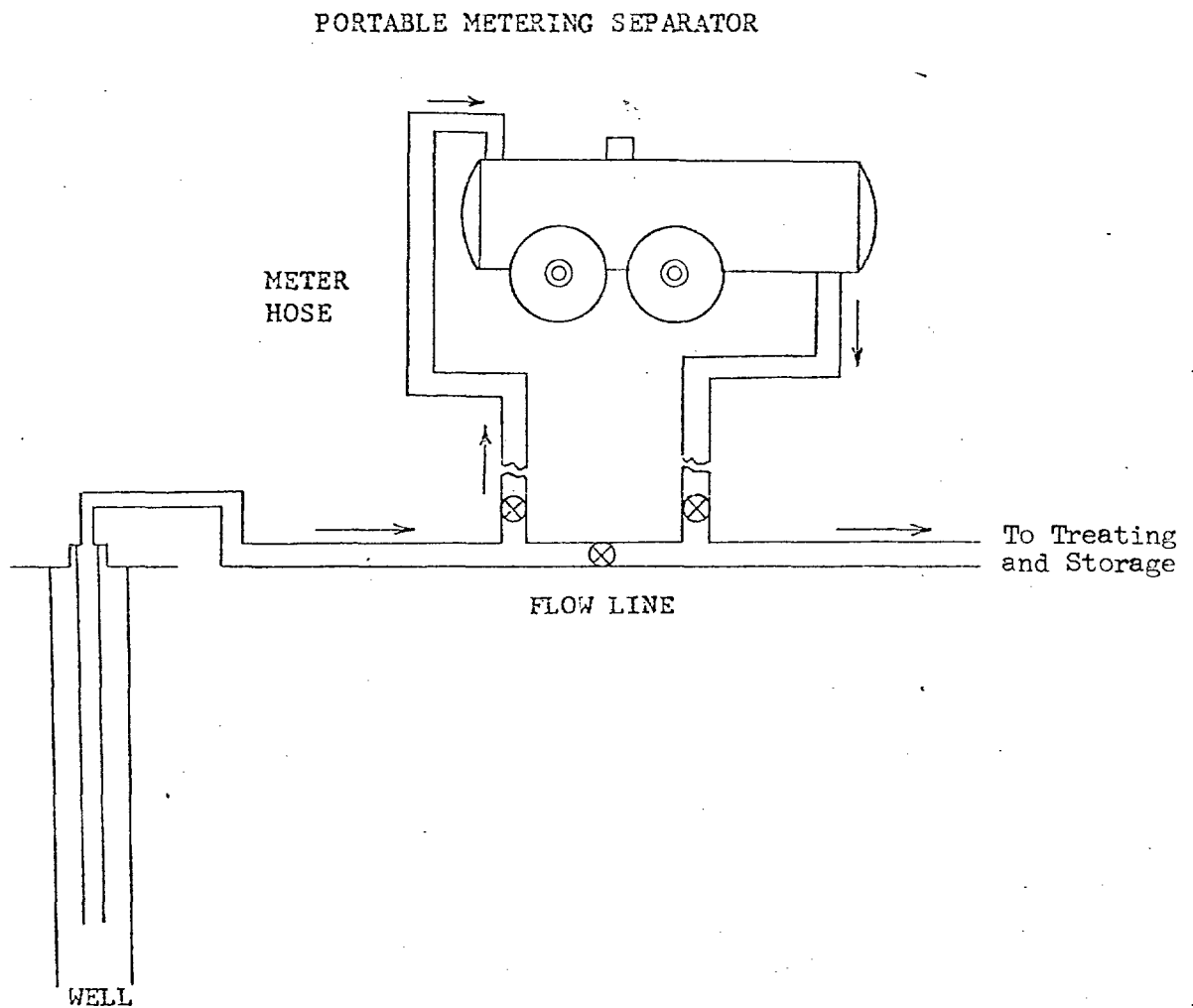
Attach:

N.M.O.C.C. Application
Addressed Envelope



PROPOSED AUTOMATIC TEST FACILITIES AT SITES "A", "C" & "D"

PROPOSED WELL TEST FACILITIES
AT SITE "B"



Re: Application of Skelly Oil Company
for an exception to Rule 303-A to
permit commingling of crudes from
the Grayburg-Jackson and Fren
Seven Rivers Pools on applicants
Skelly Unit Lease.

TO: The honorable Oil Conservation Commission of the State of New Mexico.

Comes now the applicant, Skelly Oil Company, and respectfully alleges
and states as follows:

- I. That it is the owner and operator of the Skelly Unit lease which is a 6,400 acre Federal unit of which 120 wells are completed within the Grayburg-San Andres reservoir only; three wells are dually completed within the Grayburg-San Andres and Fren Seven Rivers; one well is a shut-in Strawn (Pennsylvanian) gas well; and there are sixteen completions in the Fren Seven Rivers oil reservoir (thirteen single completions and three that are duals with the Grayburg-San Andres).
- II. That there is no diversity of royalty ownership which will be affected by commingling of the crudes as requested in this application.
- III. That applicant proposes to commingle Grayburg-San Andres and Seven Rivers crudes at the following four sites as designated on the attached map.
 - A. Section 28 Township 17 South and Range 31 East: Applicant proposes to commingle production from Seven Rivers Wells No. 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 which are currently producing approximately 35 BOPD into common tankage with Grayburg-San Andres wells at tank battery No. 2 which are currently producing approximately 403 BOPD.
 1. That adequate well testing facilities will be installed to enable accurate well testing, thereby enabling accurate oil production records by pools to be maintained.
 2. That attached hereto is a map which indicates the location of wells which will be producing into the battery and the formations from which they produce. Also shown on the map is location and producing formation of offset wells.
 3. That attached hereto is a schematic diagram of the proposed installation at Site "A" and a diagram of the procedure by

which periodic well tests will be conducted.

4. That current A.P.I gravities (corrected to 60°) and value per barrel are as follows: Grayburg-San Andres gravity 38.6; value \$3.41. Seven Rivers gravity 37.1; value \$3.39.
 5. That commingling of the crudes will result in a gravity of 38.5 and a value per barrel of \$3.41.
- B. W/2 of the NW/4 of Section 22 Township 17 South and Range 31 East: Applicant proposes to commingle Seven Rivers production from Skelly Unit Well No. 3 (dual Grayburg-San Andres and Seven Rivers) which is currently producing 6 BOPD (Seven Rivers) into common tankage with Grayburg-San Andres production from the Skelly Unit Well No. 101, which is currently producing 2 BOPD.
1. That adequate well testing facilities will be installed to enable accurate well testing, thereby enabling accurate production records by pools to be maintained.
 2. That attached hereto is a map which indicates location of the proposed commingling site and wells to be commingled, formations from which they produce, and similar data on offset wells.
 3. That attached hereto is a schematic diagram of the proposed installation at Site "B" and a diagram of the procedure by which periodic well tests will be conducted.
 4. That current A.P.I. gravities (corrected to 60°) and value per barrel are as follows: Grayburg-San Andres gravity 35.4; value \$3.35. Seven Rivers gravity 37.1; value \$3.39.
 5. That commingling of the crudes will result in a gravity of 36.7 and a value per barrel of \$3.37.
 6. That the actual commercial value of the production will be \$3.37 per barrel as a result of commingling.
- C. Section 22 Township 17 South and Range 31 East: Applicant proposes to commingle production from Seven rivers Well No. 2 which is currently producing 1 BOPD into common tankage with Grayburg-San Andres

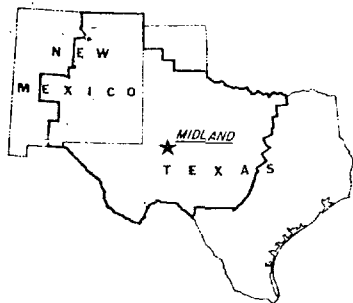
wells which are currently producing 489 BOPD.

1. That adequate well testing facilities will be installed to enable accurate well testing, thereby enabling accurate production records by pools to be maintained.
 2. That attached hereto is a map which indicates the location of wells to be commingled and formations from which they produce. Also shown on the map is location and producing formation of offset wells.
 3. That attached hereto is a schematic diagram of the proposed installation at Site "C" and a diagram of the procedure by which periodic well tests will be conducted .
 4. That current A.P.I. gravities (corrected to 60°) and value per barrel are as follows: Grayburg-San Andres gravity 38.6; value \$3.41 per barrel. Seven Rivers gravity 37.1; value \$3.39 per barrel.
 5. That commingling of the crudes will result in a gravity of 38.6 and a value per barrel of \$3.41.
 6. That the actual commercial value of the production will be \$3.41 as a result of commingling.
- D. N/2 of Section 14 Township 17 South and Range 31 East: Applicant proposes to commingle Seven Rivers production from Well No. 114 (dual Seven-Rivers and Grayburg-San Andres), which is currently producing 5 BOPD into common tankage with Grayburg-San Andres Wells No. 103, 104, 110, and 112 which are currently producing approximately 50 BOPD.
1. That adequate well testing facilities will be installed to enable accurate well testing, thereby providing for accurate production records by pools to be maintained.
 2. That attached hereto is a map which indicates the location of wells within the N/2 of Section 14 and formations from which they produce. Also shown on the map is location and producing formation of offset wells.

3. That attached hereto is a schematic diagram of the proposed installation at Site "D" and a diagram of the procedure by which periodic well tests will be conducted.
 4. That current A.P.I. gravities (corrected to 60°) and value per barrel are as follows: Grayburg-San Andres gravity 36.7; value \$3.37. Seven Rivers gravity 37.1; value \$3.39.
 5. That commingling of the crudes will result in a gravity of 36.8 and a value per barrel of \$3.37.
 6. That the actual commercial value of the production will be \$3.37 per barrel as a result of commingling.
- IV. That commingling of crude from these pools (Grayburg-Jackson and Fren Seven Rivers) has been approved by the commission in the area under commingling authorities No. PCB, R-1276, PC-154.

Skelly Oil Company respectfully requests that this application be approved, based upon the data presented, and that the Commission issue an order permitting applicant to commingle its oil production from the Grayburg-Jackson and Fren Seven Rivers pools underlying its Skelly Unit lease, Eddy County, New Mexico.

SKELLY OIL COMPANY



SKELLY OIL COMPANY

December 4, 1972

EXPLORATION & PRODUCTION DEPARTMENT
WEST CENTRAL DISTRICT

A. B. CARY, EXPLORATION & PRODUCTION MANAGER
V. E. BARTLETT, EXPLORATION MANAGER
C. J. LOVE, PRODUCTION MANAGER
J. R. AVENT, ADMINISTRATIVE COORDINATOR

ADDRESS REPLY TO:
P. O. BOX 1351
MIDLAND, TEXAS 79701

File: Skelly Unit Lease
General No. 73617

Re: Approval from Bureau of Land
Managment to re-locate and install
additional gathering lines on
Federal acreage.

Bureau of Land Managment (1)
District Office
P. O. Box 1397
Roswell, New Mexico 88201

Attention: Mr. Campbell

Gentlemen:

Skelly Oil Company owns 100% of the working interest in 6,400 acres of Federal oil and gas leases in Eddy County, New Mexico, comprising all of Section 11, 14, 15, 21, 22, 23, 26, 27, 28, and 33 in Township 17 South and Range 31 East.

Recent application to the New Mexico Oil Conservation Commission and United States Geological Survey requests permission to commingle oil production from the Grayburg-Jackson and Fren-Seven Rivers pools. To accomplish this will require re-location and additional installation of 2-3/8" OD steel flow lines.

These lines will be installed on the surface and will be buried at road crossings. As may be noted on the attached plat, the dashed lines represent proposed lines (Seven-Rivers) and the solid lines represent presently installed (Grayburg-San Andres) lines.

We request your consent to the proposal, and if additional information is needed, please advise.

Very truly yours,

C. J. Love

WTT/rc

Attach:
Plat

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

December 15, 1972

Skelly Oil Company
Post Office Box 1351
Midland, Texas 79701

*file
6-10
PL 450*

Gentlemen:

Your letter of December 4, 1972 requests approval to commingle into common storage production from the Grayburg-San Andres formation, which is designated the Grayburg Jackson Pool with production from the Seven Rivers formation, which is designated the Fren Seven Rivers Pool, in the Skelly Unit located in T. 17 S., R. 31 E., N.M.P.M., Eddy County, New Mexico.

In as much as unitized production only is involved and unitized production is not being commingled with non-unitized production, the Geological Survey has no objection to this method of collecting and storage of unit production. However, it is agreed and recognized that this proposal involves commingling of production from separate pools and is subject to New Mexico Oil Conservation Commission approval.

The method of commingling and handling of production from the Skelly Unit as outlined in the application is satisfactory to the U. S. Geological Survey and hereby approved subject to New Mexico Oil Conservation approval and provided the facility is operated in accordance with the provisions of the N.M.O.C.C. "Manual for the Installation and Operation of Commingling Facilities."

You are requested to notify this office by letter to Post Office Drawer U, Artesia, New Mexico 88210, or by telephone 505-746-4841, when the installation is completed and operative so that an inspection can be made of the facility.

Sincerely yours,

(Copy, Spd.) 2-10-73

Robert L. Beekman
Assistant District Engineer

cc:
Roswell w/attachment
N.M.O.C.C., Santa Fe ✓