

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

August 14, 1958

Mr. George Selinger
Skelly Oil Company
P.O. Box 1650
Tulsa 2, Oklahoma

Dear Mr. Selinger:

We enclose two copies of Order R-1237 issued August 13, 1958, by the Oil Conservation Commission in Case 1440, which was heard on July 2nd at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

*Copy of order sent to Am.
Conservation. Jan Am.
Jan 8-14-58
BP*

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MAIN OFFICE 000

1958 AUG 13 2 29 PM
SKELLY OIL COMPANY

PRODUCTION DEPARTMENT
C. L. BLACKSHER, MANAGER

TULSA 2, OKLAHOMA

August 12, 1958

Case 1440

Re: Case 1440
Otero Gallup Pool

Mr. A. L. Porter, Jr.
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

For your information wish to advise that installations have been made after the signing of the necessary contracts in which all casinghead gas from the oil wells in the Otero Gallup Pool will be utilized to a market.

This is in furtherance of your telegram of July 18, 1958, advising that a 6,000 to 1 cu. ft. limitation will go into effect September 1, 1958, after which date no gas is to be flared from the pool.

Yours very truly,

George W. Selinger
George W. Selinger

GWS/db

cc: Mr. P. E. Cospers

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

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WESTERN UNION TELEGRAM

1206 (4-35)

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
			OIL CONSERVATION COMMISSION	10:00 a.m.

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

JULY 18, 1958

SKELLY OIL COMPANY
TULSA, OKLAHOMA
ATTENTION: MR. GEORGE W. SELINGER

RE: CASE 1440, SPACING AND POOL RULES OTERO GALLUP POOL.

COMMISSION HAS REACHED NO DECISION IN SUBJECT CASE AS YET,
EXCEPT THAT THE REQUESTED 6,000 TO ONE GOR LIMITATION IN OTERO
GALLUP POOL WILL GO INTO EFFECT SEPTEMBER 1, 1958, AFTER WHICH
DATE NO GAS SHALL BE FLARED FROM SUBJECT POOL.

NEW MEXICO OIL CONSERVATION COMMISSION
A. L. PORTER, JR.

SECRETARY - DIRECTOR

*C. P. that there is a reasonable probability that correlative
rights of our operator in this pool may be*

Case 1446



SKELLY OIL COMPANY

PRODUCTION DEPARTMENT
C. L. BLACKSHER, MANAGER

TULSA 2, OKLAHOMA

April 17, 1958

*May Regular
hearing*

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

We are herewith attaching original and three copies of Application for a Hearing on the Otero Gallup Oil Pool, Rio Arriba County, New Mexico for the establishment of eighty acre proration units, located of wells thereon, and for the proration of such units, together with such special rules and regulations for this particular reservoir on the basis of a temporary order for a one year period.

If this is possible to set for the May 15th Hearing it would be appreciated.

Yours very truly,

George W. Selinger
George W. Selinger

GWS:sd
Attd.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 8-6-58

CASE NO. 1440

HEARING DATE 9am May 14 + 9am 6-18
before the OCC and again
@ 9am July 2 before DSD @ S.F.

My recommendations for an order in the above numbered case(s) are as follows:

Deny the request of Skelly for

1. 80 acre spacing
2. fixed well locations
3. transfer of allowables from high GOR wells which would be shut in.

Grant the request of Skelly for

1. GOR limitation of 6000 to 1 =

Reasons:

A: 80-acre spacing:

1. applicant has failed to establish that the pool could efficiently be drained if developed on an 80-acre spacing pattern.
2. There is evidence that communication ^{through the fractures} between in various parts of the pool may vary to a considerable degree. If this is so it is entirely within the realm of possibility that portions of the reservoir may either not be fractured at all or if fractured that there fracture system may not be connected to the rest of the fracture system in the Gallup. Drilling wells on a wide spacing pattern increases the possibility of completely missing a fracture system and may well result in leaving large quantities of oil unrecovered.

Staff Member

B: fixed well spacing - the need for fixed well spacing pattern is obviated by the denial of the 80-acre spacing

C: transfer of allowables: that there is a reasonable probability that correlative rights of any operator in same pool may be

violated if the Commission authorizes the shutting in of High GOR wells and the transfer of said wells' allowables to other wells. This is an inherent danger that ~~cannot~~ can be eliminated only by unitization of a pool.

D: GOR limitation on wells.

~~That in~~ In view of the GORs presently encountered in the Otero-Gallup ^{oil} Pool and the trend of said GOR's to steadily increase and considering the relative value of oil and gas in the area, there is no necessity for the statewide 2000 to 1 to apply in this case. make the ratio limitation for Otero Gallup 6000 to 1 effective September 1, 1958, with a proviso that no gas shall be flared in the pool after that date.