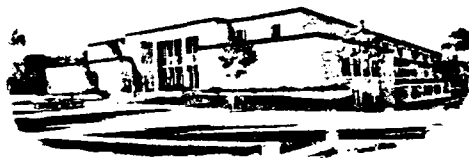


#3257

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

October 3, 1990

Mr. Victor Sirgo
Sirgo Operating Inc.,
P.O. Box 3531
Midland, TX 79702

Re: Skelly Penrose "B" Unit
Lea County, New Mexico
1990 Plan of Development

Dear Mr. Sirgo:

The Commissioner of Public Lands this date approved the 1990 Plan of Development for the Skelly Penrose "B" Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES

BY:

Floyd O. Prando
Floyd O. Prando, Director
Oil, Gas & Minerals Division

cc: OCD
Unit Corresp.
Unit POD

FILE
#3257

**THE WISER OIL COMPANY
SKELLY UNIT**

**PLAN OF DEVELOPMENT
1998**

Three new 20-acre infill producers were drilled and completed during the first 10 months of 1998. One P&A'd well was re-entered and converted to injection and one producing well was drilled as a replacement for an existing 40-acre well not suitable for re-entry.

No additional work is planned for the remainder of 1998 or 1999. The waterflood will be monitored for effective and efficient performance and equipment repairs, well workovers and abandonment activities will be performed as necessary.

[illegible]

NEW WELLS - 1998
NEW MEXICO

COMPLETED

LEASE	SPUD DATE	1ST PROD	TD	PERFS	IP TEST Oil/Gas/Wtr	FORMATION
SKELLY 402	11/20/97	01/02/98	3988	3477-3770	60/12/287	GRYBG & SAN AND
LEA D 21	11/02/97	01/02/98	4100	3483-3828	84/40/41	GRYBG & SAN AND
LEA D 22	09/26/97	01/06/98	4000	3456-3923	84/10/68	GRYBG & SAN AND
SKELLY 400	11/10/97	01/09/98	3922	3294-3541	114/56/181	GRYBG & SAN AND
SKELLY 401	10/26/97	01/12/98	3950	3296-3686	161/32/237	GRYBG & SAN AND
SKELLY 302	09/04/97	01/28/98	3800	2200-3531	46/1/99	GRYBG & SAN AND
CMU 285	01/07/98	01/30/98	4622	4421-4467	14/10/209	GRAYBURG
CMU 401	12/19/97	05/07/98	4925	4226-4402	14/5/43	GRAYBURG
STATE AZ 3	12/29/97	05/08/98	3759	3009-3257	95/88/37	GRYBG & SAN AND
CMU 400	12/12/97	06/09/98	4900	4424-4802	13/10/47	GRYBG & SAN AND

**MALJAMAR AREA
1998 INJECTION WELLS**

WELL		DATE INJ BEGAN	
SK 32	0	01/98	Sq 7Rv; WIW in GB-SA
SK 89	0	01/98	Add perms to 7Rv & rtn to inj
SK 94	1	01/98	Conv P&A'd prod well to inj
LEA D 6	1	01/98	Conv TA'd inj well to inj
LEA D 7	1	01/98	Conv prod well to inj
	3		
CMU 283	1	11/98	Conv prod well to inj

MALJAMAR AREA PRODUCTION (C-115)
1998

LEASE	MALJAMAR GRAYBURG UNIT	01/98	02/98	03/98	04/98	05/98	06/98	07/98	08/98	09/98	10/98	11/98	12/98	TOTAL
LEA LL STATE	OIL	10575	9299	9703	8694	8549	7833	7324	8001	7349	0	0	0	77327
	GAS	4192	3941	4202	4010	4018	4181	3841	3494	3617	0	0	0	35496
	WATER	63311	57728	61170	68863	66395	55111	60586	42719	51970	0	0	0	527853
LEA LL STATE	OIL	319	279	293	287	267	251	317	306	33	0	0	0	2352
	GAS	3325	3224	2232	1379	1855	1261	1986	2536	2591	0	0	0	20389
	WATER	274	0	379	116	462	212	501	220	464	0	0	0	2628
CAPROCK MALJAMAR UNIT	OIL	37890	32343	35001	31035	30933	28830	29043	29217	27294	0	0	0	281586
	GAS	27258	27820	29474	27215	27212	29359	29930	29575	27240	0	0	0	255083
	WATER	319691	250358	244845	225489	218732	185252	241834	207083	204861	0	0	0	2098145
SKELLY UNIT	OIL	40728	37247	38386	35574	34131	33427	33616	31881	31723	0	0	0	316713
	GAS	22513	23520	25610	25590	23042	22601	21112	17209	17781	0	0	0	198978
	WATER	207727	134687	140128	155021	154946	176749	210033	195895	213415	0	0	0	1588601
LEA C	OIL	258	244	257	255	222	176	160	112	114	0	0	0	1798
	GAS	95	84	93	89	70	52	47	31	39	0	0	0	600
	WATER	229	187	230	236	226	221	232	235	205	0	0	0	2001
LEA D	OIL	7792	5597	5717	4814	4991	3922	3674	3321	2703	0	0	0	42531
	GAS	4120	3018	2792	2373	2895	2391	2413	1597	1673	0	0	0	23272
	WATER	12632	11932	17117	15889	15331	14000	14040	13372	12847	0	0	0	127160
STATE AZ	OIL	214	185	206	442	3915	2197	1862	1647	1513	0	0	0	12181
	GAS	243	229	232	271	2779	2039	1549	1098	1371	0	0	0	9811
	WATER	17	42	50	65	2063	1008	874	713	767	0	0	0	5599
TOTAL AREA	OIL	97,776	85,194	89,563	81,101	83,008	76,636	75,996	74,485	70,729	0	0	0	734,488
	GAS	61,746	61,836	64,635	60,927	61,871	61,884	60,878	55,540	54,312	0	0	0	543,629
	WATER	603,881	454,934	463,919	465,679	458,155	432,553	528,100	460,237	484,529	0	0	0	4,351,987
30PD	OIL	3,154	3,043	2,889	2,703	2,678	2,555	2,451	2,403	2,358	0	0	0	
	MCFPD	1,992	1,995	2,085	2,031	1,996	2,063	1,964	1,792	1,810	0	0	0	
	BWPD	19,480	14,675	14,965	15,523	14,779	14,418	17,035	14,846	16,151	0	0	0	



February 27, 1995

District Supervisor
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88202-1397

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Commissioner of Public Lands
State of New Mexico
Oil & Gas Division
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Re: **SKELLY UNIT**
Secondary Recovery Unit
Eddy County, New Mexico

Gentlemen:

Texaco, as operator and 100 percent working interest owner of the Skelly Unit, respectfully submits for your approval a report of past operations and a plan of operation and development for 1995. The Unit Agreement for the Skelly Unit was approved by the Director of the United States Geological Survey and became effective February 28, 1939.

PAST OPERATIONS

Skelly drilled and completed the first well in the Grayburg-Jackson Pool during 1927. Drilling continued in the years to follow and during 1971 eight (8) development wells were drilled and completed in the northern area of the Skelly Unit. One (1) Seven Rivers completion was made in Well No. 114. Also, during 1974 infill Well Nos. 115 and 116 were drilled in the southeast portion of the unit and were completed in the Grayburg-Jackson pay. These wells were drilled in an effort to evaluate the effectiveness of the waterflood as well as to gain more favorable economics for the project.

D - Unit letter
Thx

"A" ?
B ? 3257

The Grayburg-Jackson Pool cumulative oil production prior to the start of water injection on April 1, 1965 was 4,324,239 barrels. As of December 31, 1994, the cumulative was 9,863,544 barrels. The average daily production rate during December 1994 was 90 BOPD.

The Fren Seven Rivers Pool cumulative oil production prior to the start of water injection on May 1974 was 914,759 barrels and as of December 31, 1994 amounted to 2,880,205 barrels. Daily average producing rate for the Fren Seven Rivers Pool during December 1994 was 136 BOPD.

Skelly began injecting water into six (6) Grayburg-Jackson wells during April 1965. Two (2) additional wells were converted to injectors in July 1967. During 1968, two (2) water injection plants and distribution systems were installed, and the waterflood was further expanded to include a total of 33 injection wells. During 1969 and 1970, lease-line agreements were finalized with respect to the west boundary of Sections 21 and 28, along with portions of the south and east boundaries of Section 23. These agreements with offsetting operators provided for the conversion of Skelly Unit Well Nos. 69, 79, 81, 91 and 100 to water injection services. Well Nos. 3, 102, and 114 were converted to injection in 1973. Presently, there are 15 Grayburg-Jackson and 37 Seven Rivers production wells in operation in the unit.

During May 1974, water injection was commenced into the Fren Seven Rivers Pool into Well No. 10. The Pilot was completed with injection into all six wells with the completion of Well No. 89 in February 1975. Injection response occurred in September 1975.

Grayburg-Jackson cumulative water injection to December 31, 1994 was 49,229,276 barrels. The average injection rate during December was 4,192 BWPD.

Cumulative water injection to December 31, 1994 in the Fren Seven Rivers Pool was 17,854,661 barrels. Average injection rate during December was 783 BWPD.

Grayburg-Jackson and Fren Seven Rivers oil production was surface commingled during 1973. Commingling of the two pools' production has provided for a more economical operation of the Skelly Unit. Test facilities on the Skelly Unit were expanded to accommodate the additional Fren Seven Rivers production. Two LACT units and net oil computers were installed to provide for more efficient well testing and production handling.

Under the Fren Seven Rivers expansion, a total of 28 new wells were drilled and completed. These wells were drilled as twins to the older Grayburg-Jackson wells. In 1979, injection wells for the Seven Rivers project were made from Grayburg-Jackson injection wells by dual completion. The wells which were converted were Well Nos. 3, 30, 40, 42, 44, 46, 52, 56, 58, 73, 83, 85, and 96.

In 1985, six infill wells were drilled. These wells were drilled to the Grayburg-Jackson. They were completed in the Grayburg Jackson, tested, a plug was set above the Grayburg, and then completed in the Seven Rivers. After stabilized production, these wells were down-hole commingled.

In 1987, Well No. 53 was converted to water injection to help evaluate the possibility of five-spot 40-acre flood patterns for the Grayburg Formation.

Significant activity on the Skelly Unit in 1994 consisted of replacing approximately 80 percent of the active water injection lines and the upgrading of the water injection plants.

DEVELOPMENT PLANS FOR 1995

Plans for 1995 are to monitor the waterflood for effective and efficient waterflood performance. Equipment modification, repair, well workovers, and plugging will be performed as necessary.

Yours very truly,

A handwritten signature in black ink, appearing to read "J. A. Head". The signature is fluid and cursive, with a large loop at the end.

J. A. Head
Asset Manager

MSW-CC

Attachments

SKELLY UNIT

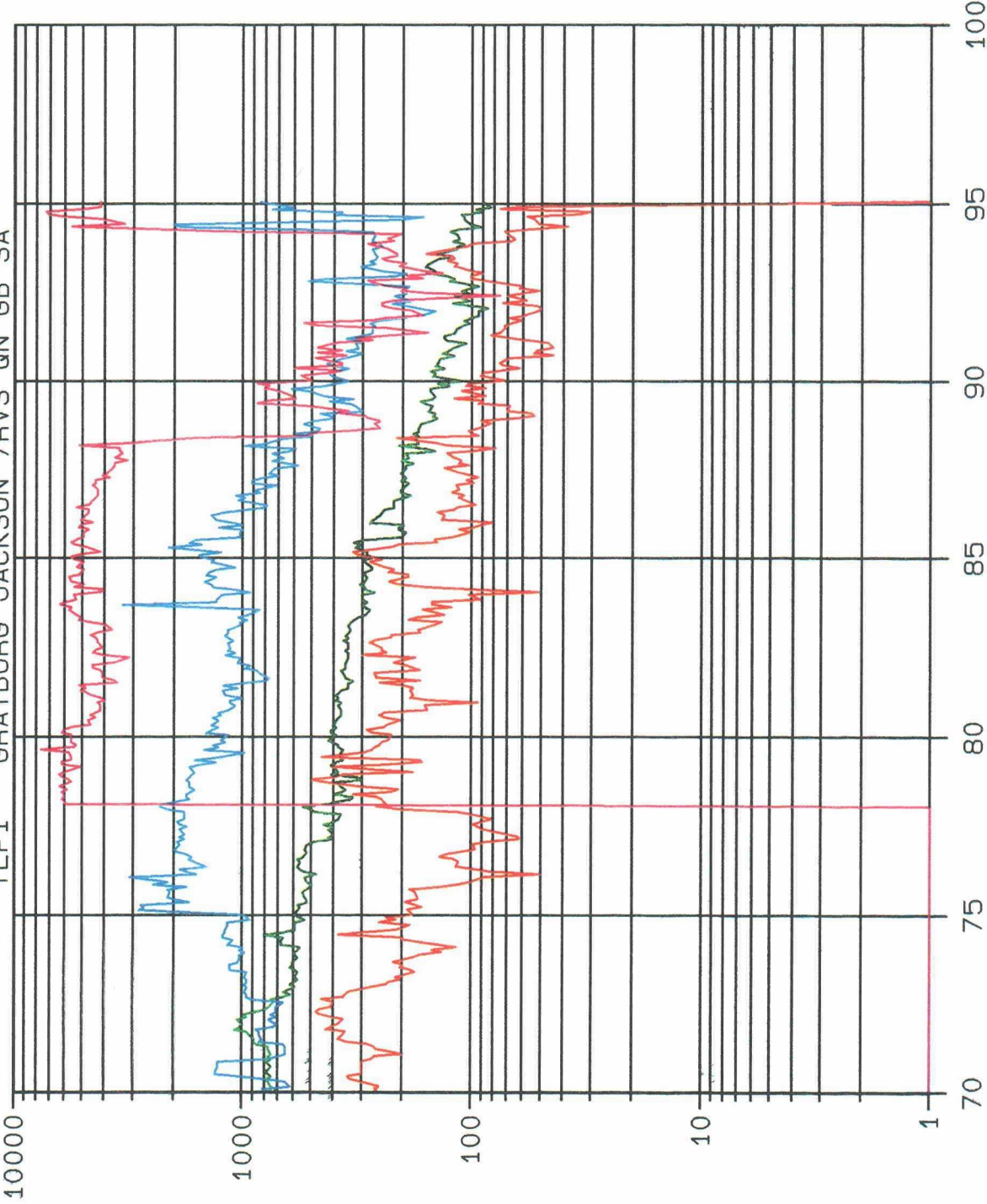
WELL STATUS

<u>WELL NO.</u>	<u>FIELD</u>	<u>STATUS</u>	<u>WELL NO.</u>	<u>FIELD</u>	<u>STATUS</u>
2	Fren Seven Rivers	PM	40	Grayburg Jackson	INJ
3	Fren Seven Rivers	SI-INJ	41	Grayburg Jackson	PM
3	Grayburg Jackson	INJ	42	Fren Seven Rivers	INJ
4	Fren Seven Rivers	PM	42	Grayburg Jackson	SI-INJ
5	Fren Seven Rivers	PM	43	Grayburg Jackson	SI-O
6	Fren Seven Rivers	PM	44	Fren Seven Rivers	INJ
7	Fren Seven Rivers	PM	45	Grayburg Jackson	PM
8	Fren Seven Rivers	PM	46	Fren Seven Rivers	SI-INJ
9	Fren Seven Rivers	ASP	46	Grayburg Jackson	INJ
10	Fren Seven Rivers	INJ	47	Grayburg Jackson	PM
11	Fren Seven Rivers	SI-O	48	Grayburg Jackson	INJ
11	Grayburg Jackson	SI-O	49	Grayburg Jackson	PM
12	Fren Seven Rivers	INJ	51	Grayburg Jackson	PM
13	Fren Seven Rivers	SI-O	52	Fren Seven Rivers	SI-INJ
14	Fren Seven Rivers	PM	52	Grayburg Jackson	INJ
15	Fren Seven Rivers	PM	53	Grayburg Jackson	INJ
16	Fren Seven Rivers	SI-INJ	54	Fren Seven Rivers	SI-INJ
17	Grayburg Jackson	SI-O	54	Grayburg Jackson	INJ
18	Grayburg Jackson	PM	55	Grayburg Jackson	SI-O
19	Grayburg Jackson	INJ	56	Fren Seven Rivers	SI-INJ
20	Grayburg Jackson	PM	56	Grayburg Jackson	INJ
21	Grayburg Jackson	INJ	57	Grayburg Jackson	PM
22	Grayburg Jackson	INJ	58	Fren Seven Rivers	INJ
23	Grayburg Jackson	PM	58	Grayburg Jackson	INJ
24	Grayburg Jackson	INJ	59	Grayburg Jackson	PM
25	Grayburg Jackson	PM	60	Grayburg Jackson	PM
26	Grayburg Jackson	INJ	61	Grayburg Jackson	PM
27	Grayburg Jackson	PM	62	Grayburg Jackson	PM
28	Grayburg Jackson	PM	63	Grayburg Jackson	PM
29	Grayburg Jackson	PM	64	Grayburg Jackson	INJ
30	Fren Seven Rivers	INJ	65	Grayburg Jackson	PM
30	Grayburg Jackson	INJ	66	Grayburg Jackson	SI-INJ
31	Grayburg Jackson	PM	67	Grayburg Jackson	SI-INJ
32	Fren Seven Rivers	INJ	68	Grayburg Jackson	SI-O
32	Grayburg Jackson	INJ	69	Grayburg Jackson	SI-INJ
33	Grayburg Jackson	PM	70	Grayburg Jackson	TA
34	Grayburg Jackson	INJ	72	Grayburg Jackson	PM
35	Grayburg Jackson	PM	73	Fren Seven Rivers	INJ
37	Grayburg Jackson	SI-O	74	Grayburg Jackson	SI-O
38	Grayburg Jackson	INJ	75	Grayburg Jackson	INJ
39	Grayburg Jackson	PM	77	Fren Seven Rivers	SI-INJ
40	Fren Seven Rivers	SI-INJ	77	Grayburg Jackson	INJ

SKELLY UNIT
WELL STATUS

<u>WELL NO.</u>	<u>FIELD</u>	<u>STATUS</u>	<u>WELL NO.</u>	<u>FIELD</u>	<u>STATUS</u>
78	Grayburg Jackson	SI-O	119	Fren Seven Rivers	SI-O
79	Grayburg Jackson	INJ	120	Fren Seven Rivers	PM
80	Grayburg Jackson	SI-O	121	Fren Seven Rivers	PM
81	Grayburg Jackson	SI-INJ	122	Fren Seven Rivers	PM
82	Grayburg Jackson	PM	123	Fren Seven Rivers	SI-O
83	Fren Seven Rivers	SI-INJ	124	Fren Seven Rivers	PM
83	Grayburg Jackson	SI-INJ	125	Fren Seven Rivers	SI-O
84	Grayburg Jackson	PM	126	Fren Seven Rivers	PM
85	Fren Seven Rivers	SI-INJ	127	Fren Seven Rivers	PM
85	Grayburg Jackson	SI-INJ	128	Fren Seven Rivers	PM
86	Grayburg Jackson	PM	129	Fren Seven Rivers	PM
87	Fren Seven Rivers	PM	130	Fren Seven Rivers	PM
88	Grayburg Jackson	PM	131	Fren Seven Rivers	PM
89	Fren Seven Rivers	SI-INJ	132	Fren Seven Rivers	PM
89	Grayburg Jackson	SI-INJ	133	Fren Seven Rivers	PM
90	Grayburg Jackson	SI-O	134	Fren Seven Rivers	PM
93	Grayburg Jackson	TA	135	Fren Seven Rivers	PM
95	Grayburg Jackson	TA	136	Fren Seven Rivers	PM
96	Fren Seven Rivers	INJ	137	Fren Seven Rivers	PM
96	Grayburg Jackson	INJ	138	Fren Seven Rivers	SI-O
97	Grayburg Jackson	SI-O	139	Fren Seven Rivers	PM
101	Grayburg Jackson	PM	140	Fren Seven Rivers	PM
101	Grayburg Jackson	PM	141	Fren Seven Rivers	SI-O
102	Grayburg Jackson	INJ	142	Fren Seven Rivers	PM
103	Grayburg Jackson	PM	143	Fren Seven Rivers	PM
104	Grayburg Jackson	PM	146	Fren Seven Rivers	PM
105	Grayburg Jackson	INJ	148	Grayburg Jackson	PM
106	Grayburg Jackson	PM	149	Fren Seven Rivers	PM
107	Grayburg Jackson	PM	149	Grayburg Jackson	PM
108	Grayburg Jackson	PM	150	Fren Seven Rivers	PM
109	Grayburg Jackson	SI-O	156	Fren Seven Rivers	PM
110	Grayburg Jackson	PM	156	Grayburg Jackson	PM
111	Grayburg Jackson	SI-O	157	Fren Seven Rivers	PM
112	Grayburg Jackson	PM	157	Grayburg Jackson	PM
113	Fren Seven Rivers	PM	158	Fren Seven Rivers	PM
115	Fren Seven Rivers	PM	158	Grayburg Jackson	PM
115	Grayburg Jackson	PM	159	Fren Seven Rivers	PM
116	Fren Seven Rivers	PM	159	Grayburg Jackson	PM
116	Grayburg Jackson	PM	160	Fren Seven Rivers	PM
117	Fren Seven Rivers	PM	160	Grayburg Jackson	PM
118	Fren Seven Rivers	PM			

SKELLY UNIT GRAYBURG JACKSON 7RVS QN GB SA
TEPI GRAYBURG JACKSON 7RVS QN GB SA



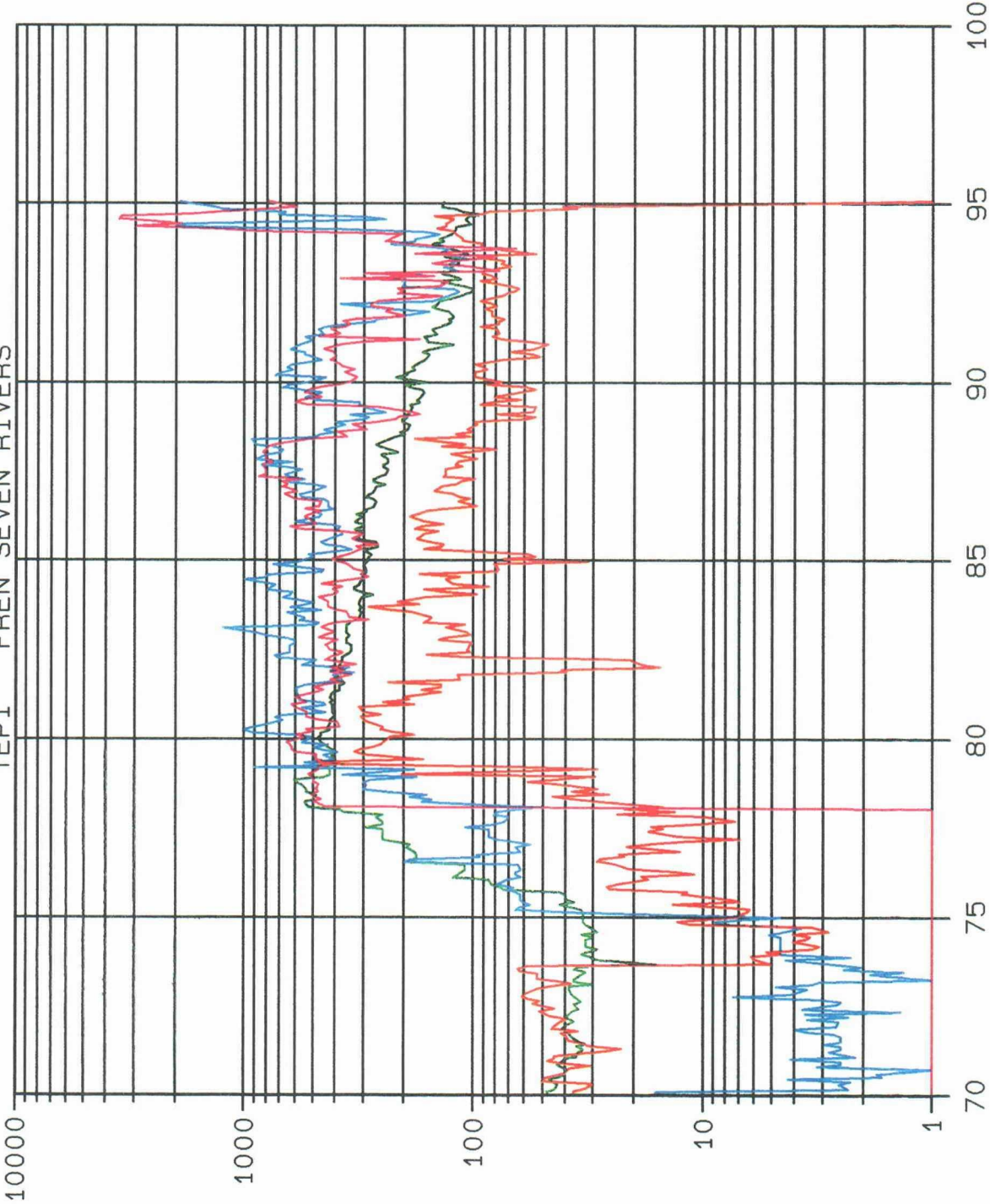
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FLD 28509
OPER TEPI
ZONE 28509
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COUNTY 0
STATE 30

STATUS 12-94
CO 4017 MBO
CG 2148 MCMF
CW 9400 MBW
BOPD 90
BWP 847
MCFPD 0
WELLS 1
CI 20551 MBWI
BWIPD 4192

BOPD
BWP
MCFPD
BWIPD

YEARS

SKELLY UNIT FREN SEVEN RIVERS
TEPI FREN SEVEN RIVERS



LEASE DATA
LSE 011091
FLD 26790
OPER TEPI
ZONE 26790
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COUNTY 0
STATE 30

STATUS 12-94
CO 1944 MBO
CG 834 MCF
CW 3250 MBW
BOPD 136
BWPD 1924
MCFPD 0
WELLS 1
CI 3081 MBWI
BWIPD 784

YEARS

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

SLO REF NO. OG-1046

March 27, 1989

#3257

Sirgo Operating, Inc.
Attn: Victor J. Sirgo
P.O. Box 3531
Midland, Texas 79702

Re: 1989 Plan of Development
Skelly Penrose B Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

cc: OCD
BLM

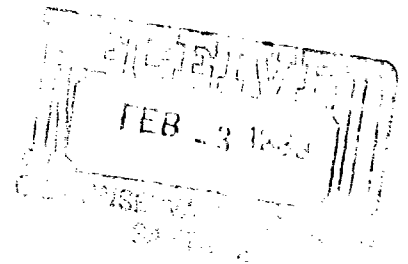


January 11, 1989

#3257

District Supervisor
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



RE: SKELLY UNIT
SECONDARY RECOVERY UNIT
EDDY COUNTY, NEW MEXICO

Gentlemen:

Texaco as operator and 100% working interest owner of the Skelly Unit respectfully submits for your approval a report of past operations and a plan of operation and development for 1989. The Unit Agreement for the Skelly Unit was approved by the Director of the United States Geological Survey and became effective February 28, 1989.

PAST OPERATIONS

Skelly drilled and completed the first well in the Grayburg-Jackson Pool during 1927. Drilling continued in the years to follow, and during 1971, eight (8) development wells were drilled and completed in the northern area of the Skelly Unit. One (1) Seven-Rivers completion was made in Well No. 114. Also, during 1974, infill Well Nos. 115 and 116 were drilled in the southeast portion of the unit and were completed in the Grayburg-Jackson pay. These wells were drilled in an effort to evaluate the effectiveness of the waterflood as well as to gain more favorable economics for the project.

The Grayburg-Jackson Pool cumulative oil production prior to the start of water injection on April 1, 1965, was 4,324,239 barrels. As of October 31, 1988, the cumulative was 9,384,588 barrels. The average daily production rate during October, 1988 was 230 BOPD.

The Fren-Seven Rivers Pool cumulative oil production prior to the start of water injection on May, 1974, was 914,759 barrels and as of October 31, 1988, amounted to 2,543,339 barrels. Daily average producing rate for the Fren-Seven Rivers Pool during October, 1988, was 231 BOPD.

Skelly began injecting water into six (6) Grayburg-Jackson wells during April, 1965. Two (2) additional wells were converted to injectors in July, 1967. During 1968, two (2) water injection plants and distribution systems were installed, and the waterflood was further expanded to include a total of 33 injection wells. During 1969 and 1970, lease line agreements were finalized with respect to the west boundary of Section 21 and 28, along with portions of the south and east boundaries of Section 23; these agreements with offsetting operators provided for the conversion of Skelly Unit Well Nos. 69, 79, 81, 91 and 100 to water injection services. Well Nos. 3, 102, and 114 were converted to injection in 1973. Presently, there are 39 Grayburg-Jackson and 19 Fren-Seven Rivers active injection wells, 56 Grayburg-Jackson and 43 Seven-Rivers production wells actively in operation on the unit.

During May, 1974, water injection was commenced into the Fren-Seven Rivers Pool into Well No. 10. The pilot was completed with injection into all six wells with the completion of Well No. 89 in February, 1975. Injection response occurred in September, 1975.

Grayburg-Jackson cumulative water injection to October 31, 1988, was 43,576,789 barrels. The average injection rate during October was 255 BWPD at an average pressure of 1525 psi.

Cumulative water injection to October 31, 1988, in the Fren-Seven Rivers Pool was 16,594,154 barrels. Average injection rate during October, 1988, was 866 BWPD at an average wellhead pressure of 1150 psi.

Grayburg-Jackson and Fren-Seven Rivers oil production was surface commingled during 1973. Commingling of the two pools' production has provided for a more economical operation of the Skelly Unit.

Bureau of Land Management
and New Mexico Oil
Conservation Division

- 3 -

January 11, 1989

Test facilities on the Skelly Unit were expanded to accommodate the additional Fren-Seven Rivers production. Two Lact Units and net oil computers were installed to provide for more efficient well testing and production handling.

Under the Fren-Seven Rivers expansion, a total of 28 new wells were drilled and completed. These wells were drilled as twins to the older Grayburg-Jackson wells. In 1979, injection wells for the Seven-Rivers project were made from Grayburg-Jackson injection wells by dual completion. The wells which were converted were Well Nos. 3, 30, 40, 42, 44, 46, 52, 56, 58, 73, 83, 85, and 96.

In 1985, six infill wells were drilled. These wells were drilled to the Grayburg-Jackson. They were completed in the Grayburg-Jackson, then tested, a plug was set above the Grayburg, and they were then completed in the Seven-Rivers. After stabilized production, these wells were down hole commingled.

In 1987, Well No. 53 was converted to water injection to help evaluate the possibility of five spot 40 acre flood patterns for the Grayburg Formation.

DEVELOPMENT PLANS FOR 1989

Plans for 1989 are to monitor the waterflood for effective and efficient waterflood performance.

Yours very truly,

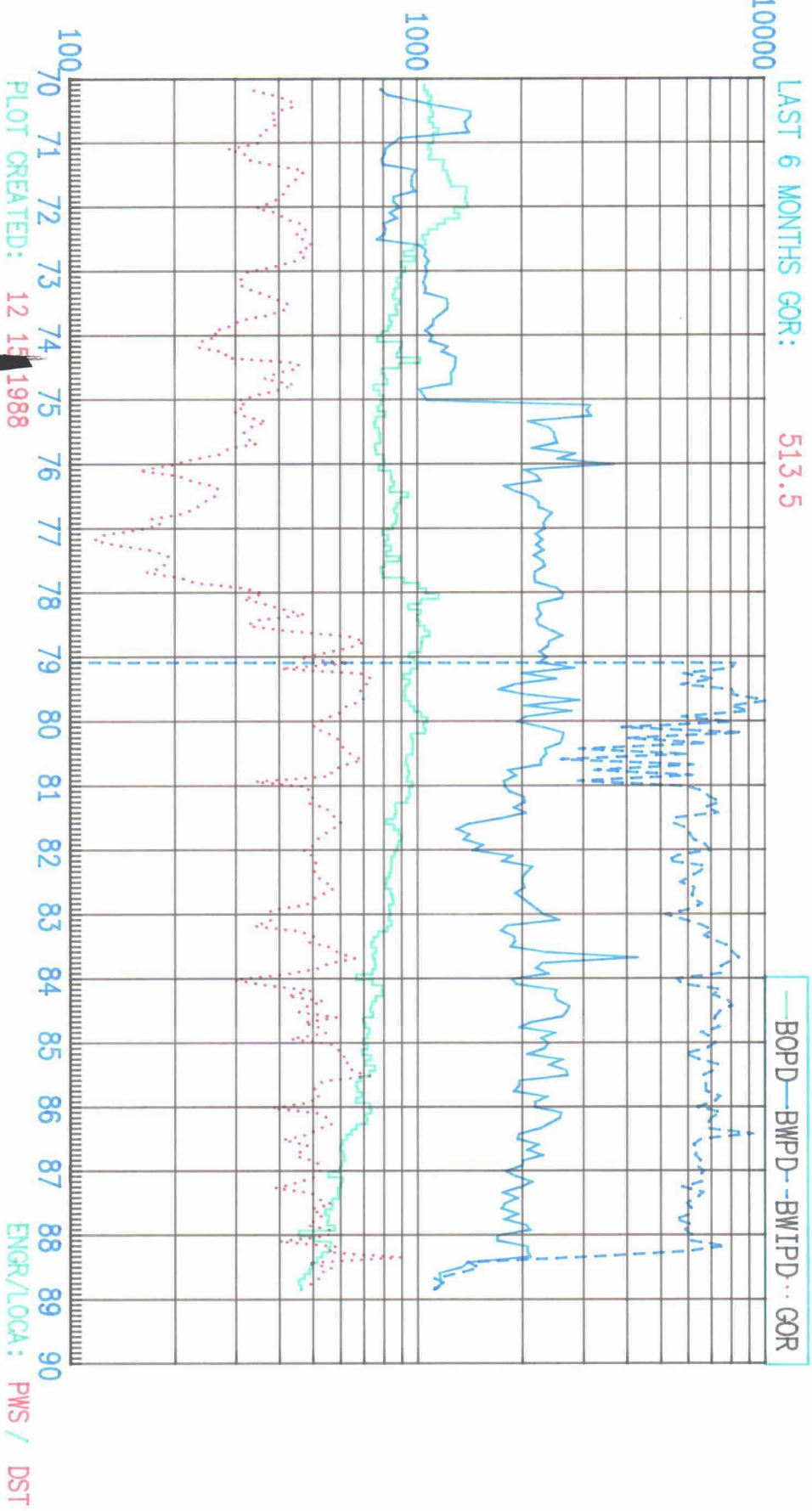


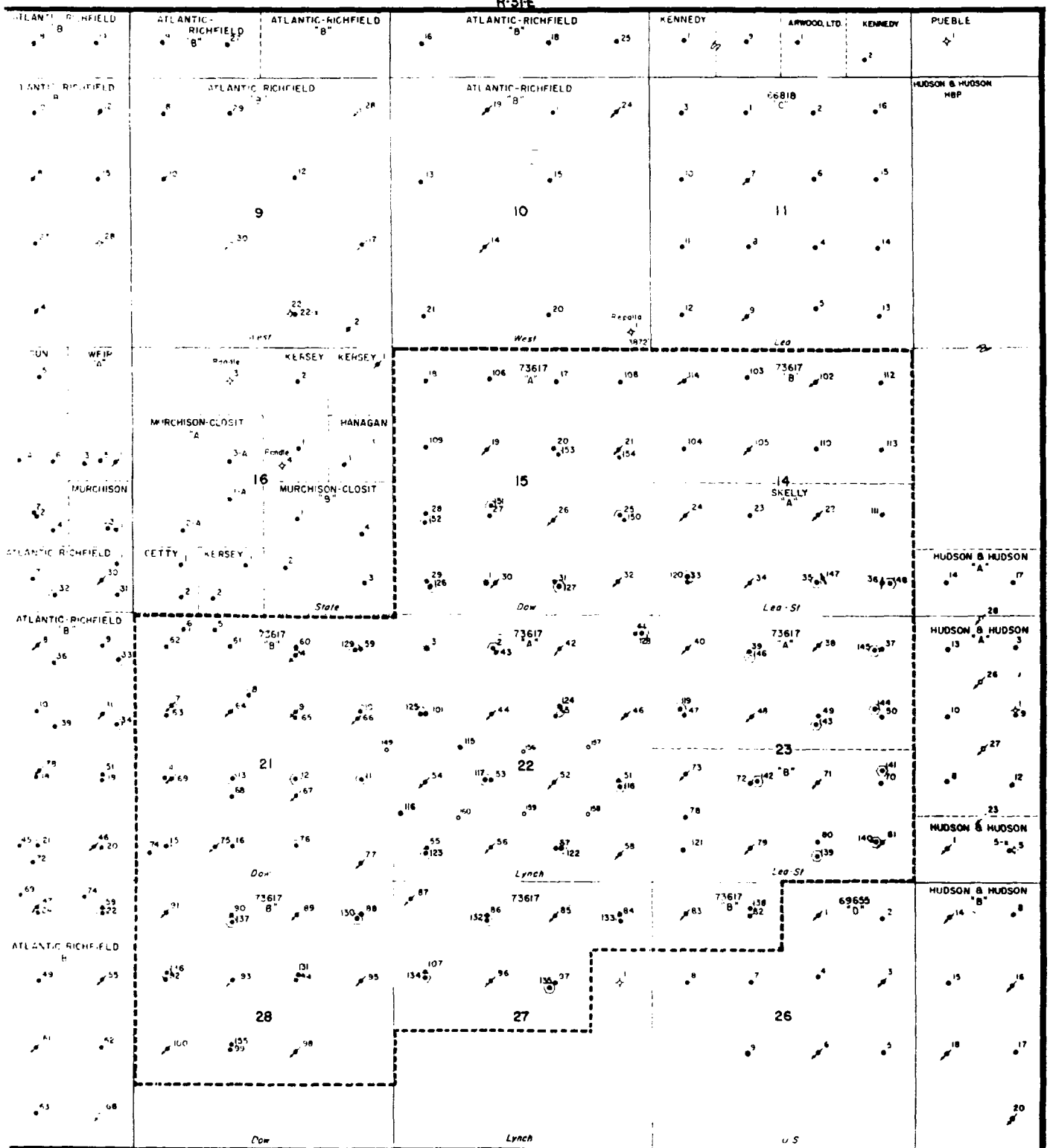
PWS/jss

Attachments

PROPERTY NAME: SKELLY UNIT
FIELD NAME: FREN-7 RVRS/GRBG-JACKSON
OPERATOR NAME: TEXACO INC.
PRODUCING WELLS: 99

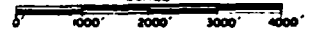
LAST 6 MONTHS GOR: 513.5

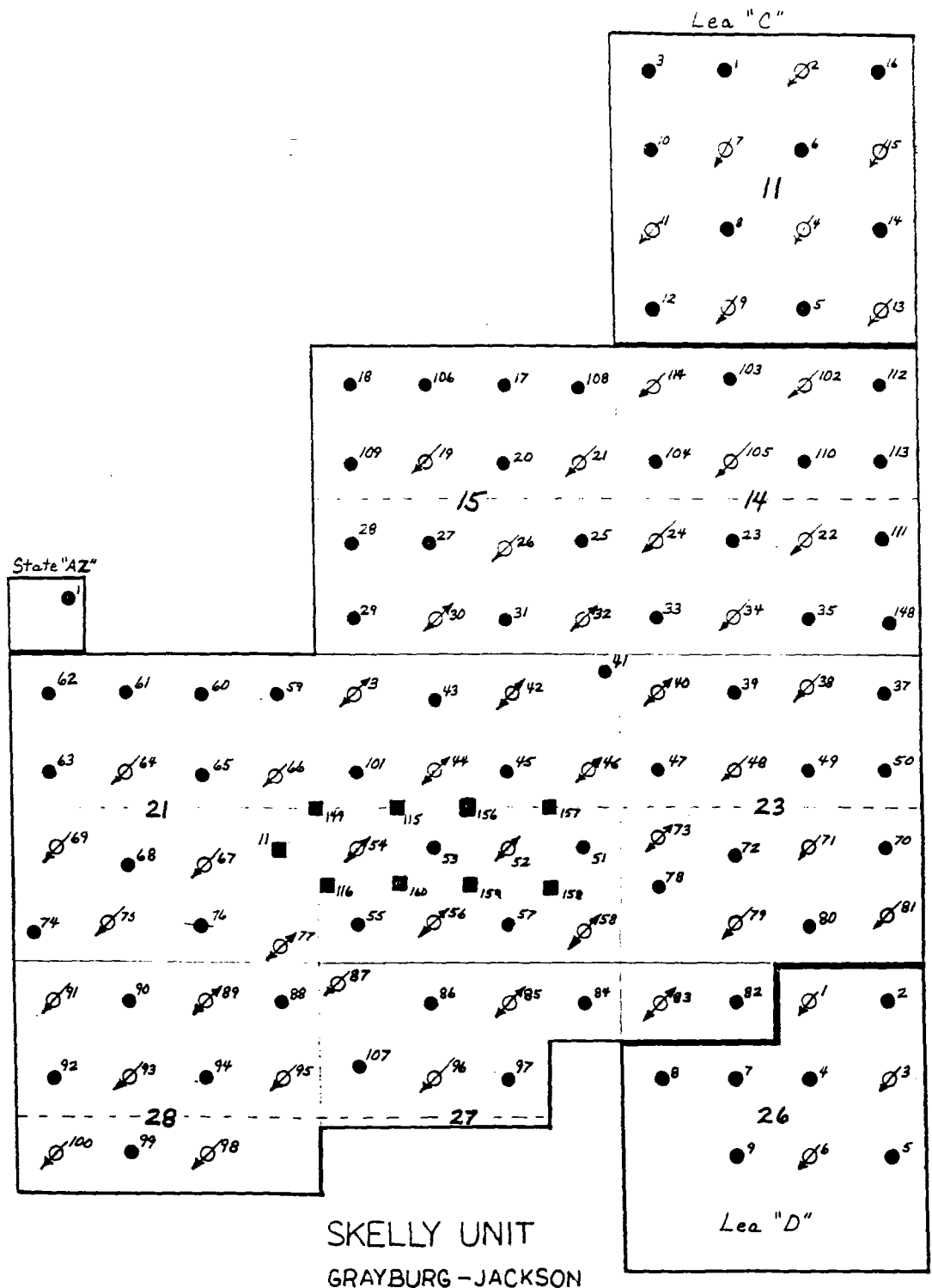




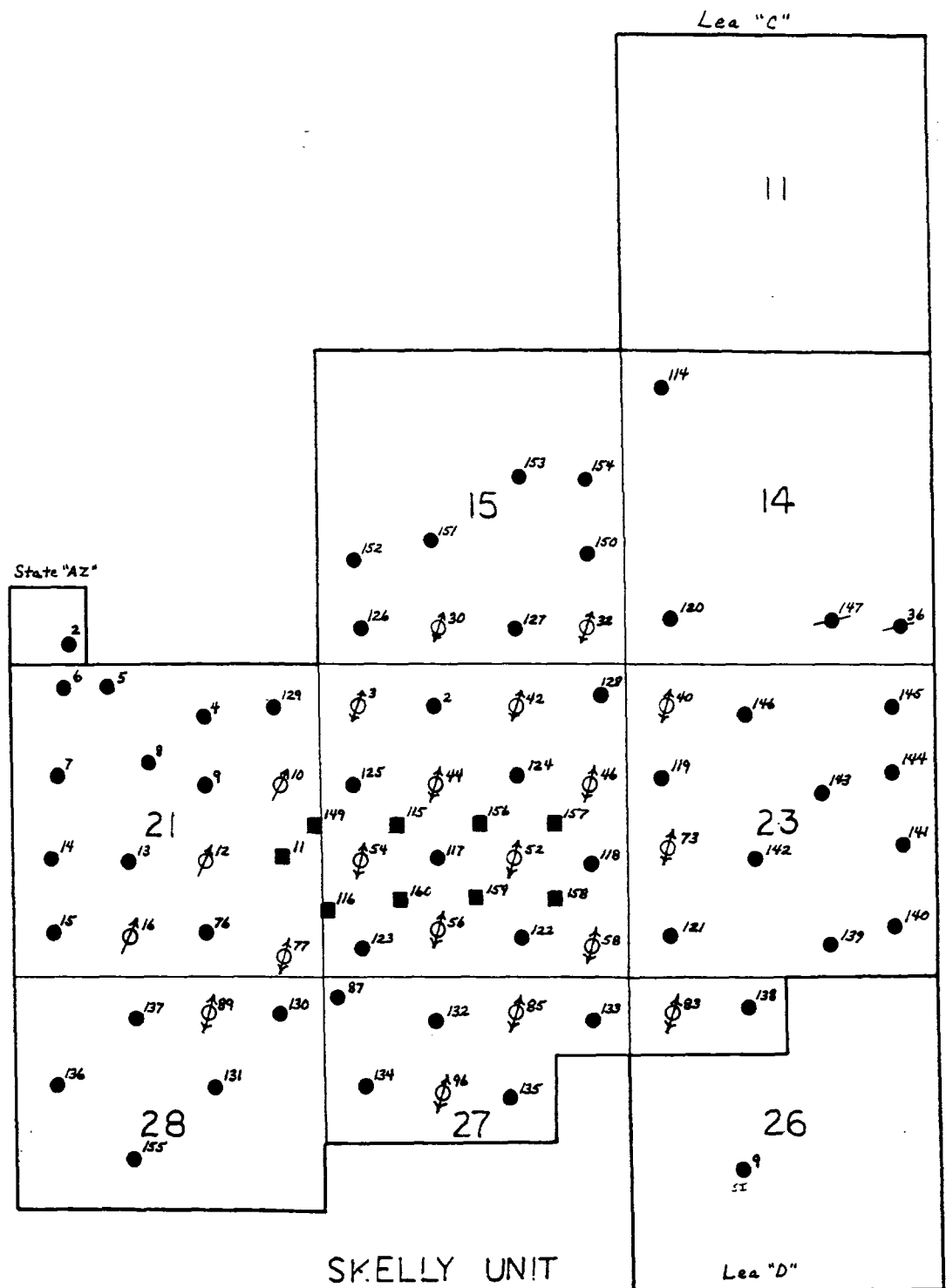
Texaco USA

SKELLY UNIT AREA
EDDY COUNTY, NEW MEXICO
SCALE





- Grayburg-Jackson Producer
- Grayburg-Jackson Injection Well
- ⊗ Dual Seven Rivers, Grayburg-Jackson Injection Well
- Downhole Commingled Producer
- Proposed Downhole Commingled Infill Well



SKELLY UNIT FREN SEVEN RIVERS

- Seven Rivers Producer
- ⊗ Seven Rivers Injector
- ⊗ Dual Seven Rivers, Grayburg-Jackson Injector
- Downhole Commingled Producer
- Proposed Downhole Commingled Infill Producer



Texaco USA
Producing Department
Midland District

P.O. Box 1307
Midland, TX 79701

#3257

March 28, 1990

District Supervisor
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Commissioner of Public Lands
State of New Mexico
Oil & Gas Division
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

RE: ~~SKELLY UNIT~~
SECONDARY RECOVERY UNIT
EDDY COUNTY, NEW MEXICO

Gentlemen:

Texaco as operator and 100% working interest owner of the Skelly Unit respectfully submits for your approval a report of past operations and a plan of operation and development for 1990. The Unit Agreement for the Skelly Unit was approved by the Director of the United States Geological Survey and became effective February 28, 1939.

PAST OPERATIONS

Skelly drilled and completed the first well in the Grayburg-Jackson Pool during 1927. Drilling continued in the years to follow and during 1971, eight (8) development wells were drilled and completed in the northern area of the Skelly Unit. One (1) Seven-Rivers completion was made in Well No. 114. Also, during 1974, infill Well Nos. 115 and 116 were drilled in the southeast portion of the unit and were completed in the Grayburg-Jackson pay. These wells were drilled in an effort to evaluate the effectiveness of the waterflood as well as to gain more favorable economics for the project.

The Grayburg-Jackson Pool cumulative oil production prior to the start of water injection on April 1, 1965, was 4,324,239 barrels. As of October 31, 1989, the cumulative was 9,637,526 barrels. The average daily production rate during October, 1989 was 186 BOPD.

The Fren-Seven Rivers Pool cumulative oil production prior to the start of water injection on May, 1974, was 914,759 barrels and as of October 31, 1989, amounted to 2,618,825 barrels. Daily average producing rate for the Fren-Seven Rivers Pool during October, 1989, was 207 BOPD.

Skelly began injecting water into six (6) Grayburg-Jackson wells during April, 1965. Two (2) additional wells were converted to injectors in July, 1967. During 1968, two (2) water injection plants and distribution systems were installed, and the waterflood was further expanded to include a total of 33 injection wells. During 1969 and 1970, lease line agreements were finalized with respect to the west boundary of Section 21 and 28, along with portions of the south and east boundaries of Section 23; these agreements with offsetting operators provided for the conversion of Skelly Unit Well Nos. 69, 79, 81, 91 and 100 to water injection services. Well Nos. 3, 102, and 114 were converted to injection in 1973. Presently, there are 15 Grayburg-Jackson and 13 Fren-Seven Rivers injection wells, 52 Grayburg-Jackson and 37 Seven-Rivers production wells in operation in the unit.

During May, 1974, water injection was commenced into the Fren-Seven Rivers Pool into Well No. 10. The pilot was completed with injection into all six wells with the completion of Well No. 89 in February, 1975. Injection response occurred in September, 1975.

Grayburg-Jackson cumulative water injection to October 31, 1989, was 47,205,105 barrels. The average injection rate during October was 888 BWPD.

Cumulative water injection to October 1, 1989, in the Fren-Seven Rivers Pool was 16,851,919 barrels. Average injection rate during October, 1989, was 1,790 BWPD.

Grayburg-Jackson and Fren-Seven Rivers oil production was surface commingled during 1973. Commingling of the two pools' production has provided for a more economical operation of the Skelly Unit. Test facilities on the Skelly Unit were expanded to accommodate the additional Fren-Seven Rivers production. Two Lact Units and net oil computers were installed to provide for more efficient well testing and production handling.

Under the Fren-Seven Rivers expansion, a total of 28 new wells were drilled and completed. These wells were drilled as twins to the

Bureau of Land Management,
New Mexico Oil Conservation
Division, Commissioner of
Public Lands

-3-

March 28, 1990

older Grayburg-Jackson wells. In 1979, injection wells for the Seven-Rivers project were made from Grayburg-Jackson injection wells by dual completion. The wells which were converted were Well Nos. 3, 30, 40, 42, 44, 46, 52, 56, 58, 73, 83, 85, and 96.

In 1985, six infill wells were drilled. These wells were drilled to the Grayburg-Jackson. They were completed in the Grayburg-Jackson, then tested, a plug was set above the Grayburg, and they were then completed in the Seven-Rivers. After stabilized production, these wells were down hole commingled.

In 1987, Well No. 53 was converted to water injection to help evaluate the possibility of five spot 40 acre flood patterns for the Grayburg Formation.

1989 UNIT ACTIVITIES

A workover to repair communication was performed on the Skelly Unit No. 44 in October, 1989.

DEVELOPMENT PLANS FOR 1990

No development drilling is scheduled for the Skelly Unit in 1990. Other plans for 1990 include the plugging of Skelly Unit No. 91 and the continuous monitoring and optimization of unit production through the use of injection surveys, stimulations, and cleanouts. Equipment modification, repair, well workovers, and plugging will be performed as necessary.

Yours very truly,

Texaco Inc.



S. G. Snyder
Portfolio Manager

WNP/srt
Attachments

file
chrono

TEXACO PRODUCING INC.

MIDLAND DIVISION

HOBBS DISTRICT

MONTH ENDING 01-01-90

FIELD NAME /
LEASE NO. LEASE NAME /
FRS NO.WELL
NO.WELL
STATUS

COMMENTS

CONDITION

SEQUENCE
NUMBER

API NUMBER

(1) 100% OWNED AND OPERATED BY TEXACO

12 SKELLY UNIT
333000061080012
77361700

S I N G

1

3001505152

22240500
22240500
22240500

2

PM

3001505344

22240600

3

INJ

DUAL-FREN S.R.

3001505347

22240700

3

INJ

*COMP-GRBG.JACKS

3001505347

22240800

4

PM

3001505329

22240900

5

PM

3001505335

22241000

6

PM

3001505326

22241100

7

PM

3001505327

22241200

8

PM

3001505328

22241300

9

PM

3001505321

22241400

10

INJ

3001505325

22241500

11

PM

DUAL-FREN S.R.

3001505330

22241600

11

PM

*COMP-GRBG.JACKS

3001505330

22241700

12

INJ

3001505324

22241800

13

SI-O

UNECON. TO PROD 03-24-88

3001505323

22241900

14

SI-O

UNECON. TO PROD 03-24-88

3001505322

22242000

15

PM

3001505332

22242100

16

INJ

3001505334

22242200

17

SI-O

UNECON. TO PROD 04-01-86

3001505153

22242300

18

PM

3001505154

22242400

SUB-AREA - 6108 HOBBS-LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION		HOBBS DISTRICT		MONTH ENDING 01-01 90		SEQUENCE NUMBER
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION	
(1) 100% OWNED AND OPERATED BY TEXACO						
		19	INJ			22242500
		20	PM			22242600
		21	INJ			22242700
		22	INJ			22242800
		23	PM			22242900
		24	INJ			22243000
		25	PM			22243100
		26	INJ			22243200
		27	PM			22243300
		28	PM			22243400
		29	PM			22243500
		30	INJ	DUAL-FREN S.R.		22243600
		30	INJ	*COMP-GRBG.JACKS		22243700
		31	PM			22243800
		32	INJ	DUAL-FREN S.R.		22243900
		32	INJ	*COMP-GRBG.JACKS		22244000
		33	PM			22244100
		34	INJ			22244200
		35	PM			22244300
		37	PM			22244400
		38	INJ			22244500
		39	PM			22244600

SUB AREA 6108 HOBBS-LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION		HOBBS DISTRICT		MONTH ENDING 01-01-90		SEQUENCE NUMBER
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION	
(1) 100% OWNED AND OPERATED BY TEXACO						
		40	INJ	DUAL-FREN S.R.		22244700
		40	INJ	*COMP-GRBG.JACKS		22244800
		41	PM			22244900
		42	INJ	DUAL-FREN S.R.		22245000
		42	TR-INJ	*COMP-GRBG.JACKS HELD FOR RW 09-03-88		22245100 22245100
		43	PM			22245200
		44	WO	DUAL-FREN S.R.	10-11-89	22245300
		44	INJ	*COMP-GRBG.JACKS		22245400
		45	PM			22245500
		46	INJ	DUAL-FREN S.R.		22245600
		46	INJ	*COMP-GRBG.JACKS		22245700
		47	PM			22245800
		48	INJ			22245900
		49	PM			22246000
		51	PM			22246100
		52	SI-INJ	DUAL-FREN S.R.	07-03-86 HELD FOR RW 02-01-87	22246200 22246200
		52	SI-INJ	*COMP-GRBG.JACKS	02-01-87 HELD FOR RW 07-03-86	22246300 22246300
		53	INJ			22246400
		54	INJ	DUAL-FREN S.R.		22246500
		54	-U INJ	*COMP-GRBG.JACKS		22246600

SUB AREA 6108 HOBBS-LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION		HOBBS DISTRICT		MONTH ENDING 01-01-90	
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION
(1) 100% OWNED AND OPERATED BY TEXACO					
		55	PM		22246700
		56	INJ	DUAL FREN S.R.	22246800
		56	INJ	*COMP-GRBG.JACKS COMP-GRBG.JACKS	22246900 22246900
		57	PM		22247000
		58	INJ	DUAL FREN S.R.	22247100
		58	INJ	*COMP-GRBG.JACKS	22247200
		59	PM		22247300
		60	PM		22247400
		61	PM		22247500
		62	PM		22247600
		63	PM		22247700
		64	INJ		22247800
		65	PM		22247900
		66	INJ		22248000
		67	INJ		22248100
		68	SI-O	UNECON. TO PROD	04-01-86 22248200
		69	INJ		22248300
		70	PM		22248400
		72	PM		22248500
		73	INJ	DUAL-FREN S.R.	22248600
		73	INJ	*COMP-GRBG.JACKS	22248700

SUB AREA - 6108 HOBBS-LOVINGTON SUB-AREA

TLXACO PRODUCING INC.

MIDLAND DIVISION

HOBBS DISTRICT

MONTH ENDING 01-01-90

FIELD NAME/
LEASE NO.LEASE NAME/
FRS NO.WELL
NO.WELL
STATUS

COMMENTS

CONDITION

SEQUENCE
NUMBER

API NUMBER

(1) 100% OWNED AND OPERATED BY TEXACO

			74	PM			22248800	3001505331
			75	INJ			22248900	3001505333
			76	TR-O	HELD FOR R.W.	04-01-88	22249000	3001505336
			77	INJ	DUAL-FREN S.R.		22249100	3001505340
			77	INJ	*COMP GRBG. JACKS		22249200	3001505340
			78	PM			22249300	3001505366
			79	INJ			22249400	3001505369
			80	SI-O	UNECON. TO PROD	04-01-86	22249500	3001505370
			81	INJ			22249600	3001505371
			82	PM			22249700	3001505417
			83	INJ	DUAL-FREN S.R.		22249800	3001505418
			83	INJ	*COMP-GRBG. JACKS		22249900	3001505418
			84	PM			22250000	3001505423
			85	INJ	DUAL-FREN S.R.		22250100	3001505422
			85	INJ	*COMP GRBG. JACKS		22250200	3001505422
			86	PM			22250300	3001505421
			87	PM			22250400	3001505420
			88	PM			22250500	3001505426
			89	INJ	DUAL-FREN S.R.		22250600	3001505429
			89	INJ	*COMP-GRBG. JACKS		22250700	3001505429
			90	PM			22250800	3001505428
			91	INJ			22250900	3001505427

SUB AREA - 6108 HOBBS-LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION

HOBBS DISTRICT

MONTH ENDING 01-01-90

FIELD NAME/
LEASE NO. FRS NO.WELL
NO. STATUSCOMMENTS
CONDITIONSEQUENCE
NUMBER

API NUMBER

(1) 100% OWNED AND OPERATED BY TEXACO

92	ASD	UNECON. TO PROD	07-20-88	22251000	3001505431
93	TR-INJ	NO REASON GIVEN	07-25-88	22251100	3001504885
94	TR-O	HELD FOR R.W.	04-04-88	22251200	3001504884
95	TR-INJ	NO REASON GIVEN	07-25-88	22251300	3001505441
96	INJ	DUAL-FREN S.R.		22251400	3001505424
96	INJ	*COMP-GRBG. JACKS		22251500	3001505424
97	SI-O	UNECON. TO PROD	10-01-86	22251600	3001505425
98	INJ			22251700	3001505410
100	INJ			22251800	3001505432
101	PM			22251900	3001590700
102	INJ			22252000	3001505147
103	PM			22252100	3001505148
104	PM			22252200	3001505146
105	INJ			22252300	3001505149
106	PM			22252400	3001520366
107	PM			22252500	3001520410
108	SI-O	UNECON. TO OPER	02-01-89	22252600	3001520406
109	SI-O	UNECON. TO OPER	02-01-89	22252700	3001520468
110	PM			22252800	3001520469
111	PM			22252900	3001520548
112	PM			22253000	3001520549
113	PM			22253100	3001520558

SUB AREA 6108 HOBBS LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION

HOBBS DISTRICT

MONTH ENDING 01-01-90

FIELD NAME/
LEASE NO. FRS NO.WELL
NO.WELL
STATUS

COMMENTS

CONDITION

SEQUENCE
NUMBER

API NUMBER

(1) 100% OWNED AND OPERATED BY TEXACO

114	IR-O	DUAL-FREN S.R. HELD FOR RW 07-01-88.	2253200 2253200	3001520559
114	IR-INJ	*COMP-GRBG.JACKS HELD FOR RW 07-01-88.	2253300 2253300	3001520559
115	PM	DUAL-FREN S.R.	2253400	3001521089
115	PM	*COMP-GRBG.JACKS DHC	2253500 2253500	3001521089
116	PM	DUAL-FREN S.R.	2253600	3001521090
116	PM	*COMP-GRBG.JACKS DHC	2253700 2253700	3001521090
117	PM		2253800	3001522251
118	PM		2253900	3001522252
119	PM		2254000	3001522253
120	PM		2254100	3001522254
121	PM		2254200	3001522255
122	PM		2254300	3001522256
123	SI-O	UNECON. TO PROD 04 01 86	2254400	3001522257
124	PM		2254500	3001522258
125	PM		2254600	3001522259
126	PM		2254700	3001522260
127	PM		2254800	3001522261
128	PM		2254900	3001522262
129	PM		2255000	3001522263
130	PM		2255100	3001522264

SUB-AREA -6108 HOBBS-LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION			HOBBS DISTRICT		MONTH ENDING 01-01-90		SEQUENCE NUMBER	API NUMBER
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION			
(1) 100% OWNED AND OPERATED BY TEXACO								
		131	PM				22255200	3001522265
		132	PM				22255300	3001522266
		133	PM				22255400	3001522267
		134	PM				22255500	3001522268
		135	SI-O	UNECON. TO PROD	03-24-88		22255600	3001522269
		136	PM				22255700	3001522481
		137	PM				22255800	3001522506
		138	SI-O	UNECON. TO PROD	03-24-88		22255900	3001522482
		139	PM				22256000	3001522507
		140	SI-O	UNECON. TO PROD	03-24-88		22256100	3001522509
		141	SI-O	UNECON. TO PROD	03-24-88		22256200	3001522484
		142	PM				22256300	3001522510
		143	PM				22256400	3001522513
		146	PM				22256500	3001522520
		148	PM				22256600	3001522530
		149	PM	DUAL-FREN S.R.			22256700	3001525037
		149	PM	*COMP-GRBG. JACKS DHC			22256800 22256800	3001525037
		150	PM				22256900	3001522483
		151	SI-O	UNECON. TO PROD	04-01-86		22257000	3001522494
		152	SI-O	UNECON. TO PROD	04-01-86		22257100	3001522495
		153	SI-O	UNECON. TO PROD	04-01-86		22257200	3001522531

SUB AREA - 610B HOBBS-LOVINGTON SUB-AREA

TEXACO PRODUCING INC.

MIDLAND DIVISION			HOBBBS DISTRICT		MONTH ENDING 01 01 90		SEQUENCE NUMBER
FIELD NAME / LEASE NO.	LEASE NAME / FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION		
(1) 100% OWNED AND OPERATED BY TEXACO							
		154	SI-O	UNECON. TO PROD	02-01-89	22257300	
		155	SI-O	UNECON. TO PROD	04-01-86	22257400	
		156	PM	DUAL-FREN S.R.		22257500	
		156	PM	*COMP-GRBG. JACKS DHC		22257600 22257600	
		157	PM	DUAL-FREN S.R.		22257700	
		157	PM	*COMP-GRBG. JACKS DHC		22257800 22257800	
		158	PM	DUAL-FREN S.R.		22257900	
		158	PM	*COMP-GRBG. JACKS DHC		22258000 22258000	
		159	PM	DUAL-FREN S.R.		22258100	
		159	PM	*COMP-GRBG. JACKS DHC		22258200 22258200	
		160	PM	DUAL FREN S.R.		22258300	
		160	PM	*COMP-GRBG. JACKS DHC		22258400 22258400	
13	STATE AZ 333000061080013 08213900	1	PM			22258500 22258500 22258500	
		2	PM			22258600	
53	STATE 'BJ' 333000061040004 08221602	1	PM			22258700 22258700 22258700	
54	STATE 'BK' 333000061040005	1	PM			22258800 22258800	

SUB AREA 6108 HOBBBS LOVINGTON SUB-AREA

API NUMBER

3001522532

3001522533

3001525038

3001525038

3001525039

3001525039

3001525040

3001525040

3001525041

3001525041

3001525042

3001525042

3001505163

3001505175

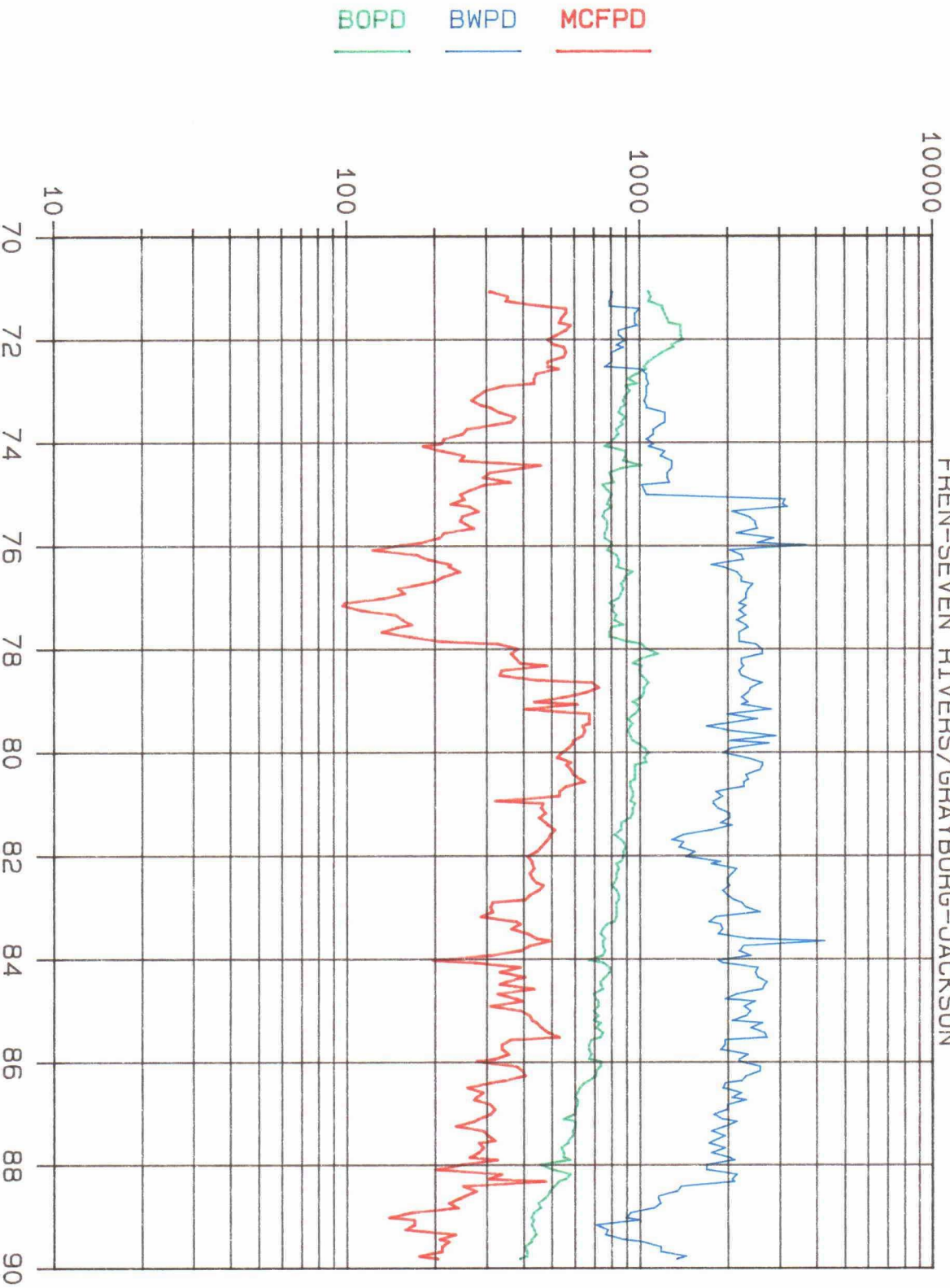
3001520649

3001520722

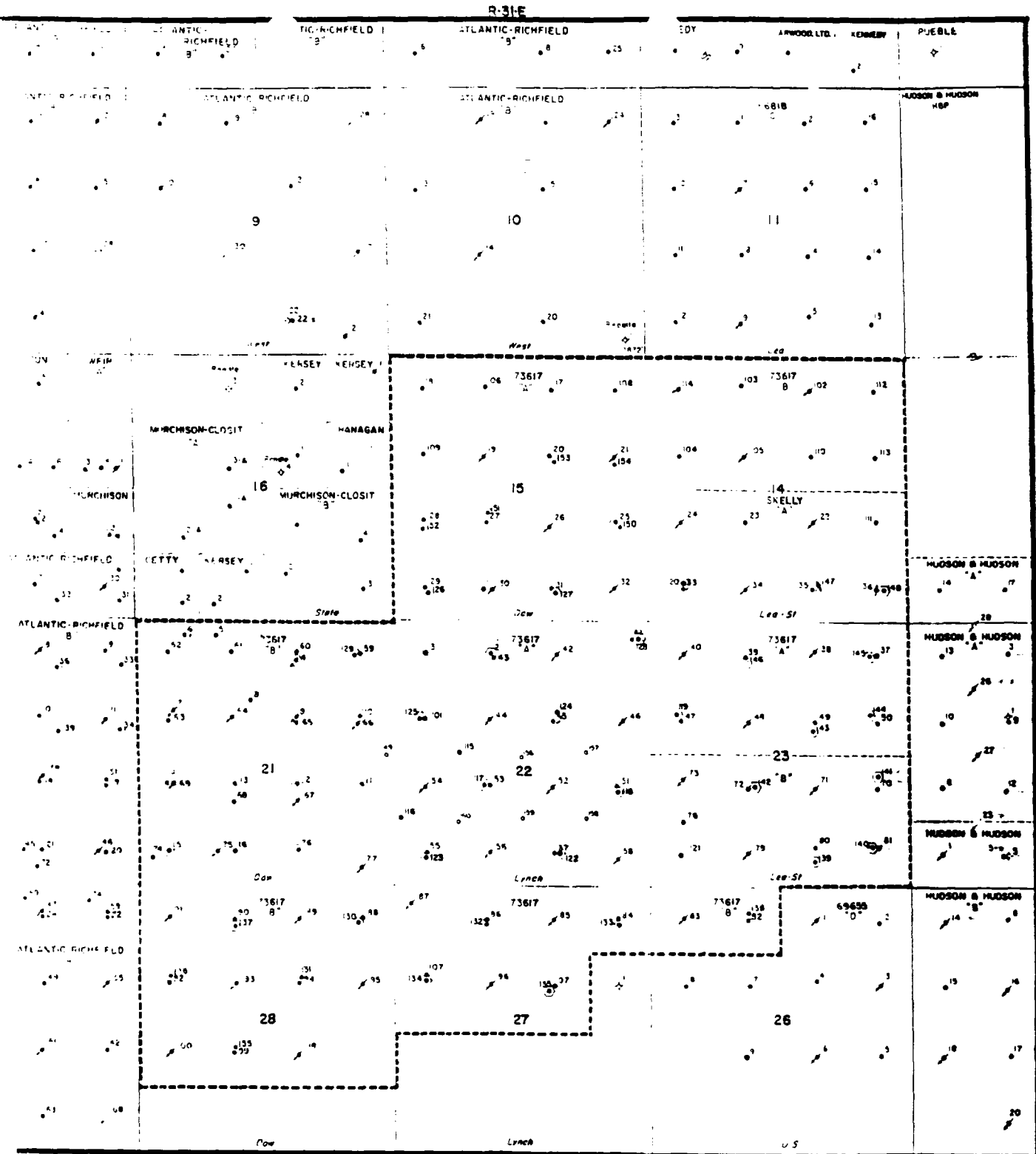
SKELLY UNIT

FREN--SEVEN RIVERS/GRAYBURG--JACKSON

LEASE DATA
 LSE 685460
 FLD
 OPER
 ZONE
 --
 COUNTY
 STATE
 STATUS
 CO 12256 MBO
 CG 15063 MMCF
 BOPD 393
 BWPD 1329
 MCFPD 202
 WELLS 122



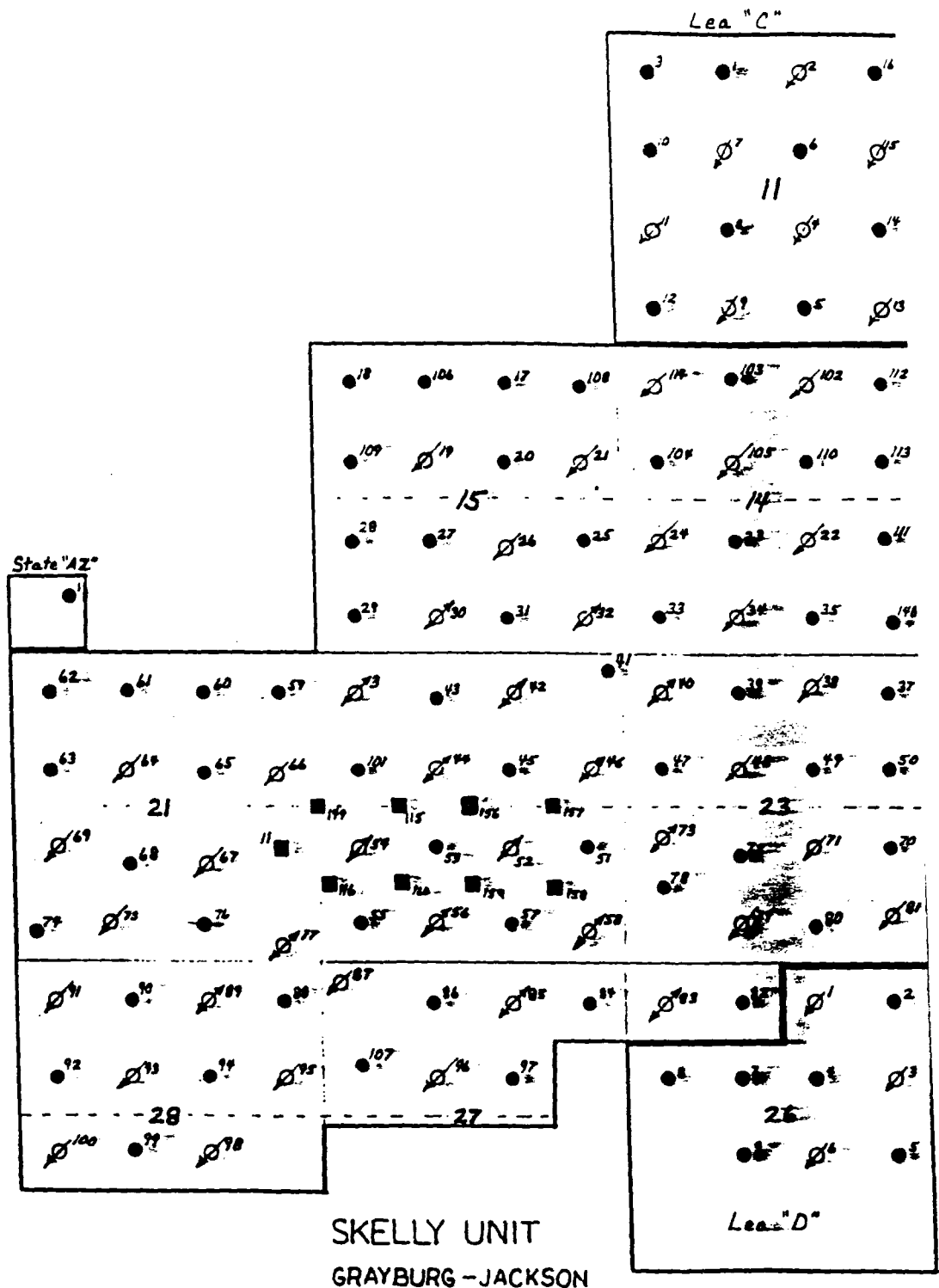
YEARS



Texaco USA

SKELLY UNIT AREA
EDDY COUNTY, NEW MEXICO
SCALE

0 1000 2000 3000 4000

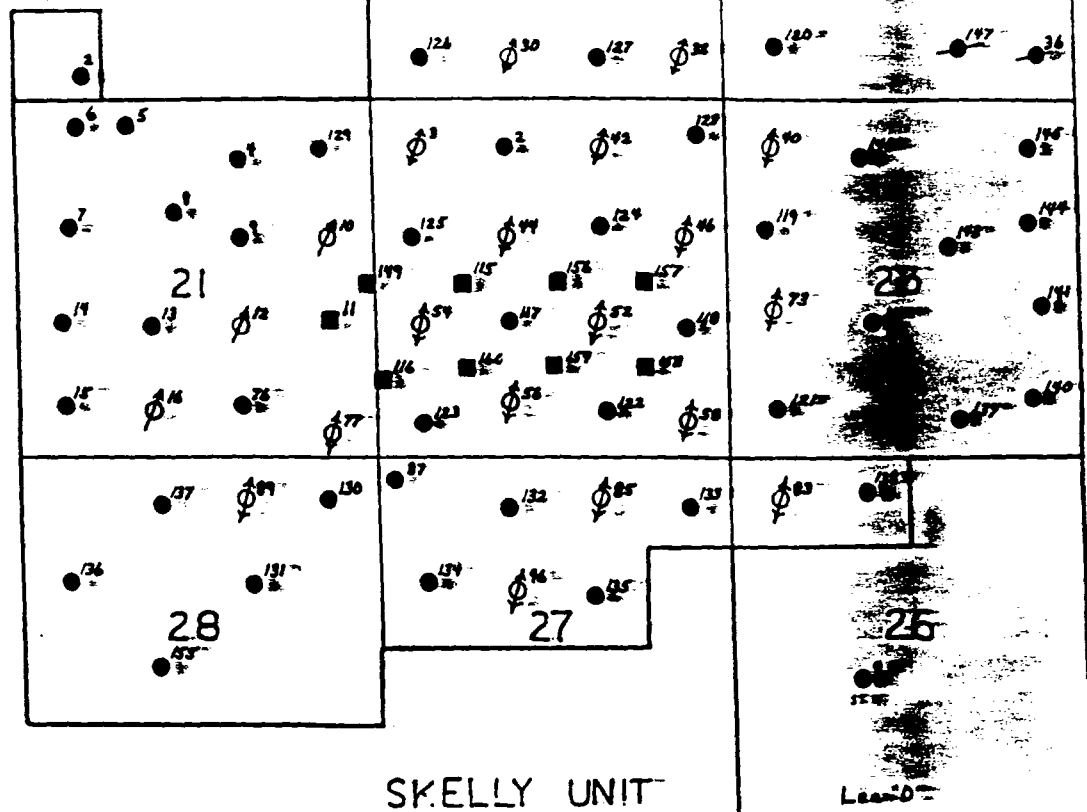


SKELLY UNIT
GRAYBURG-JACKSON

- Grayburg-Jackson Producer
- ⊗ Grayburg-Jackson Injection Well
- ⊗ Dual Seven Rivers, Grayburg-Jackson Injection Well
- Downhole Commingled Producer
- Proposed Downhole Commingled Infill Well

State "AZ"

Lea "C"

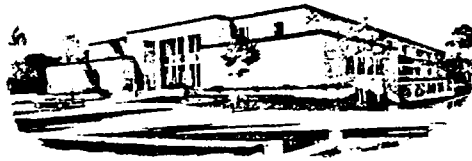


SKELLY UNIT FREN SEVEN RIVERS

- Seven Rivers Producer
- ⊙ Seven Rivers Injector
- ⊗ Dual Seven Rivers, Grayburg-Jackson Injector
- Downhole Commingled Producer
- Proposed Downhole Commingled Infill Producer



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO. 06-753

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

April 6, 1988

Sirgo-Collier, Inc.
ATTENTION: Ms. Leah Atchley
P. O. Box 3531
Midland, Texas 79702

Re: Designation of Successor Unit
Operator by Working Interest
Owners, Skelly Penrose "B" Unit
Lea County, New Mexico

Gentlemen:


This office is in receipt of your letters of February 3, 1988, and March 29, 1988 together with several documents regarding the Designation of Sirgo-Collier, Inc. as Unit Operator of the Skelly Penrose "B" Unit.

As per Article 7 of the Skelly Penrose "B" Unit Agreement, the Commissioner of Public Lands has this date approved the Designation of Sirgo-Collier, Inc. as the Successor Unit Operator to the Skelly Penrose "B" Unit and is effective as of this date.

If we may be of further help please do not hesitate to call on us.

Very truly yours.

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH: FOP, pm
encls.

cc: OCD-Santa Fe, New Mexico

Designation of Successor Unit Operator
by Working Interest Owner

Designation of successor Unit Operator, SKELLY PENROSE "B" UNIT, LEA COUNTY, NEW MEXICO.

This indenture, dated as of the 1st day of January, 1988, by and between SIRGO-COLLIER, INC., hereinafter designated as "First Party", and PENROSE B PARTNERS, INC., the owner of approximately 80% of the unitized working interest, hereinafter designated as "Second Party."

NOTICE IS TAKEN OF THE FOLLOWING FACTS:

1. By Certificate of Approval dated June 11, 1965, and pursuant to Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, NMSA 1953, the Commissioner of Public Lands of the State of New Mexico approved the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, which designates Skelly Oil Company as Unit Operator.

2. Through merger, Texaco Inc. became Unit Operator of the Skelly Penrose "B" Unit.

3. By Letter dated August 7, 1987, Texaco Inc. resigned as Unit Operator of the Skelly Penrose "B" Unit.

4. Penrose B Partners, Inc. has purchased the unitized working interest of Texaco Inc. in said Unit, and the interests of various other owners of unitized working interests, so that the unitized working interest owned by Penrose B Partners, Inc. is now in excess of 80%.

NOW, THEREFORE, in consideration of the premises hereinbefore set forth, and the promises hereinafter stated, pursuant to Section 7 of the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, dated August 1, 1964, PENROSE B PARTNERS, INC. hereby designates SIRGO-COLLIER, INC. as Unit Operator of the Skelly Penrose "B" Unit.

For the same consideration, First Party covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all of the terms of the Skelly Penrose "B" Unit Agreement, and Second Party covenants and agrees that, effective upon approval of this indenture by the Commissioner of Public Lands of the State of New Mexico, First Party shall be granted the exclusive right and privilege of exercising any and

all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Unit Agreement; said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and as effectively as though said Unit Agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth.

"FIRST PARTY"

SIRGO-COLLIER, INC.

By: Brian M. Sirgo
Brian M. Sirgo, Secretary

"SECOND PARTY"

PENROSE/ "B" PARTNERS, INC.

By: M. A. Sirgo III
M. A. Sirgo III, President

THE STATE OF TEXAS)

COUNTY OF MIDLAND)

This instrument was acknowledged before me on the 26th day of January, 1988, by Brian M. Sirgo, Secretary of SIRGO-COLLIER, INC., a Texas corporation, on behalf of said corporation.

My Commission Expires:

2-7-88

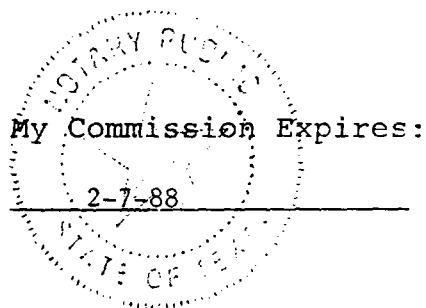
Bonnie Atwater
NOTARY PUBLIC, STATE OF TEXAS

Bonnie Atwater
Typed/Printed Name of Notary

THE STATE OF TEXAS)

COUNTY OF MIDLAND)

This instrument was acknowledged before me on the 26th day of January, 1988, by M. A. Sirgo III, President of PENROSE "B" PARTNERS, INC., a Texas corporation, on behalf of said corporation.



Bonnie Atwater
NOTARY PUBLIC, STATE OF TEXAS

Bonnie Atwater
Typed/Printed Name of Notary

I HEREBY APPROVE THE FOREGOING INDENTURE DESIGNATING SIRGO-COLLIER, INC. AS UNIT OPERATOR UNDER THE UNIT AGREEMENT FOR THE SKELLY PENROSE "B" UNIT, THIS _____ DAY OF _____, 1988.

W. R. Humphries by
* Thomas F. Barber
COMMISSIONER OF PUBLIC LANDS
STATE OF NEW MEXICO

AGH2/033

State of New Mexico



3257

W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

March 11, 1987

Texaco USA
ATTENTION: Mr. Joe E. King
P. O. Box 728
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
Secondary Recovery Unit
1987 Plan of Operations
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1987 Plan of Operations for the Skelly Penrose "B" Secondary Recovery Unit Area, Lea County, New Mexico. Such plan advises that you plan to continue to shut-in producing wells which are determined to be uneconomical and also plug and abandon injectors which were shut-in during 1986. You also plan to squeeze a casing leak on the Unit Well No. 33.


Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
ERNEST VALDEZ, Acting Director
Oil and Gas Division
(505) 827-5744

WRH/EV/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez
Gulram, Inc.

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO OG-726

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

March 24, 1988

Sirgo-Collier, Inc.
Attn: Mr. Victor J. Sirgo
P. O. Box 3531
Midland, Texas 79702

Re: 1988 Plan of Development
Skelly Penrose B Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the above captioned unit area.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM



3257

March 7, 1988

District Supervisor
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: SKELLY UNIT
SECONDARY RECOVERY UNIT
EDDY COUNTY, NEW MEXICO

Gentlemen:

Texaco as operator and 100% working interest owner of the Skelly Unit respectfully submits for your approval a report of past operations and a plan of operation and development for 1988. The Unit Agreement for the Skelly Unit was approved by the Director of the United States Geological Survey and became effective February 28, 1939.

PAST OPERATIONS

Skelly drilled and completed the first well in the Grayburg-Jackson Pool during 1927. Drilling continued throughout the years and during 1971, eight (8) development wells were drilled and completed in the northern area of the Skelly Unit. One (1) Seven-Rivers completion was made in Well No. 114. Also, during 1974, infill Well Nos. 115 and 116 were drilled in the southeast portion of the unit and were completed in the Grayburg-Jackson pay. These wells were drilled in an effort to evaluate the effectiveness of the waterflood as well as to gain more favorable economics for the project.

Grayburg-Jackson Pool cumulative oil production prior to the start of water injection on April 1, 1965, was 4,324,239 barrels. As of December 1, 1987, the cumulative was 9,301,693 barrels. The average daily production rate during November, 1987 was 289 BOPD.

The Fren-Seven Rivers Pool cumulative oil production prior to the start of water injection on May, 1974, was 914,759 barrels and as of December 1, 1987, amounted to 2,458,704 barrels. Daily average producing rate for the Fren-Seven Rivers Pool during November, 1987, was 288 BOPD.

Skelly began injecting water into six (6) Grayburg-Jackson wells during April, 1965. Two (2) additional wells were converted to injectors in July, 1967. During 1968, two (2) water injection plants and distribution systems were installed, and the waterflood was further expanded to include a total of 33 injection wells. During 1969 and 1970, lease line agreements were finalized with respect to the west boundary of Section 21 and 28, along with portions of the south and east boundaries of Section 23; these agreements with offsetting operators provided for the conversion of Skelly Unit Well Nos. 69, 79, 81, 91 and 100 to water injection services. Well Nos. 3, 102, and 114 were converted to injection in 1973. Presently, there are 39 Grayburg-Jackson and 19 Fren-Seven Rivers injection wells, 62 Grayburg-Jackson and 58 Seven-Rivers production wells in operation in the unit.

Commencing in 1973, all produced water is routed through the west (Plant No. 2) injection station. Only fresh water is being injected by the east (Plant No. 1) injection station.

During May, 1974, water injection was commenced into the Fren-Seven Rivers Pool into Well No. 10. The pilot was completed with injection into all six wells with the completion of Well No. 89 in February, 1975. Injection response occurred in September, 1975.

Grayburg-Jackson cumulative water injection to December 1, 1987, was 42,925,025 barrels. The average injection rate during November was 3787 BWPD at an average pressure of 1975 psi.

Cumulative water injection to December 1, 1987, in the Fren-Seven Rivers Pool was 16,134,053 barrels. Average injection rate during November, 1987, was 2080 BWPD at an average wellhead pressure of 1300 psi.

Grayburg-Jackson and Fren-Seven Rivers oil production was surface commingled during 1973. Commingling of the two pools' production has provided for a more economical operation of the Skelly Unit. Test facilities on the Skelly Unit were expanded to accommodate the additional Fren-Seven Rivers production. Two Lact Units and net oil computers were installed to provide for more efficient well testing and production handling.

March 7, 1988

Under the Fren-Seven Rivers expansion, a total of 28 new wells were drilled and completed. These wells were drilled as twins to the older Grayburg-Jackson wells. In 1979, injection wells for the Seven-Rivers project were made from Grayburg-Jackson injection wells by dual completion. The wells which were converted were Well Nos. 3, 30, 40, 42, 44, 46, 52, 56, 58, 73, 83, 85, and 96.

In 1985, six infill wells were drilled. These wells were drilled to the Grayburg-Jackson. They were completed in the Grayburg-Jackson, then tested, a plug was set above the Grayburg, and they were then completed in the Seven-Rivers. After stabilized production, these wells were down hole commingled.

In 1987, Well No. 53 was converted to water injection to help evaluate the possibility of five spot 40 acre flood patterns for the Grayburg Formation.

DEVELOPMENT PLANS FOR 1988

Plans for 1988 include the possible conversion, to water injection, of Well No. 117. This well's conversion will help evaluate the five spot 40 acre flood pattern for the Seven Rivers Formation. Another possible conversion would be the conversion of Well No. 8 to water injection.

Well No. 91 is currently being studied for recompletion into the Seven-Rivers. Other wells are being evaluated for additional perforations in the Penrose.

Step rate test will continue to be run on the Seven-Rivers wells to apply for a higher injection pressure. Other plans include monitoring the flood with injection surveys, stimulations and cleanouts and to maintain a surveyance on casing leaks.

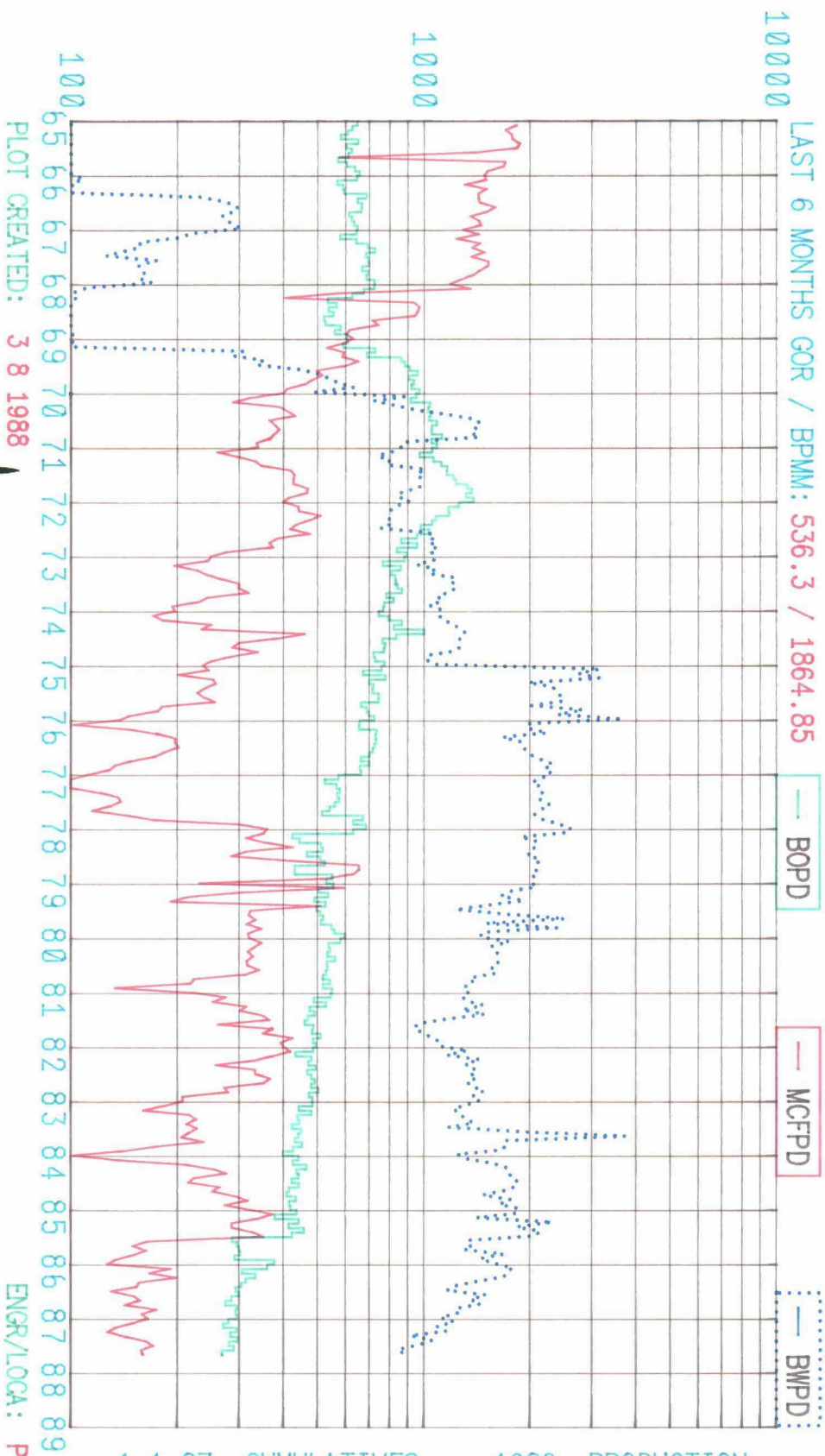
Yours very truly,



PWS/jss

Attachments

PROPERTY NAME: SKELLY UNIT
 FIELD NAME: GRAYBURG JACKSON TRVS-QN-GB-SA
 OPERATOR NAME: TEXACO PRODUCING CO.
 PRODUCING WELLS YTD: 60

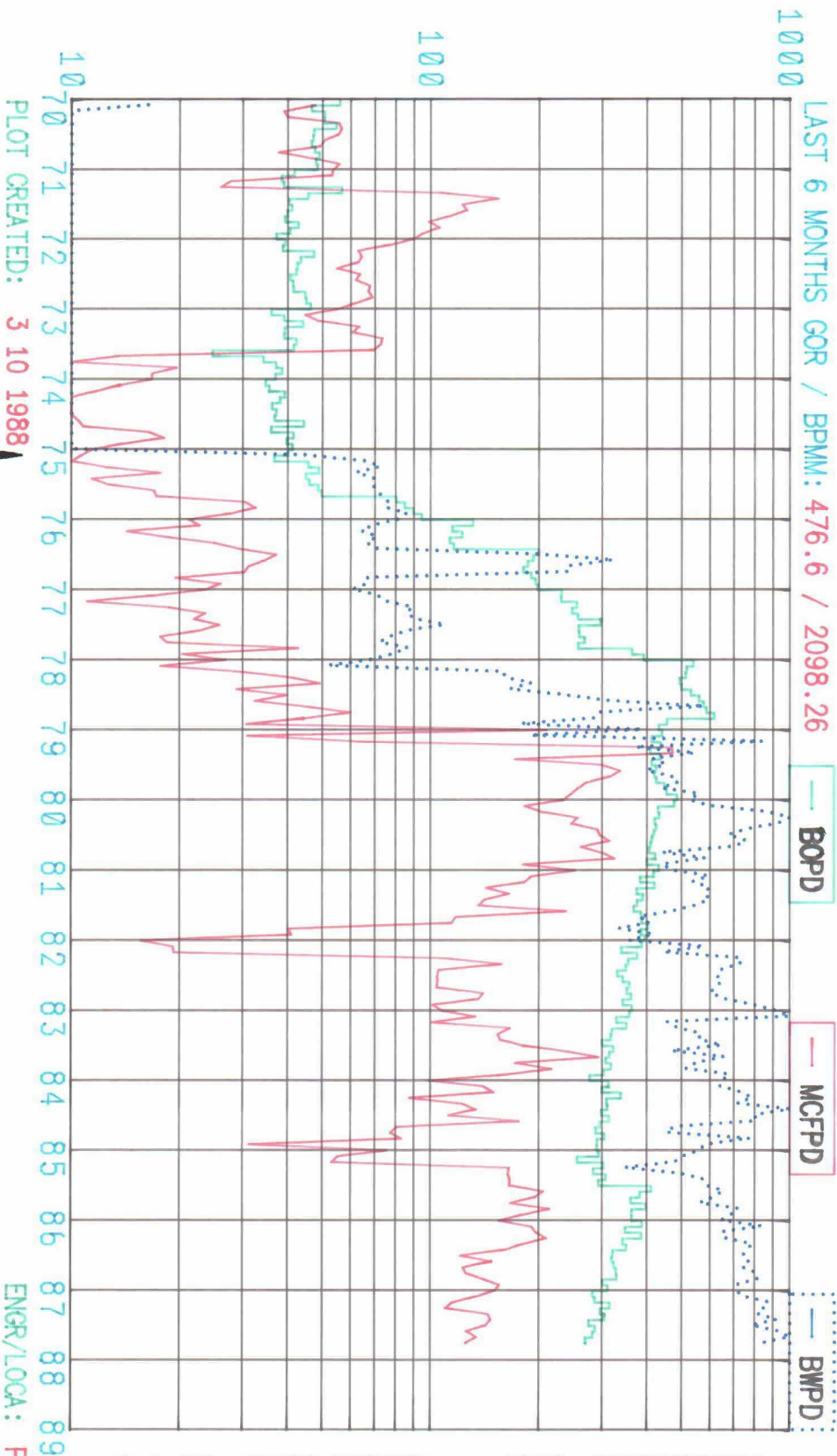


ENGR/LOCA: PWS / HBS

1-1-87 CUMULATIVES:	1986 PRODUCTION:
OIL : 8104.799 MBBLs	OIL : 111568 BBLS
GAS : 6086.177 MMCF	GAS : 59312 MCF
WAT : 10006.029 MBBLs	WAT : 514611 BBLS

PROPERTY NAME: SKELLY UNIT
 FIELD NAME: FREN SEVEN RIVERS
 OPERATOR NAME: TEXACO PRODUCING CO.
 PRODUCING WELLS YTD: 49

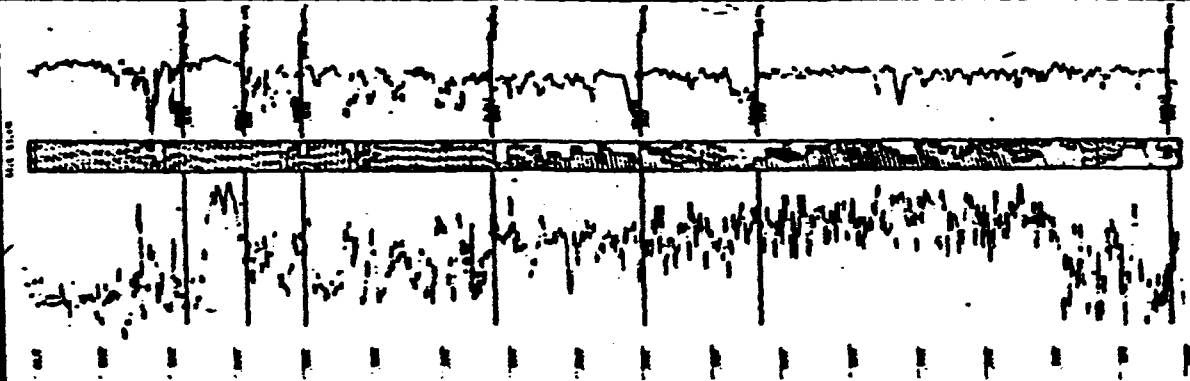
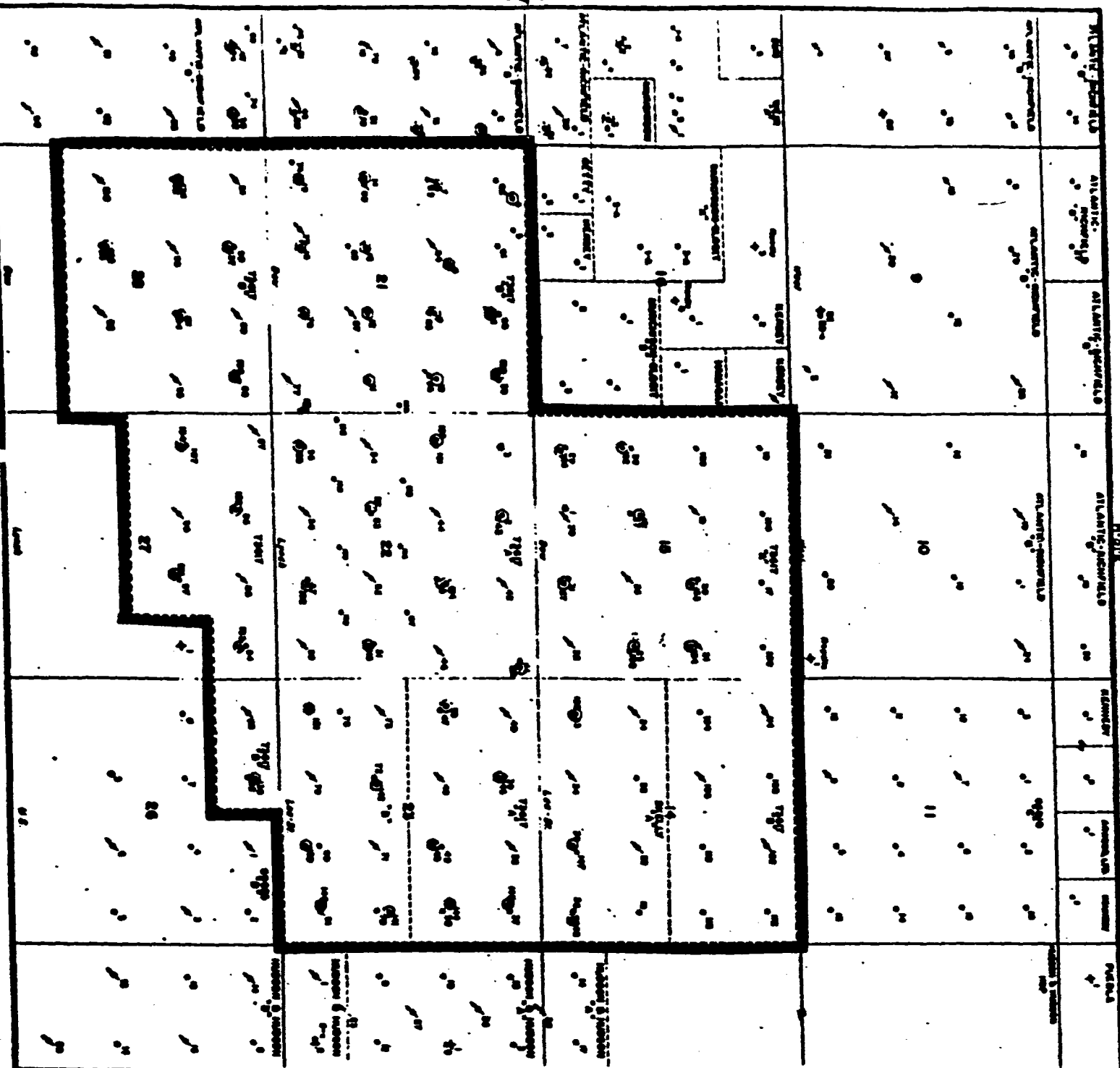
LAST 6 MONTHS GOR / BPMM: 476.6 / 2098.26



1-1-87 CUMULATIVES:		1986 PRODUCTION:	
OIL : 2384.078	MBBLS	OIL : 123523	BBLS
GAS : 1834.456	MMCF	GAS : 57931	MCF
WAT : 2008.017	MBBLS	WAT : 273549	BBLS

PLOT CREATED: 3 10 1988

ENGR/LOCA: PWS / HBS



UNIT 100
RANGE 100

State of New Mexico



#3257

JIM BACA
COMMISSIONER

Commissioner of Public Lands

February 18, 1986

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Texaco USA
P. O. Box 728
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
Secondary Recovery Unit
Lea County, New Mexico

ATTENTION: Mr. Joe E. King

Gentlemen:

The Commissioner of Public Lands has this date approved your 1986 Plan of Development for the Skelly Penrose "B" Unit Area, Lea County, New Mexico. Such plan proposes to abandon 10 uneconomical producing wells and abandon 9 injection wells which are not supporting producing wells. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

State of New Mexico

#3257



JIM BACA
COMMISSIONER



Commissioner of Public Lands
March 19, 1984

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery User
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
1984 Plan of Development
Lea County, New Mexico

ATTENTION: Mr. W. A. Finka

Gentlemen:

The Commissioner of Public Lands has this date approved your 1984 Plan of Development and Operation for the Skelly Penrose "B" Unit, Lea County, New Mexico. Such plan proposes to evaluate the unit for the purpose of streamlining the flood and perform a workover on the Unit Well No. 43. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm

encls.

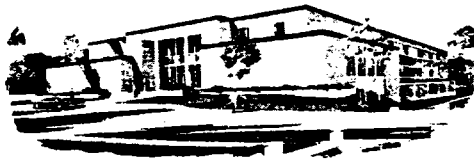
cc: OCD-Santa Fe, New Mexico
 BLM-Albuquerque, New Mexico
 BLM-Roswell, New Mexico Attn: Mr. Armando Lopez

State of New Mexico

#3257



JIM BACA
COMMISSIONER



Commissioner of Public Lands

February 2, 1983

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
1983 Plan of Development
Lea County, New Mexico

ATTENTION: Mr. Dale R. Crockett

Gentlemen:

The Commissioner of Public Lands has this date approved your 1983 Plan of Development and Operation for the Skelly Penrose "B" Unit, Lea County, New Mexico. Such plan proposes to activate the Skelly Penrose B No. 13 well, select two wells for fracture jobs, monitor the injection of the unit, and watch all wells for corrosion tendencies. Our approval is subject to like approval by the United States Minerals Management Service and the New Mexico Oil Conservation Division

Enclosed is an approved copy for your files.

Very truly yours,

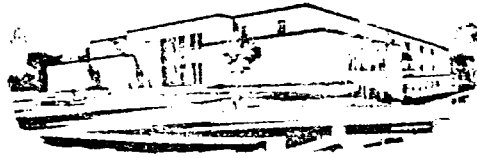
JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-5744

JB/FOP/pm
encls.
cc:

OCD-Santa Fe, New Mexico
USMMS-Albuquerque, New Mexico
Administration

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

May 7, 1982

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501
87504-1148

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
1982 Plans of Development
Lea County, New Mexico

3257

ATTENTION: Mr. Dale R. Crockett

Gentlemen:

The Commissioner of Public Lands has this date approved your 1982 Plans of Development for the Skelly Penrose "B" Unit Lea County, New Mexico. Such plan proposes to clean out and acidize 19 injection wells, monitor injection to determine flood efficiency and replace several injection lines in the north end of the flood. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the United States Minerals Management Service.

Enclosed is one approved copy for your files.

Your filing fee in the amount of Three (\$3.00) Dollars has been previously received.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-2748

AJA/FOP/pm
encls.
cc:

OCD-Santa Fe, New Mexico
USMMS-Albuquerque, New Mexico
Administration

MAR 22 1982

Getty Oil Company
Attention: Dale R. Crockett
P. O. Box 730
Hobbs, New Mexico 88240

Gentlemen:

An approved copy of your 1982 Plan of Development for the Skelly
Penrose "B" unit area, Lea County, New Mexico is enclosed. Such plan,
proposing that 19 injection wells will be cleaned out and acidized
and that some injection lines in the north end of the unit will be
replaced, was approved on this date subject to like approval by the
appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) JAMES W. SHELTON

FOR Gene F. Daniel
Deputy Minerals Manager
Oil and Gas

Enclosure

cc:
Comm of Public Lands, Santa Fe
NMOCD, Santa Fe
DS, Roswell (w/enc1)

Getty Oil Company

January 8, 1972

Central Exploration and Production Division
P.O. Box 730
Hobbs, New Mexico 88240

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

United States Geological Survey (3)
Conservation Division
P.O. Box 26124
Albuquerque, New Mexico 87125

Oil Conservation Division (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Getty Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1981.

Past Operations

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966 work began to install injection facilities for full scale waterflood operations. Presently, there are (31) production wells and (26) injection wells in the waterflood.

Cumulative oil production from the unit since unitization has been 1,514,581 bbls. As of December 1, 1981 the cumulative water injection was 32,572,345 bbls. Average daily production for the unit for the month of November 1981 was 121 BOPD and 2514 BWPD. Daily injection was 4154 BWPD at 1800 psi.

In 1981 wells #30, #35 and #37 had casing leaks. These casing leaks were repaired. Also, wells #2 and #4 were fraced. Numerous wells have had rod and tubing replacements as a result of corrosion.

Plans for 1982

In 1982 (19) injection wells on the Skelly Penrose B will be cleaned out and acidized. After monitoring injection for a period of time, injection profiles will be run to determine flood efficiency. After survey results, any corrective measures needed will be taken to improve flood performance.

Also in 1982 several injection lines will be replaced in the north end of the flood. These lines are experiencing numerous failures. The failures hamper the injection on the flood due to down time needed to repair line leaks.

Both of the above mentioned projects will begin early in 1982.

All wells will be closely watched for corrosion tendencies and tubing and rod replacements will be done as needed.

Very truly yours,

GETTY OIL COMPANY

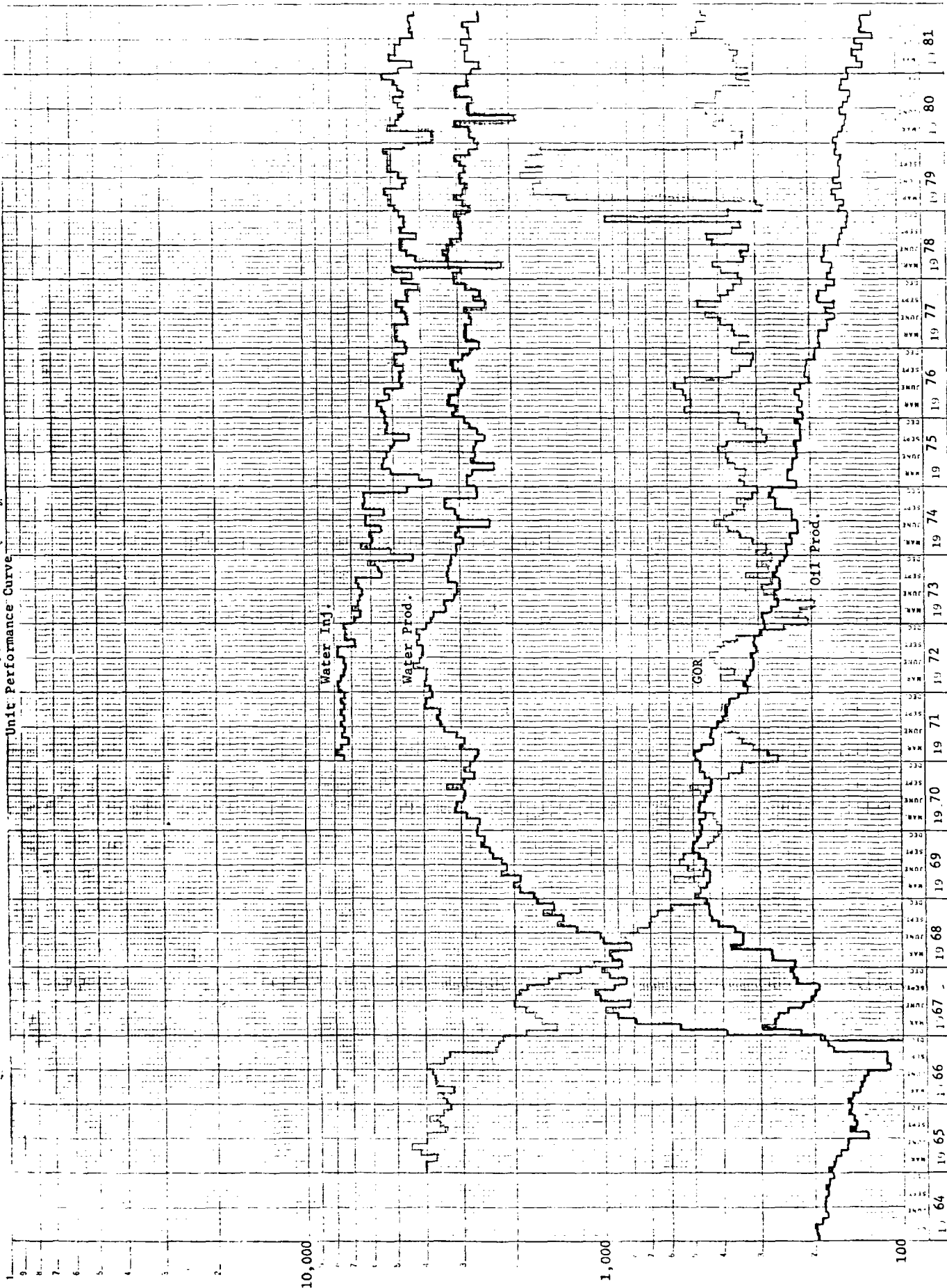
A handwritten signature in dark ink, appearing to read "Dale R. Crockett", with a stylized flourish at the end.

Dale R. Crockett
Area Superintendent

PB
PB/ly

Skelly Penrose "B" Unit
Langlie Mattix Field
Lea County, New Mexico

Unit Performance Curve

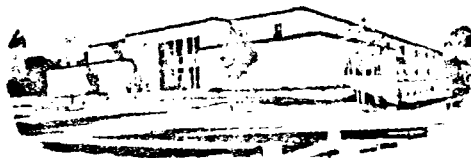


Oil and Water Production (BBL/Day), Gas-Oil Ratio (SCF/BBL), Water Injection (BBL/Day)

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

February 18, 1981

3257

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
Lea County, New Mexico
1981 PLAN OF DEVELOPMENT

ATTENTION: Mr. Dale R. Crockett

Gentlemen:

The Commissioner of Public Lands has this date approved your 1981 Plan of Development for the Skelly Penrose "B" Unit, Lea County, New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is one approved copy for your files.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:

RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
encls.
cc:

OCD-Santa Fe, New Mexico
USGS-Roswell, New Mexico
USGS-Albuquerque, New Mexico

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 20, 1981

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Attention: Dale R. Crockett

Re: Case No. 3257
Skelly Penrose "B" Unit
1981 Plan of Development
and Operation

Gentlemen:

We hereby approve the 1981 Plan of Development and Operation for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

Two approved copies of the Plan of Development are returned herewith.

Yours very truly,

JOE D. RAMEY
Director

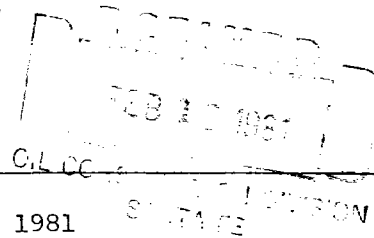
JDR/EP/fd
enc.

cc: U.S.G.S. - Albuquerque
Commissioner of Public Lands

C
O
P
Y



Getty Oil Company



Central Exploration and Production Division

January 30, 1981

P. O. Box 730
Hobbs, New Mexico 88240

3251

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

1/2
2/18/81

Commissioner of Public Lands (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Division (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Getty Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1981.

Past Operations

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full scale waterflood operations. Presently, there are (31) production wells and (26) injection wells in the waterflood.

Cumulative oil production from the unit since unitization has been 1,465,903 bbls. as of December 1, 1980. The cumulative water injection as of December 1, 1980 was 30,892,435 bbls. Average daily production for the unit for the month of November, 1980, was 152 BOPD and 2800 BWPD. Daily injection was 4900 BOPD at 1800 psi.

In 1980, several wells had water flow problems. As a result, these wells had cement brought to the surface in order to shut off these waterflows. Also, a few wells had rods and tubing replaced as a result of corrosion. Also, casing leaks were cemented as needed.

Plans for 1981

In 1981, the Skelly Penrose "B" Unit will be closely monitored for water flows and casing leaks. Workovers are planned for wells #30, #35, and #37,

which all have casing leaks. The casing will be squeezed and cement will be brought to the surface. Rod and tubing replacements will be made on wells #3, #15, #35 and #60. All wells will be monitored for corrosion tendencies and treated accordingly.

Injection profiles and temperature surveys will be run on injection wells as needed. After survey results, any corrective measures needed will be taken to improve flood efficiency. Also, the unit is being reviewed by our area and district staff. Upon completion of the study, if it is possible that significant changes will be made in flood operations.

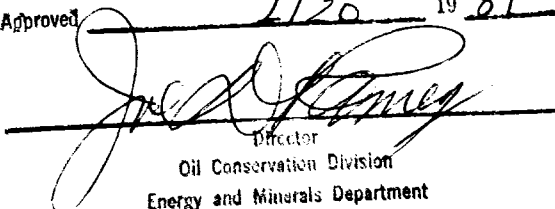
Very truly yours,

GETTY OIL COMPANY



Dale R. Crockett
Area Superintendent

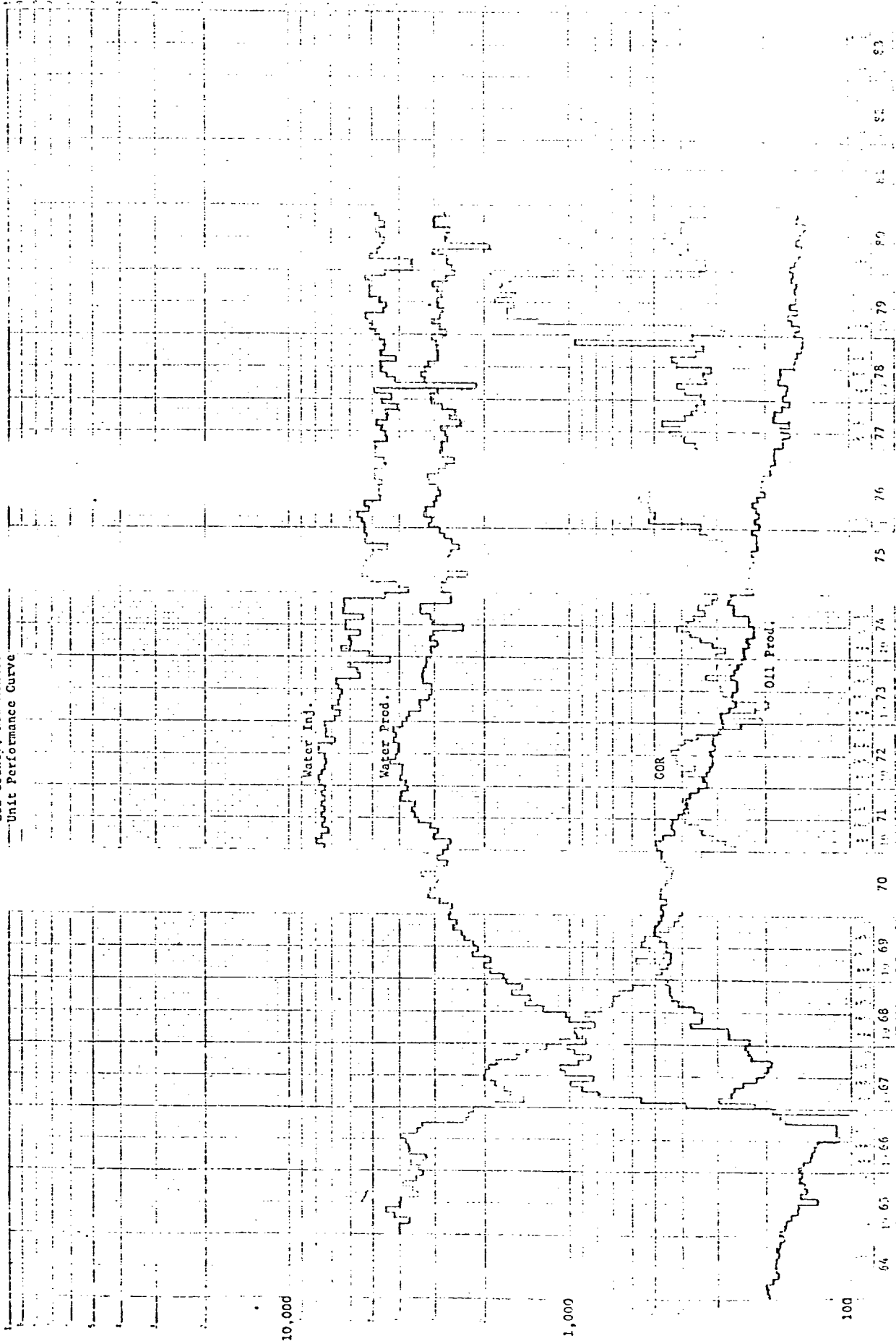
PJB/ly

Approved 2/20 19 81

Director
Oil Conservation Division
Energy and Minerals Department

THIS APPROVAL IS SUBJECT TO THE APPROVAL
OF THE STATE OF TEXAS
BY THE COMMISSIONER OF THE REVENUE
AND TAXATION

Oil and Water Production (bbl/day), Gas-Oil Ratio (SCF/bbl), Water Injection (bbl/day)

Skelly Penrose "B" Unit
Langlie Mattix Field
Lea County, New Mexico
Unit Performance Curve



ILLEGIBLE

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 24, 1980

July 1, 1980

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Attention: Dale R. Crockett

Re: Case No. 3257
Skelly Penrose "B" Unit
1980 Plan of Development
and Operation

Gentlemen:

We hereby approve the 1980 Plan of Development and Operation for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

Two approved copies of the Plan are returned herewith.

Yours very truly,

JOE D. RAMEY
Director

JDR/EP/fd
enc.

cc: U.S.G.S. - Roswell
Commissioner of Public Lands

C
O
P
Y



Getty Oil Company

Central Exploration and Production Division
P. O. Box 730
Hobbs, New Mexico 88240

May 28, 1980

FILE: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Division (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Getty Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1980.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full scale waterflood operations. Presently, there are 31 production wells and 26 injection wells in the waterflood.

Cumulative oil production from the unit since unitization has been 1,415,185 as of January 1, 1980. The cumulative water injection as of January 1, 1980 was 29,259,164 bbls. Average daily production for the unit was 160 BOPD and 2600 BWPD. Average daily injection was 5300 BWPD at 1800 psi.

PLANS FOR 1980


Skelly Penrose "B" #27, #30, and #39 will be cemented to shut off water channelling. Also Well #35 will be closely checked for continuing corrosion tendencies and then will be treated according to recommendations from Baroid. Also Wells #13, #24, #26, #48, and #55 will be reviewed for possible remedial work.

Page 2
May 28, 1980

A study of this flood is being completed by the district staff. After the study, it is possible that significant changes will be made in flood operations.

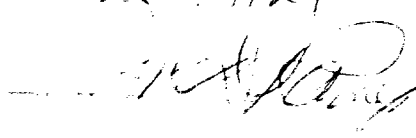
Very truly yours,

GETTY OIL COMPANY



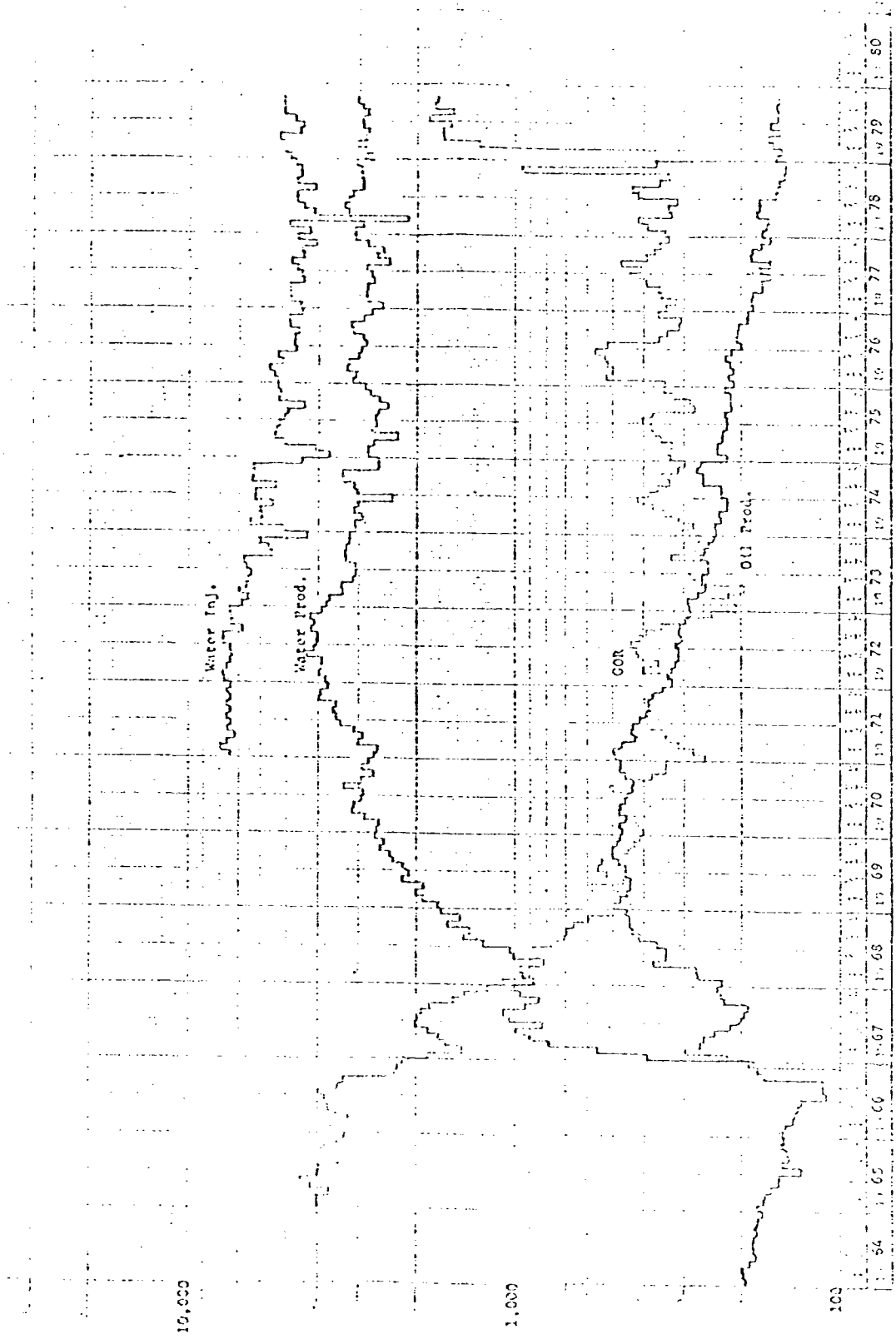
Dale R. Crockett
Area Superintendent

PJB/de

9/24 80

10/1/80

Santa Fe Wells
 Los Alamos, New Mexico
 Unit Performance Curve

Oil and Water Production (bbl/day), Gas-Oil Ratio (GGR), Water Injection (bbl/day)



ILLEGIBLE



3257

Getty Oil Company

Central Exploration and Production Division
P. O. Box 730
Hobbs, New Mexico 88240

December 3, 1979

FILE: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Division (3)
of the State Of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Getty Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1979. ✓

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full scale waterflood operations. Presently, there are 31 production wells and 26 injection wells in the waterflood.

Cumulative oil production from the unit since unitization was 1,405,411 bbls. as of November 1, 1979. The cumulative water injection as of November 1, 1979, was 28,957,814 bbls. Average daily production for the unit for the month of October was 154 BOPD and 3,075 BWPD. Average daily injection was 5053 BWPD at 1800 psi.

Over the past few years, the O.C.D. has been using Skelly Penrose "B" #46 and #52 to monitor water flows in the Eunice Area. However, at this time the O.C.D. has requested that these water flows be shut off and the monitoring of these flows will be discontinued. Therefore, these wells will have cement brought to the surface in order to shut off these water flows.

Page 2
December 3, 1979

PLANS FOR 1980

Skelly Penrose "B" #60 will be cemented to shut off water channelling. Also well #35 will be closely checked for continuing corrosion tendencies and then will be treated according to recommendations from Baroid.

A study of this flood is being completed by the district staff. After the study, it is possible that significant changes will be made in flood operations. Until then, however, operations will remain unchanged.

Very truly yours,

GETTY OIL COMPANY

Dale R. Crockett

Dale R. Crockett
Area Superintendent

PJB/de

Approved

9/24

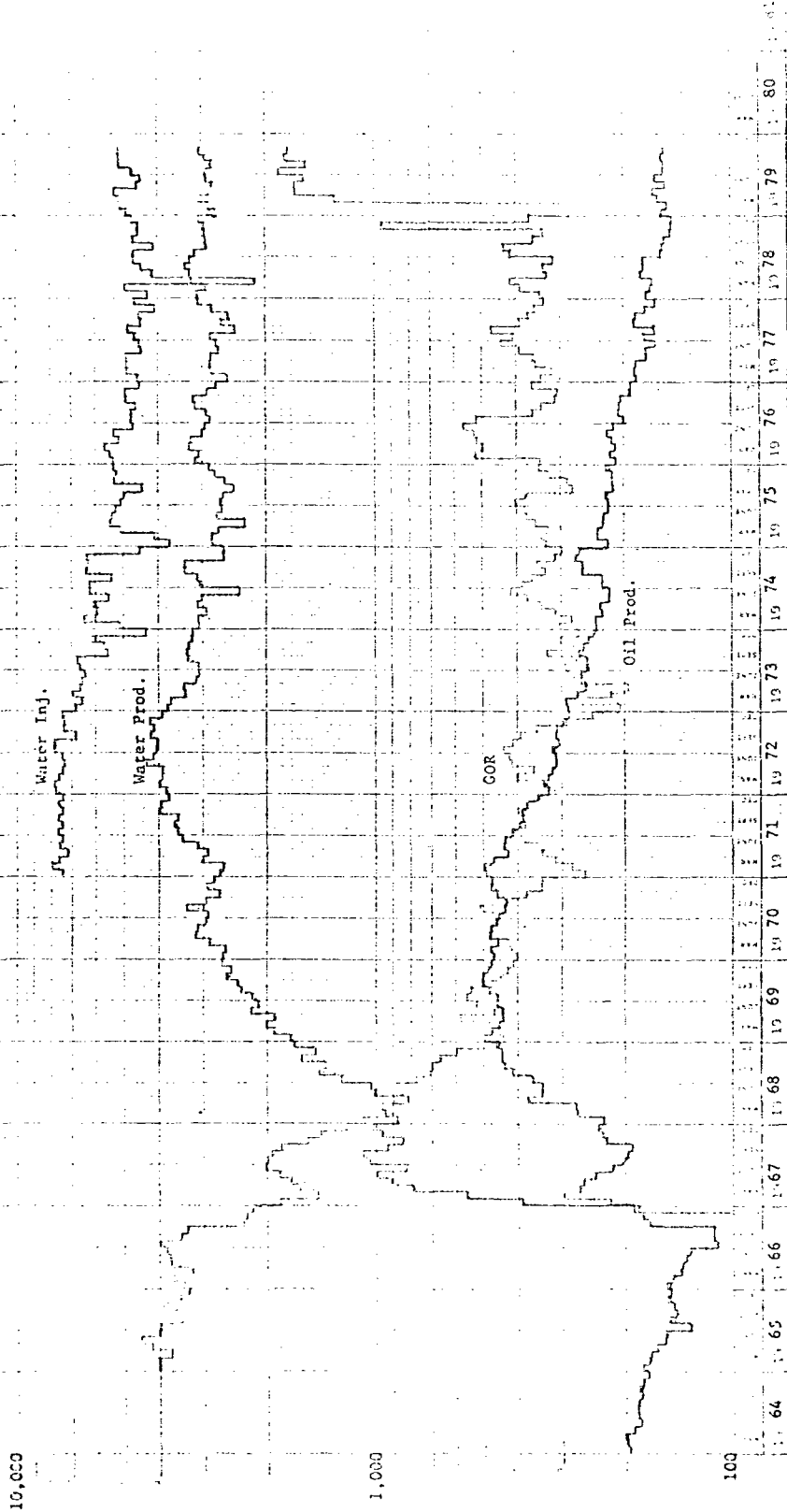
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Joe J. Stines
Director
Oil Conservation Division
Energy and Minerals Department

THE FOLLOWING IS A SUMMARY OF THE APPROVAL
AND DISAPPROVAL OF THE PROPOSAL
AND THE REASONS THEREFOR.

Skelly Fenrose "B" Unit
 Langlie Matrix Field
 Lea County, New Mexico
 Unit Performance Curve

Oil and Water Production (BBL/Day), Gas-Oil Ratio (SCF/BBL), Water Injection (PRL/Day)



ILLEGIBLE

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 124, 1980

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Attention: Dale R. Crockett

Re: Case No. 3257
Skelly Penrose "B" Unit
1979 Plan of Development
and Operation

Gentlemen:

We hereby approve the 1979 Plan of Development and Operation for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

Two approved copies of the Plan are returned herewith.

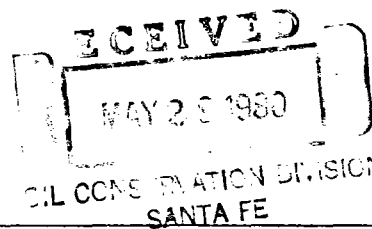
Yours very truly,

JOE D. RAMEY
Director

JDR/EP/fd
enc.

cc: U.S.G.S. - Roswell
Commissioner of Public Lands

C
O
P
Y



Getty Oil Company

Central Exploration and Production Division
P. O. Box 730
Hobbs, New Mexico 88240

May 28, 1980

FILE: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Division (3)
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the development and operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Getty Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1979.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full scale waterflood operations. Presently, there are 31 production wells and 26 injection wells in the waterflood.

Cumulative oil production from the unit since unitization was 1,405,411 bbls. as of November 1, 1979. The cumulative water injection as of November 1, 1979, was 28,957,814 bbls. Average daily production for the unit for the month of October was 154 BOPD and 3,075 BWPD. Average daily injection was 5,053 BWPD at 1800 psi.

PLANS FOR 1979

Over the past few years, the OCD has been using Skelly Penrose "B" #46 and #52 to monitor water flows in the Eunice area. However, in 1979, the OCD requested that these water flows be shut off and the monitoring of these flows be discontinued. Therefore, these wells will have cement brought to the surface in order to shut off these water flows.

Approved

9/24 19 80

Dale R. Crockett
Oil Conservation Division
Energy and Minerals Department

Very truly yours,

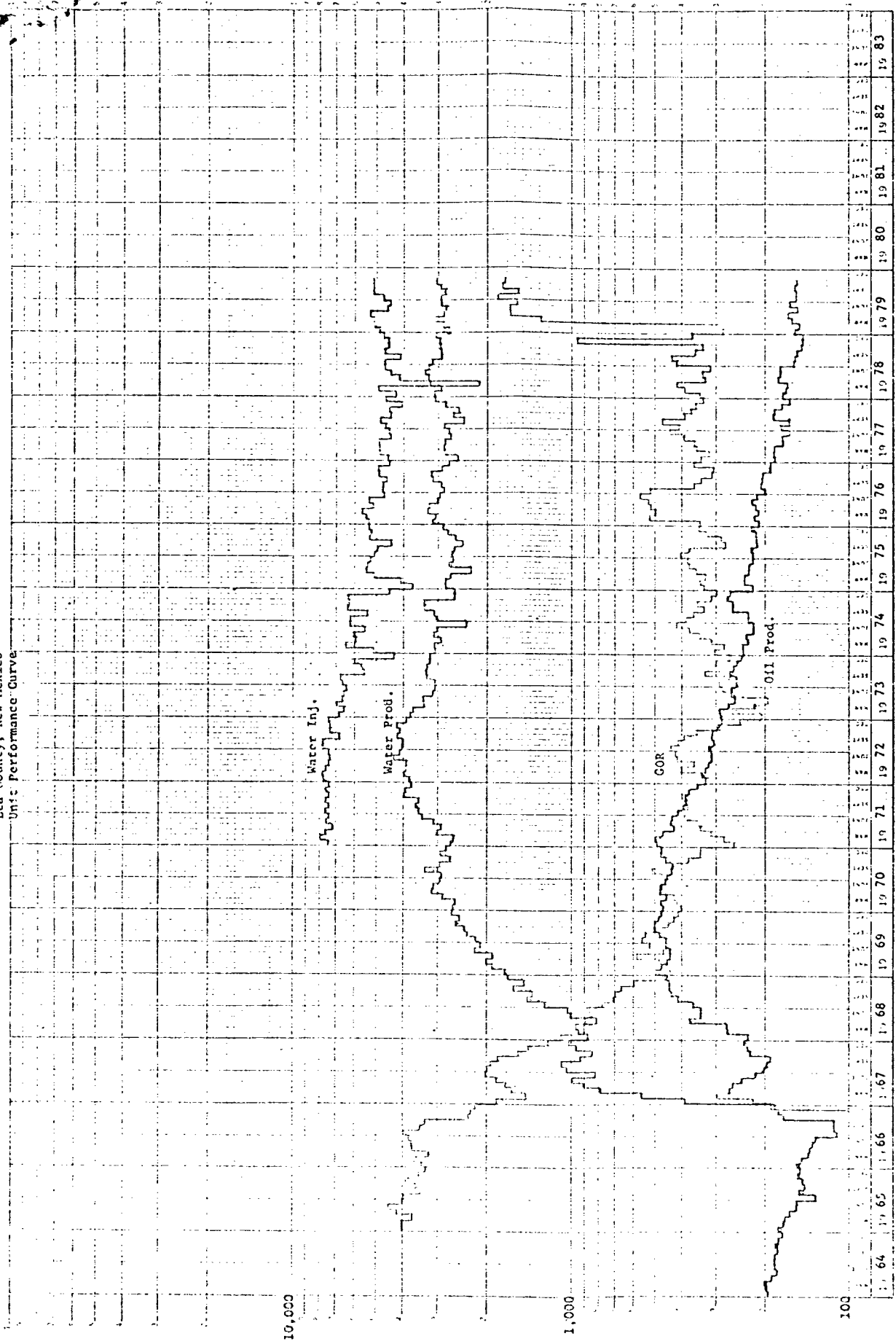
GETTY OIL COMPANY

Dale R. Crockett
Area Superintendent

#22007 3257
OK ft.
approval
3/10
-1/100

Skelly Penrose "B" Unit
 Lang-le Mattox Field
 Lea County, New Mexico
 Unit Performance Curve

Oil and Water Production (BBL/Day), Gas-Oil Ratio (SCF/BBL), Water Injection (PRL/Day)

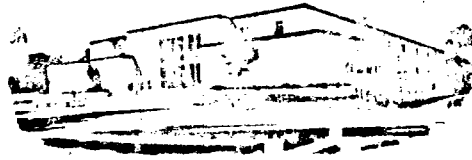


ILLEGIBLE

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands
June 2, 1980

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

#3257

Re: Skelly Penrose "B" Unit
Lea County, New Mexico
1980 Plan of Development

ATTENTION: Mr. Dale R. Crockett

Gentlemen:

The Commissioner of Public Lands has this date approved your 1980 Plan of Development for the Skelly Penrose "B" Unit, Lea County, New Mexico. Such plan calls for Wells #27, #30, and #39 will be cemented to shut off water channelling. Also Well #35 will be closely checked for continuing corrosion tendencies and then will be treated according to recommendations from Baroid. Also Wells #13, #24, #26, #48, and #55 will be reviewed for possible remedial work. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is one approved copy for your records.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

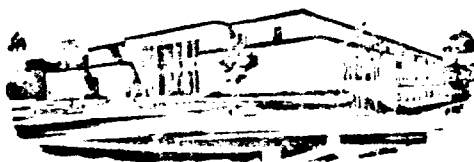
AJA/RDG/s
encls.
cc:

OCD-Santa Fe, New Mexico

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

June 2, 1980

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
Lea County, New Mexico
1979 PLAN OF DEVELOPMENT

ATTENTION: Mr. Dale R. Crockett

Gentlemen:

The Commissioner of Public Lands has this date approved your 1979 Plan of Development for the Skelly Penrose "B" Unit, Lea County, New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is one approved copy of the plan.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
encls.
cc:

OCD-Santa Fe, New Mexico

#3257



PHIL R. LUCERO
COMMISSIONER

State of New Mexico



Commissioner of Public Lands

November 18, 1977

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Getty Oil Company
P. O. Box 1231
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
Lee County, New Mexico
Plan of Development and
Operation for 1978

ATTENTION: Audra B. Cary

No. 3257

Gentlemen:

The Commissioner of Public Lands has this date approved your Plan of Development and Operation for the Skelly Penrose "B" Unit, Lee County, New Mexico. Such plans are to continue operations under the planned flood pattern into the Twenty-Six wells now on injection. It is also planned to run injection surveys on all the wells which have not been surveyed during the past few years. This approval is subject to like approval by the United States Geological Survey and the New Mexico Oil Conservation Commission.

Enclosed is one approved copy for your files.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

PHL/REG/s
encls.
cc:

OCC-Santa Fe, New Mexico ✓
USGS-Roswell, New Mexico
USGS-Albuquerque, New Mexico

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 27, 1978

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Attention: Audra B. Cary

Re: Case No. 3257
Skelly Penrose "B" Unit
1979 Plan of Development

Gentlemen:

We hereby approve the 1979 Plan of Development for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

Two approved copies of the Plan of Development are returned herewith.

Yours very truly,

JOE D. RAMEY
Director

JDR/LT/fd
enc.

cc: U.S.G.S. - Roswell
Commissioner of Public Lands

C
O
P
Y

Getty

NOV 13 1978

Getty Oil Company

Santa Fe

Central Exploration and Production Division
P. O. Box 730
Hobbs, New Mexico 88240

November 1, 1978

no. 3257

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission
of The State of New Mexico (3)
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Approve

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Getty Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1979.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full scale waterflood operations. On August 20, 1966, injection was started into eight (8) wells. Following the approval of the line agreement with offset operators, injection was started into Well No. 1 in August, 1967. Following the approval of the line agreement with Skelly Penrose "A" Unit, six (6) wells were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Eight (8) more wells were converted to injection service in September and October, 1970. In March, 1973, injection into Wells No. 50 and 62 was terminated. Wells No. 59 and 61 were converted to injection in January, 1974.

Cumulative water injection as of September 1, 1978 was 24,613,000 barrels. The average daily injection rate during August was 4165 barrels at 1700 psig. Before December 6, 1974, average daily injection rate was 6400 barrels. The injection was reduced to its present level by N.M.O.C.C. Order due to waterflows in the area.

Cumulative oil production since unitization was 1,343,597 barrels as of September 1, 1978. The average daily production during the month of August was 153 BO and 2901 BW. The operations on this unit have been normal during this year.

Page 2
November 1, 1978

PLANS FOR 1979

Plans are to continue operations under the present flood pattern until a study on the unit is completed. After the study, it is possible the present flood pattern will be changed into a cross-flood pattern. This would be done because of non-profitability of present operations and to recover the otherwise lost reserves.

Very truly yours,
Getty Oil Company

Audra B. Cary
Audra B. Cary, Chairman
Working Interest Owners' Committee

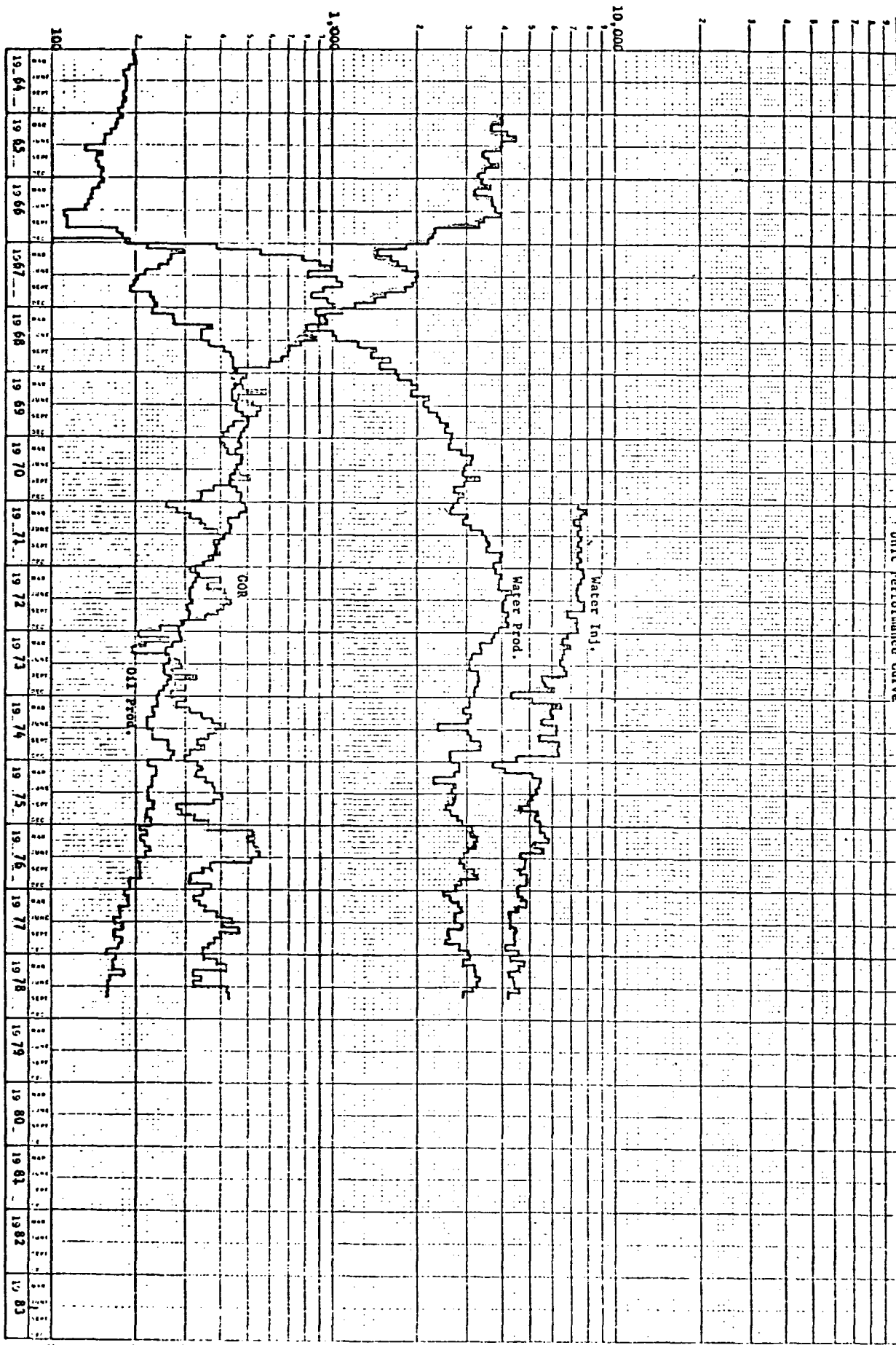
MM/de

Attachments

THIS APPROVAL GRANTED SUBJECT TO LATE APPROVAL
BEING GRANTED BY THE STATE GEOLOGICAL
SURVEY AND THE STATE DEPARTMENT OF
GEOLGICAL AND MINERAL RESOURCES

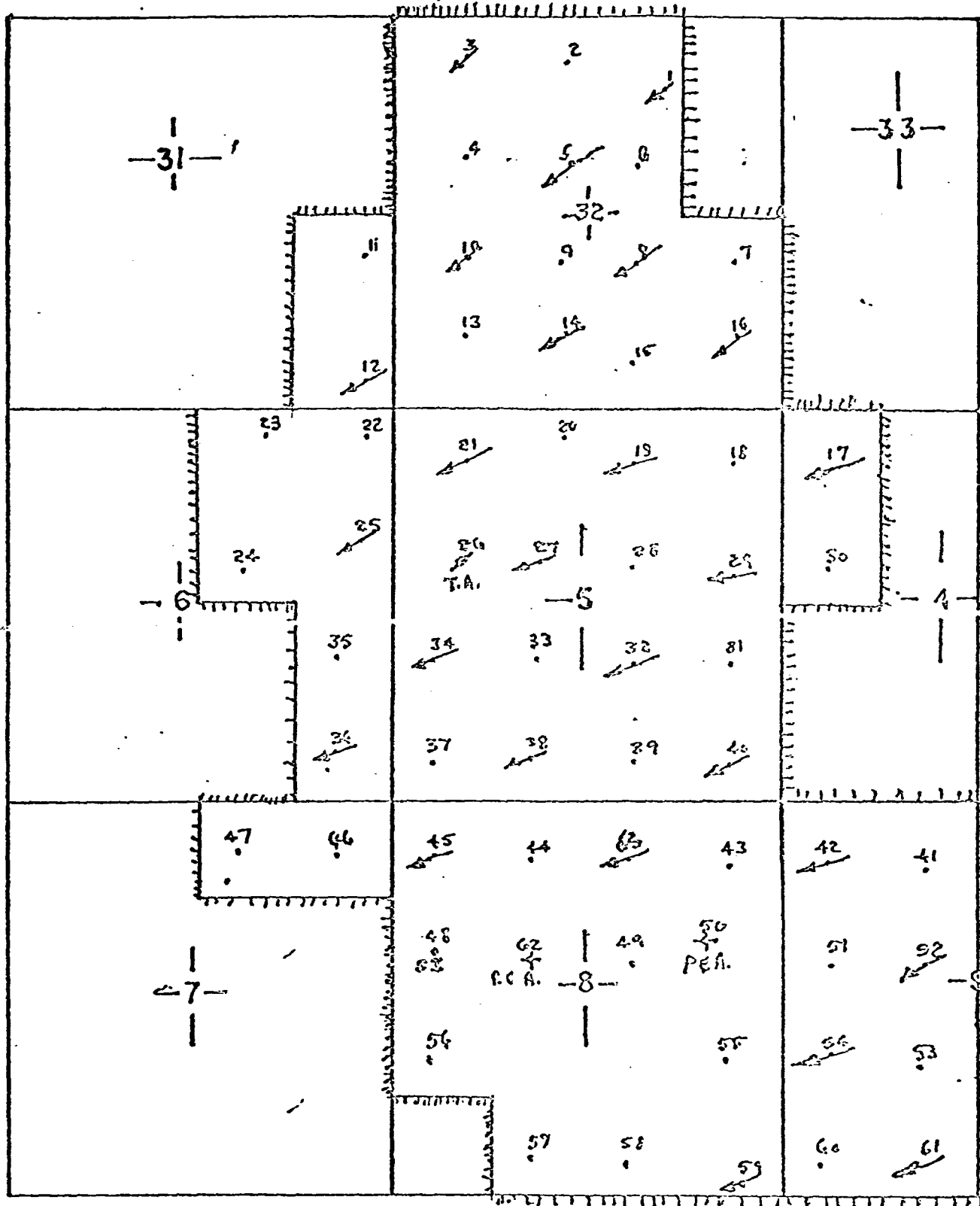
Approved 11/22 19 78
James Ramey
Director
Oil Conservation Division
Energy and Minerals Department

Oil and Water Production (BBL/Day), Gas-Oil Ratio (SCF/BBL), Water Injection (BBL/Day)



Skelly Penrose "B" Unit
 Langite Hattix Field
 Lea County, New Mexico
 Unit Performance Curve

R 37 E



SKELLY PENROSE "B" UNIT

LEA COUNTY, NEW MEXICO

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 15, 1977

**Getty Oil Company
Box 1231
Midland, Texas 79701**

Attention: Andrea B. Cary

**Re: ✓ Case No. 3257
Skelly Penrose "B" Unit
1978 Plan of Development**

Gentlemen:

**We hereby approve the 1978 Plan of Development for
the Skelly Penrose "B" Unit, Lea County, New Mexico, sub-
ject to like approval by the United States Geological Survey
and the Commissioner of Public Lands.**

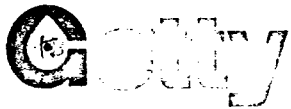
Two approved copies of the Plan are returned herewith.

Very truly yours,

**JOE D. RAMEY
Secretary-Director**

**JDR/LT/fd
enc.**

**cc: U.S.G.S. - Roswell
Commissioner of Public Lands**



Getty Oil Company

North American Exploration and Production Division

November 1, 1977

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3) ✓
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

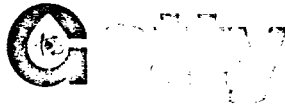
In accordance with Section 11 of the Unit Agreement for the Development and Operations of the Skelly Penrose "B" Unit, Lea County, New Mexico; Getty Oil Company respectfully submits for your approval, a report of past operations, and a plan of development and operation for the waterflood unit for the year 1978.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 17, 1966, and into Well No. 1 in August, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six wells were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Eight (8) more wells were converted to injection service in September and October, 1970. In March 1973, injection into Wells No. 50 and 62 was terminated and Wells No. 59 and 61 were converted to injection in January, 1974.

Cumulative water injection to September 1, 1977 was 22,983,827 barrels of water. The daily average injection rate during August was 4,413 barrels at 1600 psig. Before December 6, 1974, daily average injection rate was 6400 barrels. The injection was reduced to its present level by N.M.O.C.C. order, due to waterflows in the area.

Consolidation of production facilities with installation of a central battery and Lact Unit with three (3) satellite stations was completed in December, 1966. Cumulative oil production for the Unit Area since unitization was 1,282,477 barrels on September 1, 1977, from a high of 481 BOPD in August 1969. In June 1977, injection profiles and temperature surveys were run on Unit Wells No. 42, 59, and 61. Well No. 52 could not be surveyed because of zero injection rate and high pressure. This well is scheduled for a work-over in November of this year. A hole in the casing was indicated in Well No. 42, and water leaving from that hole channeling up. The hole is presently being squeezed. In August this year a casing leak was squeezed on Well No. 7 and cement circulated to surface. In March this year Well No. 54 started flowing salt water from 8 5/8" casing at a rate of 960 BPD. In March this year after running Sonolog, cement was circulated to surface.



Getty Oil Company

North American Exploration and Production Division

After the job the well has continued to flow water through 8 5/8" casing. Presently it is being bled down at a rate of 24 BWPD.

DEVELOPMENT PLANS FOR 1978

Plans are to continue operations under the planned flood pattern into the twenty-six (26) wells now on injection. It is also planned to run injection surveys on all the wells which have not been surveyed during the past few years. Any remedial work needed after the surveys will be performed to increase flood efficiency. Cement will be circulated to surface, in wells not having cement to surface.

Yours very truly,

Getty Oil Company

Audra B. Cary
Audra B. Cary

Working Interest Owners Committee

Approved.....11/15.....10.22

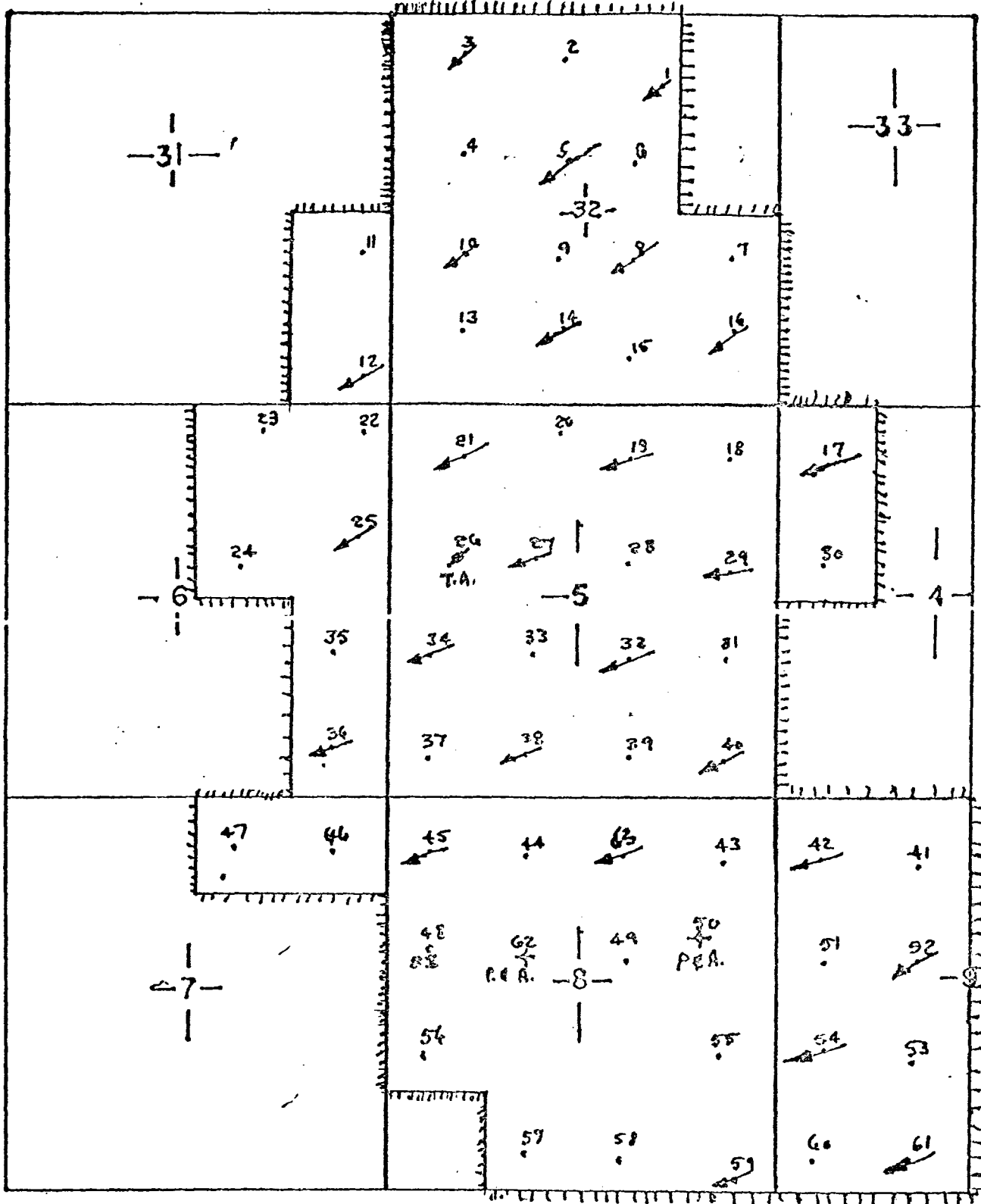
[Signature]
.....
Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION

THIS APPROVAL GRANTED SUBJECT TO LIKE APPROVAL
BEING GRANTED BY THE UNITED STATES GEOLOGICAL
SURVEY AND BY THE COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO.

MYM/cap
Attachments

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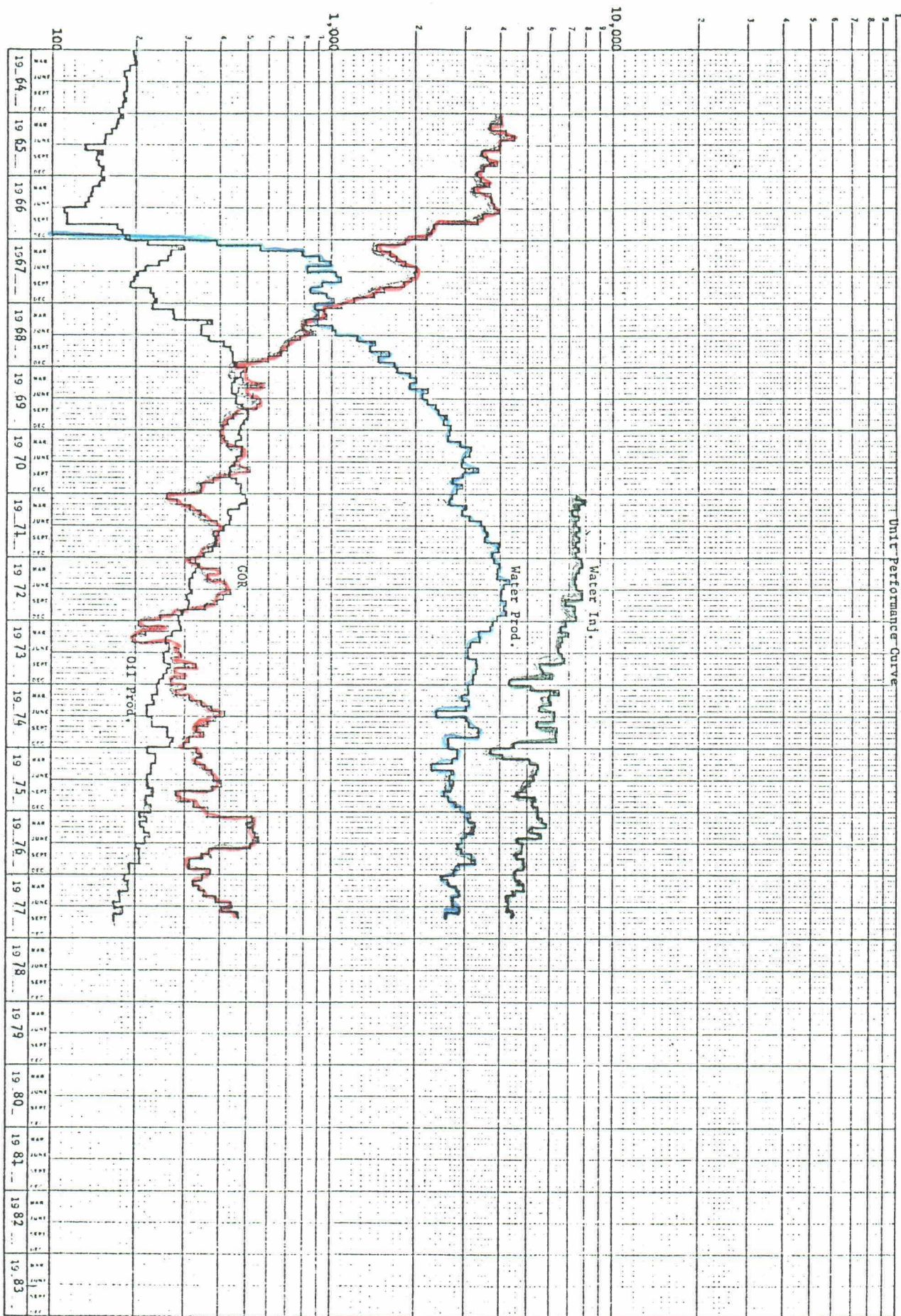
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SKELLY PENROSE "B" UNIT

LEA COUNTY, NEW MEXICO

Oil and Water Production (BBL/Day), Gas-Oil Ratio (SCF/BBL), Water Injection (BBL/Day)



Skelly Penrose "B" Unit
 Langile Matix Field
 Lea County, New Mexico
 Unit Performance Curve

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 8, 1976

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. Leland Franz

Re: 1977 Plan of Development and
Operation, Skelly Penrose "B"
Unit, Lea County, New Mexico.

Gentlemen:

This is to advise that the New Mexico Oil
Conservation Commission has this date approved the 1977
Plan of Development and Operation dated October 28, 1976,
for the Skelly Penrose "B" Unit, Lea County, New Mexico,
subject to like approval by the Commissioner of Public
Lands of the State of New Mexico.

Two approved copies of the plan are returned
herewith.

Very truly yours,

JOE D. RAMEY
Secretary-Director

JDR/JEK/og

cc: Commissioner of Public Lands
Land Office Building
Santa Fe, New Mexico



SKELLY OIL COMPANY

October 28, 1976

DOMESTIC EXPL. & PROD. DEPARTMENT

MIDLAND E & P DISTRICT

F. L. FRANZ, DISTRICT PRODUCTION MANAGER

M. J. EKMAN, DISTRICT ENGINEER

C. F. BOSECKER, LEAD RESERVOIR ENGINEER

F. J. PETRO, LEAD PRODUCTION ENGINEER

ADDRESS REPLY TO:

P. O. BOX 1351

MIDLAND, TEXAS 79701

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1977.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 27, 1966, and into Well No. 1 in August, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970. Injection into Wells No. 50 and 62 was terminated in March, 1973 and wells P&A in 1975. Wells No. 59 and 61 were converted to injection in January, 1974.

Cumulative water injection to October 1, 1976, was 23,852,575 barrels of water. The daily average injection rate during September, 1976, was 4,594 barrels at 1,745 psig. Injection since December 6, 1974 has been at reduced rate by N.M.O.C.C. order due to waterflows in the area.

Consolidation of production facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 1,239,412 barrels on October 1, 1976. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September,

October 28, 1976

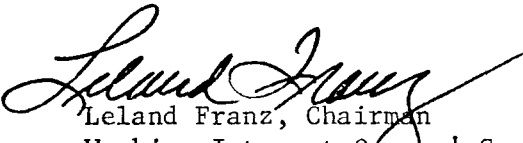
1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September, 1970. The change in injection pattern increased flood efficiency and production rate in early 1971; but increasing water cut reduced rate to 311 BOPD in September, 1972. Well remedial work was performed on sixteen (16) injection wells in late 1972 to improve flood efficiency and increase production rate. Results were not satisfactory and no further work is planned. The average daily producing rate during September, 1976 was 205 barrels of oil.

DEVELOPMENT PLANS FOR 1977

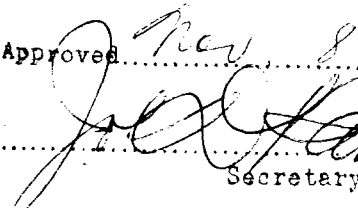
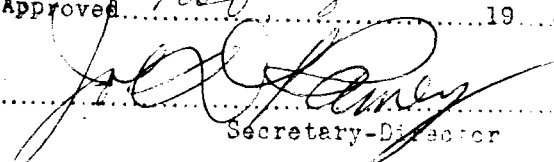
Plans are to continue operations under the planned flood pattern into the twenty-six (26) wells now converted to injection service.

Very truly yours,

SKELLY OIL COMPANY


Leland Franz, Chairman
Working Interest Owners' Committee

OVS/slw
Attachment

Approved  Nov 8 19 76

Secretary-Director
NEW MEXICO OIL CONSERVATION COMMISSION

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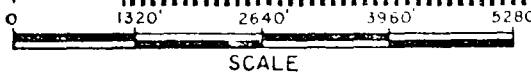
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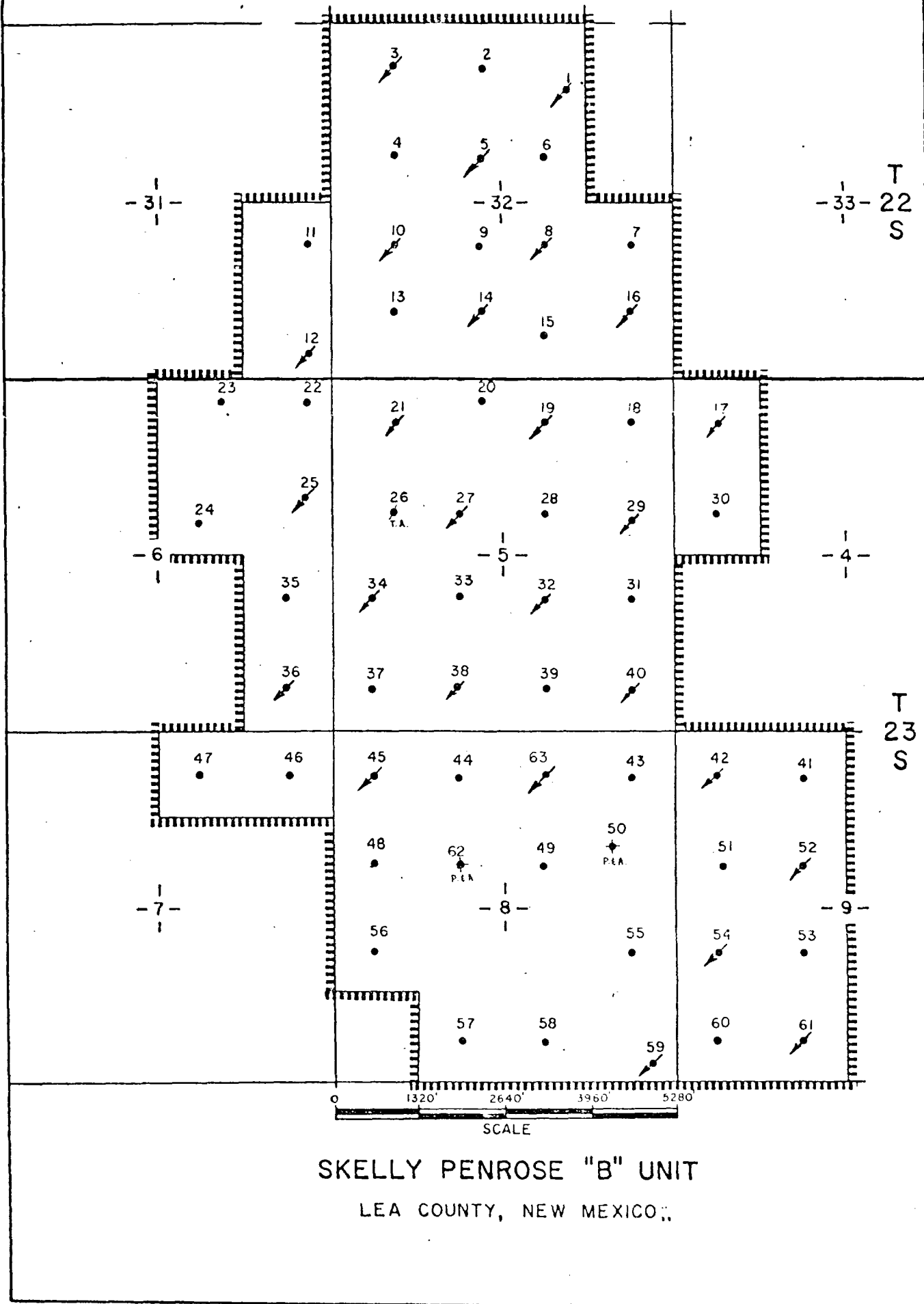
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SKELLY PENROSE "B" UNIT

LEA COUNTY, NEW MEXICO.



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 16, 1975

**Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701**

Attention: Mr. Leland Franz

**Re: 1976 Plan of Development
Skelly Penrose "B" Unit,
Lea County, New Mexico.**

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Plan of Development and Operations for the calendar year 1976 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

Very truly yours,

**JOE D. RAMEY
Secretary-Director**

JDR/JEK/og

**cc: Commissioner of Public Lands
Land Office Building
Santa Fe, New Mexico**



SKELLY OIL COMPANY

October 27, 1975

DOMESTIC EXPL. & PROD. DEPARTMENT

MIDLAND E & P DISTRICT

F. L. FRANZ, DISTRICT PRODUCTION MANAGER

M. J. EKMAN, DISTRICT ENGINEER

C. F. BOSECKER, LEAD RESERVOIR ENGINEER

F. J. PETRO, LEAD PRODUCTION ENGINEER

ADDRESS REPLY TO:

P. O. BOX 1351

MIDLAND, TEXAS 79701

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1976.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 27, 1966, and into Well No. 1 in August, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970. Injection into Wells No. 50 and 62 was terminated in March, 1973 and wells P&A in 1975. Wells No. 59 and 61 were converted to injection in January, 1974.

Cumulative water injection to October 1, 1975, was 21,969,162 barrels of water. The daily average injection rate during September, 1975, was 4,491 barrels at 1,220 psig. Injection since December 6, 1974 has been at reduced rate by N.M.O.C.C. order due to waterflows in the area.

Consolidation of production facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 1,161,262 barrels on October 1, 1975. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September,

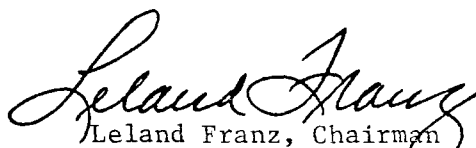
1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September, 1970. The change in injection pattern increased flood efficiency and production rate in early 1971; but increasing water cut reduced rate to 311 BOPD in September, 1972. Well remedial work was performed on sixteen (16) injection wells in late 1972 to improve flood efficiency and increase production rate. Results were not satisfactory and no further work is planned. The average daily producing rate during September, 1975 was 215 barrels of oil.

DEVELOPMENT PLANS FOR 1976

Plans are to continue operations under the planned flood pattern into the twenty-six (26) wells now converted to injection service.


Very truly yours,

SKELLY OIL COMPANY

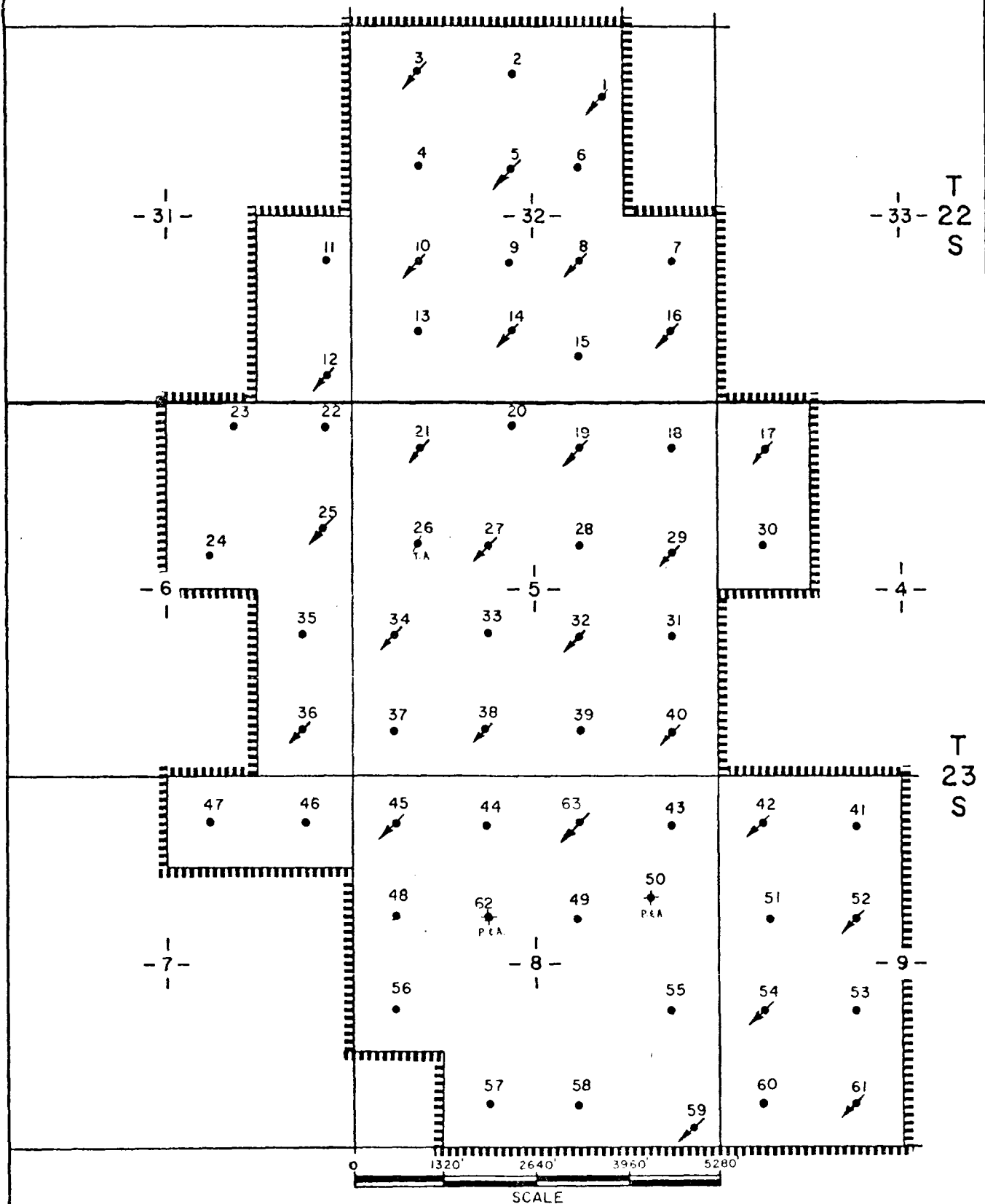


Leland Franz, Chairman
Working Interest Owners' Committee

OVS/ss
Attachment

Approved.....*Dec 16*.....19*75*

Secretary-Director
NEW MEXICO OIL CONSERVATION COMMISSION

R 37 E



SKELLY PENROSE "B" UNIT

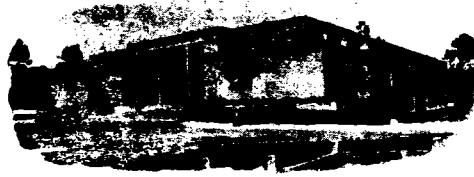
LEA COUNTY, NEW MEXICO

State of New Mexico

TELEPHONE
505-827-2748



PHIL R. LUCERO
COMMISSIONER



Commissioner of Public Lands

December 10, 1975

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
Plan of Development and Operations
for the year 1976
Lea County, New Mexico

ATTENTION: Mr. Leland Franz

Gentlemen:

The Commissioner of Public Lands has this date approved your 1976 Plan of Development and Operations, whereby you plan to continue operations under the planned flood pattern into the twenty-six (26) wells now converted to injection service. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Enclosed is one approved copy for your files.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

PHL/RDG/s

encl.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

3-5

November 7, 1975

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. Leland Franz

Re: 1976 Plan of Development,
Skelly Penrose "B" Unit,
Lea County, New Mexico.

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the plan of development for the calendar year 1976 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

Very truly yours,

JOE D. RAMEY
Secretary-Director

JDR/JEK/og

cc: United States Geological Survey
Roswell, New Mexico

Commissioner of Public Lands
Santa Fe, New Mexico



SKELLY OIL COMPANY

October 27, 1975

DOMESTIC EXPL. & PROD. DEPARTMENT

MIDLAND E & P DISTRICT

F. L. FRANZ, DISTRICT PRODUCTION MANAGER

M. J. EKMAN, DISTRICT ENGINEER

C. F. BOSECKER, LEAD RESERVOIR ENGINEER

F. J. PETRO, LEAD PRODUCTION ENGINEER

File: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

ADDRESS REPLY TO:

P. O. BOX 1351

MIDLAND, TEXAS 79701

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1976.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 27, 1966, and into Well No. 1 in August, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970. Injection into Wells No. 50 and 62 was terminated in March, 1973 and wells P&A in 1975. Wells No. 59 and 61 were converted to injection in January, 1974.

Cumulative water injection to October 1, 1975, was 21,969,162 barrels of water. The daily average injection rate during September, 1975, was 4,491 barrels at 1,220 psig. Injection since December 6, 1974 has been at reduced rate by N.M.O.C.C. order due to waterflows in the area.

Consolidation of production facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 1,161,262 barrels on October 1, 1975. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September,

1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September, 1970. The change in injection pattern increased flood efficiency and production rate in early 1971; but increasing water cut reduced rate to 311 BOPD in September, 1972. Well remedial work was performed on sixteen (16) injection wells in late 1972 to improve flood efficiency and increase production rate. Results were not satisfactory and no further work is planned. The average daily producing rate during September, 1975 was 215 barrels of oil.

DEVELOPMENT PLANS FOR 1976

Plans are to continue operations under the planned flood pattern into the twenty-six (26) wells now converted to injection service.

Very truly yours,

SKELLY OIL COMPANY



Leland Franz, Chairman
Working Interest Owners' Committee

OVS/ss
Attachment

Approved..... 1975


Secretary/Director

NEW MEXICO OIL CONSERVATION COMMISSION

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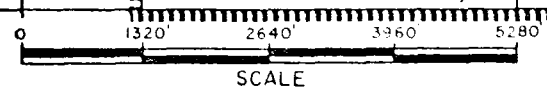
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SKELLY PENROSE "B" UNIT
LEA COUNTY, NEW MEXICO

November 20, 1974

Skelly Oil Company
P. O. Box 1331
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

ATTENTION: Mr. Leland Franz

Gentlemen:

The Commissioner of Public Lands has this date approved your Plan of Development and Operation for the year 1975, for the Skelly Penrose "B" Unit, Lea County, New Mexico. Such plan proposes to continue operations under the planned flood pattern into the twenty-seven (27) wells now converted to injection service. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Enclosed is one approved copy of the plan.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

RAY D. GRAHAM, Director
Oil and Gas Division

AJA/RDG/s

encl.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

November 12, 1973

ALEX J. ARMIJO
COMMISSIONER

P. O. Box 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

ATTENTION: Mr. C. J. Love

Gentlemen:

This is to advise that the Commissioner of Public Lands has this date approved the Plan of Development and Operation for 1974 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy is enclosed herewith. Your Three (\$3.00) Dollar filing fee has been received.

Very truly yours,

RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
encls.
cc:

USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

3-7

January 17, 1974

C
C
P
Y

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. C. J. Love

Re: 1974 Plan of Development,
Skelly Penrose "B" Unit,
Lea County, New Mexico.

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Plan of Development for the calendar year 1974 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

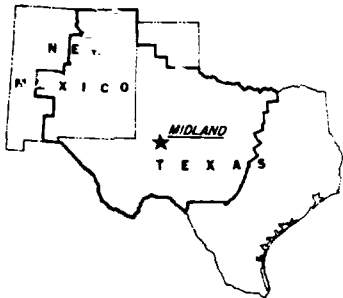
Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ABP/JEK/og

cc: Commissioner of Public Lands
Santa Fe, New Mexico



SKELLY OIL COMPANY

November 2, 1973

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 Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1974.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 27, 1966, and into Well No. 1 in August, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970. Injection into Wells No. 50 and 62 was terminated in March, 1973.

Cumulative water injection to October 1, 1973, was 17,991,411 barrels of water. The daily average injection rate during September, 1973, was 5,566 barrels at 1,500 psig.

Consolidation of producing facilities with installation of a central battery and LACT unit with three(3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 955,517 barrels on October 1, 1973. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September,

Skelly Penrose "B" Unit

Page No. 2

November 2, 1973

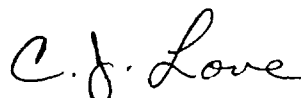
1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September, 1970. The change in injection pattern increased flood efficiency and production rate in early 1971; but increasing water cut reduced rate to 311 BOPD in September, 1972. Well remedial work was performed on sixteen (16) injection wells in late 1972 to improve flood efficiency and increase production rate. Results were not satisfactory and no further work is planned. Ten (10) uneconomical producers were shut-in in March, 1973, to improve profitability. The average daily producing rate during September, 1973 was 268 barrels of oil.

DEVELOPMENT PLANS FOR 1974

Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit, or individual lease operators.

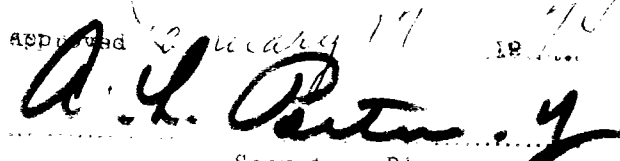
Very truly yours,

SKELLY OIL COMPANY



C. J. Love, Chairman
Working Interest Owners' Committee

OVS/rc
Attachments

Approved *January 17 1974*

Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

March 19, 1973

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. C. J. Love

Re: 1973 Plan of Development and
Operation, Skelly Penrose "B"
Unit, Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the plan of development and operation for 1973 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

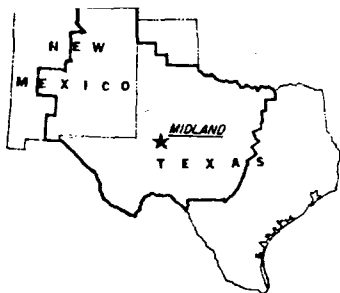
Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands
Santa Fe, New Mexico



SKELLY OIL COMPANY

March 13, 1973

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

Re: Skelly Penrose "B" Unit
Lease No. 82942
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico; Skelly Oil Company respectfully submits for your approval a revised plan of development and operation for this waterflood unit for 1973.

PAST OPERATIONS:

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreements with offset operators, injection was started into eight (8) additional wells by August, 1967. Well No. 54 was converted to injection in September, 1968, and eight (8) additional wells were converted to injection by October, 1970. This completed the existing flood pattern.

Production rate increased from 239 BOPD in December, 1967, to 437 BOPD in September, 1968, to 481 BOPD in August, 1969, and then decreased to 439 BOPD in September, 1970. The change in injection pattern increased production rate in early 1971 to 493 BOPD; but increasing water cut reduced production rate to 313 BOPD in September, 1972, and 287 BOPD in December, 1972. Temperature survey, injection profile, and production logging data indicated preferential flooding of the lower portion of the Penrose Sand interval. Remedial work was performed on sixteen (16) injection wells in 1972 to reduce injection into the lower portion of the Penrose Sand interval and increase injection into the upper portion. This change in vertical injection distribution should increase sweep efficiency and result in higher production rates when response is achieved from the upper intervals. Injection profiles after workover indicated that fourteen (14) of these jobs were successful in diverting some injected water to the upper portions of the zone. No further

remedial work is planned for this unit until response to this remedial program has been achieved. In the interim, we propose to effect all feasible means to reduce operating costs for this flood unit and restore profitable operation.

Injection Wells No. 50 and 62 are located on the edge of the localized gas cap area in the southwestern part of the unit area. Injection into these wells was designed to establish a water bank at the edge of the gas cap area, and thus prevent loss of oil into the gas cap from injection into Wells 42, 45, and 63. This purpose has now been achieved and we propose to terminate injection into these two wells. These wells will be retained in an inactive status for the present.

Producing Wells No. 24, 48, 49, and 55 are uneconomical to operate under present conditions. Wells No. 56, 57, 58, 59, 60, and 61 are beyond the area of effective flood response; are presently uneconomical to operate, and are expected to remain in this classification until lease line injection agreements can be developed with offsetting units or individual lease operators to the south and southwest. We propose to shut-in these ten (10) producing wells to reduce operating and overhead expense to the unit pending development of effective flood operations in this southern area. These wells will be retained in an inactive status for the present.

Shutting in these two (2) injection wells and ten (10) producing wells is expected to reduce direct operating expense by \$2,400 per month with a loss in production rate of 18 BOPD. District and overhead charges to the unit, which are prorated on a per well basis, would be reduced during the period these wells remain inactive.

REVISED PLAN OF OPERATIONS:

1. Terminate injection into Unit Wells No. 50 and 62.
2. Shut-in ten (10) uneconomical producers and monitor fluid levels periodically to determine status. If levels rise sufficient to justify, wells will be tested and if economical returned to production status. This involves Wells No. 24, 48, 49, 55, 56, 57, 58, 59, 60, and 61.
3. Conversion of additional wells on the southern boundary to injection service will be delayed until lease line agreements can be made with the proposed Skelly Penrose "C" Unit or individual lease operators.

Approved

P. L. Porter
Secretary-Director

Very truly yours,

SKELLY OIL COMPANY

NEW MEXICO WILDLIFE CONSERVATION COMMISSION

C. J. Love

C. J. Love, Chairman

Working Interest Owners' Committee

OVS/rc
Attach:

R O I E

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3/146
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1/13
59
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42
8/138
51
52
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20/71
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61
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1320 2640 3960 5280

SCALE

24/24 Oil/Water
BPD

WELL TESTS - JAN. 1973

353 BOPD
2980 BWPD

SKELLY PENROSE "B" UNIT
LEA COUNTY, NEW MEXICO

State of New Mexico

2257
TELEPHONE
505-827-2748



Commissioner of Public Lands

March 16, 1973

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
Revised Plan of Development
and Operation for 1973
Lea County, New Mexico

ATTENTION: Mr. C. J. Love

Gentlemen:

The Commissioner of Public Lands has this date approved your revised Plan of development and operation for the Skelly Penrose "B" Unit for the year 1973. This revised plan proposes the following:

1. Terminate injection into Unit Wells No. 50 and 62.
2. Shut-in ten (10) uneconomical producers and monitor fluid levels periodically to determine status. If levels rise sufficient to justify, wells will be tested and if economical returned to production status. This involves Wells No. 24, 48, 49, 55, 56, 57, 58, 59, 60, and 61.
3. Conversion of additional wells on the southern boundary to injection service will be delayed until lease line agreements can be made with the proposed Skelly Penrose "C" Unit or individual lease operators.

One approved copy is enclosed herewith. Your Three (\$3.00) Dollar filing fee has been received.

Very truly yours,

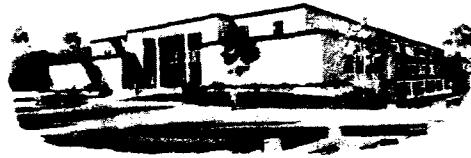
RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
encls.
cc:

OCC-Santa Fe, New Mexico ✓

State of New Mexico

TELEPHONE
505-827-274



Commissioner of Public Lands

November 2, 1972

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
1973 Plan of Development
Lea County, New Mexico

ATTENTION: Mr. C. J. Love

Gentlemen:

The Commissioner of Public Lands has this date approved your 1973 Plan of Development whereby you advise that the conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit, or individual lease operators. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy is returned herewith.

Please remit a three (\$3.00) Dollar filing fee.

Very truly yours,

RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s

encl.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 2, 1972

3-51

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. C. J. Love

Re: 1973 Plan of Development and
Operation, Skelly Penrose "B" Unit
Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the plan of development and operation for the year 1973 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

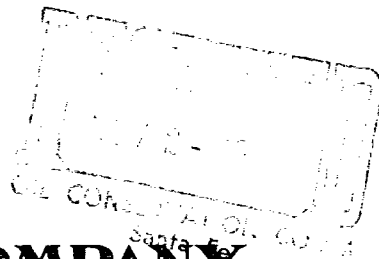
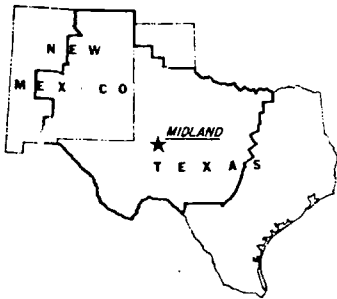
Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands
Land Office Building
Santa Fe, New Mexico



SKELLY OIL COMPANY

EXPLORATION & PRODUCTION DEPARTMENT
WEST CENTRAL DISTRICT

November 1, 1972

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

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

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1973.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 27, 1961, and into Well No. 1 in August, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970.

Cumulative water injection to October 1, 1972, was 15,523,807 barrels of water. The daily average injection rate during September, 1972, was 6,865 barrels at 1,392 psig.

Consolidation of producing facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 882,030 barrels on October 1, 1972. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September, 1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September 1970. The change in injection pattern increased flood efficiency and production rate in early 1971; but increasing water cut reduced rate to 311 BOPD in September, 1972. Well remedial work was performed on

Plan of Development & Operation
Skelly Penrose "B" Unit
Page No. 2
November 1, 1972

sixteen (16) injection wells to improve flood efficiency and increase production rate. No further work is planned until response from this program has been achieved and evaluated.

DEVELOPMENT PLANS FOR 1973

Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit, or individual lease operators.

Very truly yours,

SKELLY OIL COMPANY

C. J. Love

C. J. Love, Chairman
Working Interest Owners' Committee

OVS/rc
Attachment

Approved

November 2 1972
A. L. Carter

Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION

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LEA COUNTY, NEW MEXICO

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 11, 1972

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. C. J. Love

Re: 1972 Plan of Development and
Operation, Skelly Penrose "B"
Unit, Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation
Commission has this date approved the 1972 Plan of
Development and Operation for the Skelly Penrose "B"
Unit, Lea County, New Mexico, subject to like approval
by the Commissioner of Public Lands of the State of
New Mexico

Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe

State of New Mexico



Commissioner of Public Lands

November 17, 1971

RECEIVED
NOV 18 1971
OIL CONSERVATION COM.

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
1972 Plan of Development
Lea County, New Mexico

ATTENTION: Mr. C. J. Love

Gentlemen:

The Commissioner of Public Lands has this date approved your 1972 Plan of Development where you propose the conversion of three injection wells on the southern boudary of the Skelly Penrose "B" Unit when you have reached a lease line agreement with the proposed Skelly Penrose "C" Unit. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Please remit a three (\$3.00) Dollar filing fee.

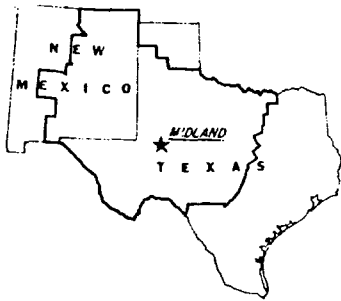
One approved copy is returned herewith.

Very truly yours,

RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
encls.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico ✓



RECEIVED

NOV 16 1971

OIL CONSERVATION COMM.
SANTA FE

SKELLY OIL COMPANY

EXPLORATION & PRODUCTION DEPARTMENT
WEST CENTRAL DISTRICT

November 1, 1971

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

C. J. LOVE, PRODUCTION MANAGER
B. A. STRICKLING, OPERATIONS SUPERINTENDENT
F. J. PETRO, DISTRICT PRODUCTION ENGINEER
J. D. MCCLAIN, DISTRICT RESERVOIR ENGINEER
K. E. BOHRER, OUTSIDE OPERATIONS SUPERVISOR

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1972.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June, 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreement with offset operators, injection was started into Well No. 3 on November 27, 1961, and into Well No. 1 in August, 1967. Well No. 62 was re-entered and converted to injection service on July 10, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970.

Cumulative water injection to October 1, 1971, was 12,759,176 barrels of water. The daily average injection rate during September, 1971, was 7,638 barrels at 1529 psig.

Consolidation of producing facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 760,156 barrels on October 1, 1971. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September, 1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September, 1970. The change in injection pattern increased flood efficiency and production rate in early 1971; but increasing water cut has reduced rate to 388 BOPD in September, 1971. Well remedial work is being evaluated to improve flood efficiency and increase production rate.

Plan of Development & operation
Skelly Penrose "B" Unit
Page No. 2
November 1, 1971

DEVELOPMENT PLANS FOR 1972

Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit.

Very truly yours,

SKELLY OIL COMPANY

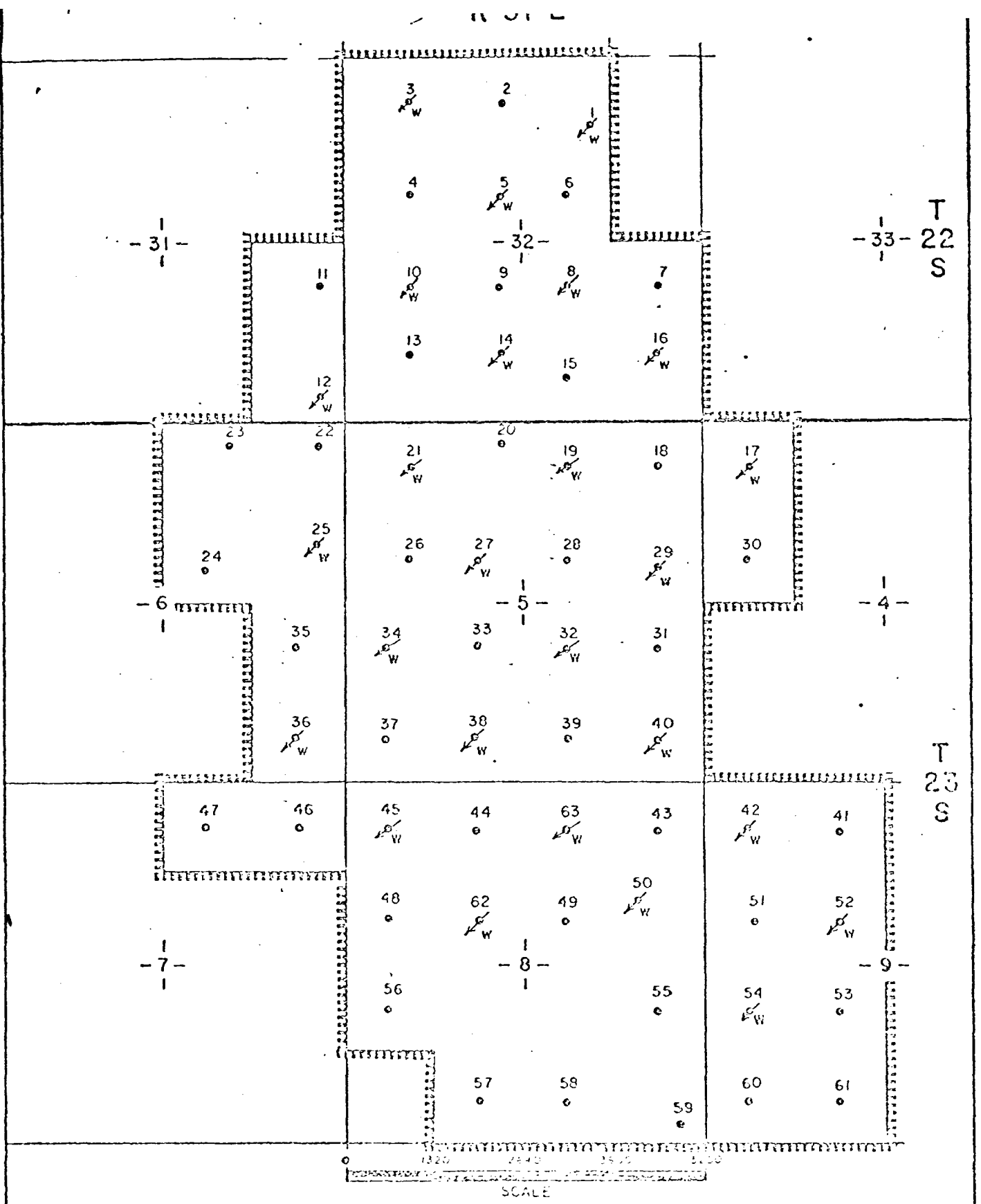
C. J. Love

C. J. Love, Chairman
Working Interest Owners' Committee

OVS/mac
Attachment

Approved *January 11* 19*72*.....
J. H. Peter
Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION



SKELLY PENROSE "B" UNIT
LEA COUNTY, NEW MEXICO

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 24, 1970

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. P. L. Nunley

Re: 1971 Plan of Development
Skelly Penrose "B" Unit
Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Plan of Development and Operations during the calendar year 1971 for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Two approved copies are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe

November 4, 1970

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
1971 Plan of Development
Lee County, New Mexico

ATTENTION: Mr. P. L. Munley

Gentlemen:

The Commissioner of Public Lands has this date approved your 1971 Plan of Development dated November 1, 1970, for the captioned unit, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Please remit a three (\$3.00) Dollar filing fee.

One approved copy is returned herewith.

Sincerely yours,

GORDON G. MARCUM, II, Director
Oil and Gas Department

GM/s
encls.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico



SKELLY OIL COMPANY

EXPLORATION & PRODUCTION DEPARTMENT
WEST CENTRAL DISTRICT

P. L. NUNLEY, PRODUCTION MANAGER
B. A. STRICKLING, OPERATIONS SUPERINTENDENT
C. J. LOVE, DISTRICT ENGINEER
F. J. PETRO, DISTRICT PRODUCTION ENGINEER
J. D. MCCLAIN, DISTRICT RESERVOIR ENGINEER

November 1, 1970

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

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1971.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966, into eight (8) wells. Following approval of line agreements with offset operators, injection was started into Well No. 3 on November 27, 1966, and into Well No. 1 in August, 1967. Well No. 62 was re-entered and converted to injection service on July 10, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968. Wells No. 8, 10, 19, 21, 32, 34, 45, and 63 were converted to injection in September and October, 1970, to improve flood efficiency.

Cumulative water injection to October 1, 1970, was 10,006,817 barrels of water. The daily average injection rate during September, 1970, was 7,479 barrels at 1337 psig.

Consolidation of producing facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 596,658 barrels on October 1, 1970. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September, 1968, to 481 BOPD in August, 1969; and decreased to 439 BOPD in September, 1970. The recent change in injection pattern is expected to increase flood efficiency and production rate.

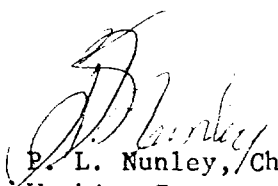
Plan of Development & Operation
Skelly Penrose "B" Unit
Page 2
November 1, 1970

DEVELOPMENT PLANS FOR 1971

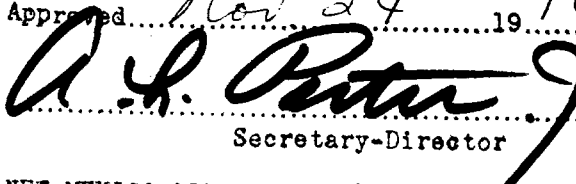
Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit.

Very truly yours,

SKELLY OIL COMPANY


P. L. Nunley, Chairman
Working Interest Owners' Committee

OVS/scc
Attachment

Approved Nov 24 19 70

Secretary-Director
NEW MEXICO OIL CONSERVATION COMMISSION

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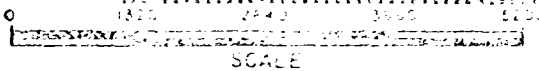
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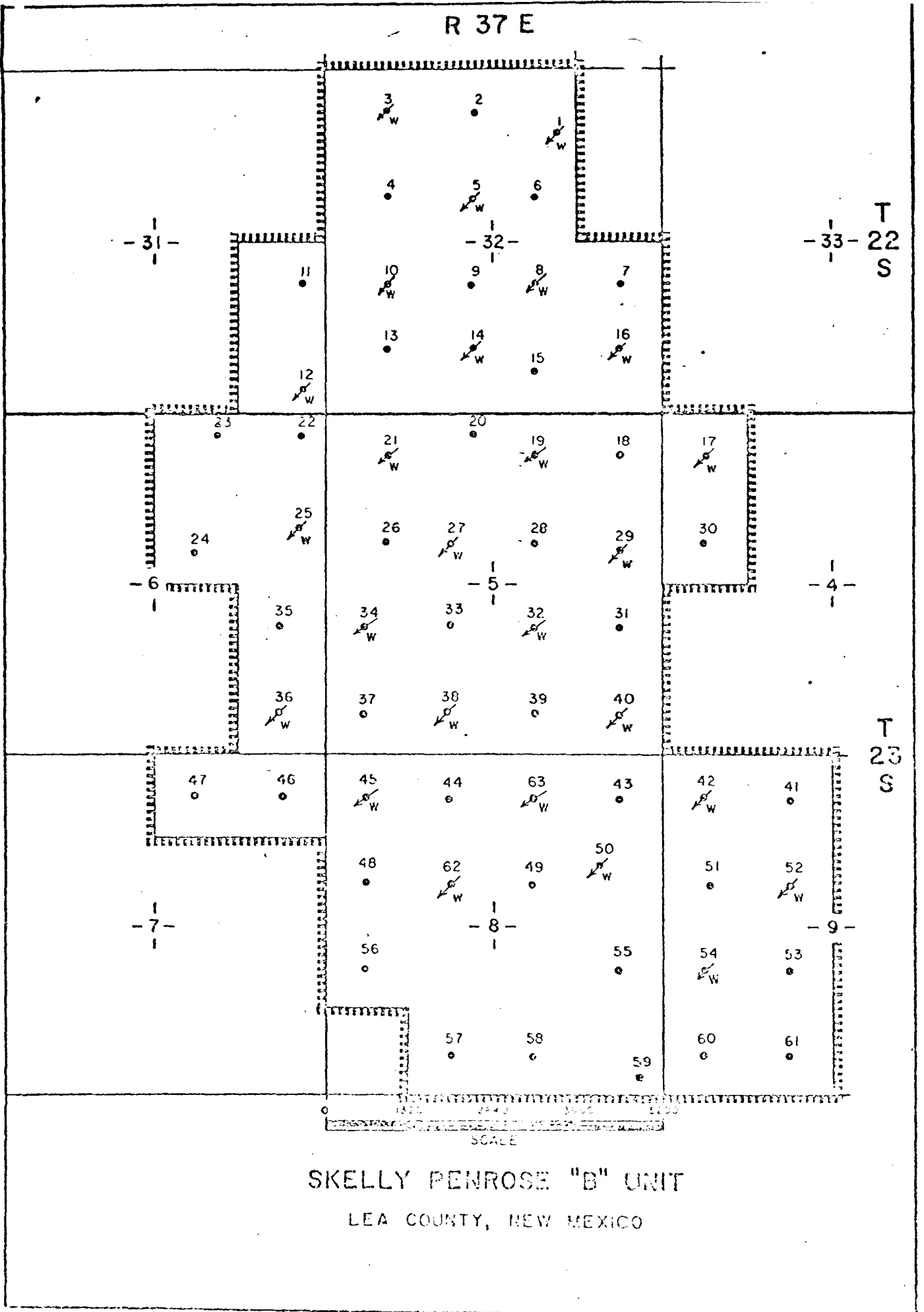
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SKELLY PENROSE "B" UNIT
LEA COUNTY, NEW MEXICO



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 23, 1970

3257

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. P. L. Nunley

Re: Plan of Development and
Operation - Skelly Penrose
"B" Unit, Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1970 Plan of Development and Operation dated November 7, 1969, for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/eg

cc: United States Geological Survey - Roswell
Commissioner of Public Lands - Santa Fe

JAN 7 1970

January 5, 1970

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Skelly Penrose "B" Unit
1970 Plan of Development
Lea County, New Mexico

ATTENTION: Mr. P. L. Nunley

Gentlemen:

The Commissioner of Public Lands has this date approved your 1970 Plan of Development dated November 7, 1969, for the captioned unit, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy is returned herewith.

Very truly yours,

Ted Bilberry, Director
Oil and Gas Department

TH/EL/s

encl.

cc: USGS-Bowwell, New Mexico
OCC- Santa Fe, New Mexico



JAN 2 1970

SKELLY OIL COMPANY

P. O. Box 1351 Midland, Texas 79701

November 7, 1969

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3) ✓
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1970.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966 into eight (8) wells. Following approval of line agreements with offset operators, injection was started into Well No. 3 November 27, 1966, and into Well No. 1 in August, 1967. Well No. 62 was re-entered and converted to injection service on July 10, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968.

Cumulative water injection to September 1, 1969 was 7,233,788 barrels of water. The daily average injection rate during August, 1969, was 6,616 barrels at 1378 psig.

Consolidation of producing facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 410,603 barrels on September 1, 1969. The average daily producing rate increased from 239 BOPD in December, 1967, to 437 BOPD in September, 1968, to 481 BOPD in August, 1969.

CELEBRATING OUR



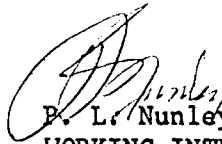
50th ANNIVERSARY

Page 2
Plan of Development & Operation
Skelly Penrose "B" Unit
November 7, 1969

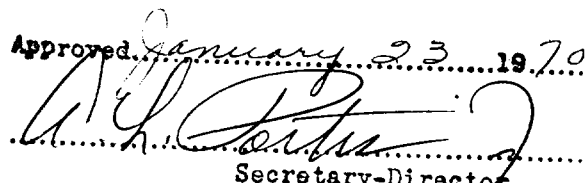
DEVELOPMENT PLANS FOR 1970

Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit.

Very truly yours,
SKELLY OIL COMPANY


P. L. Nunley, Chairman
WORKING INTEREST OWNERS COMMITTEE

OVS/ljm

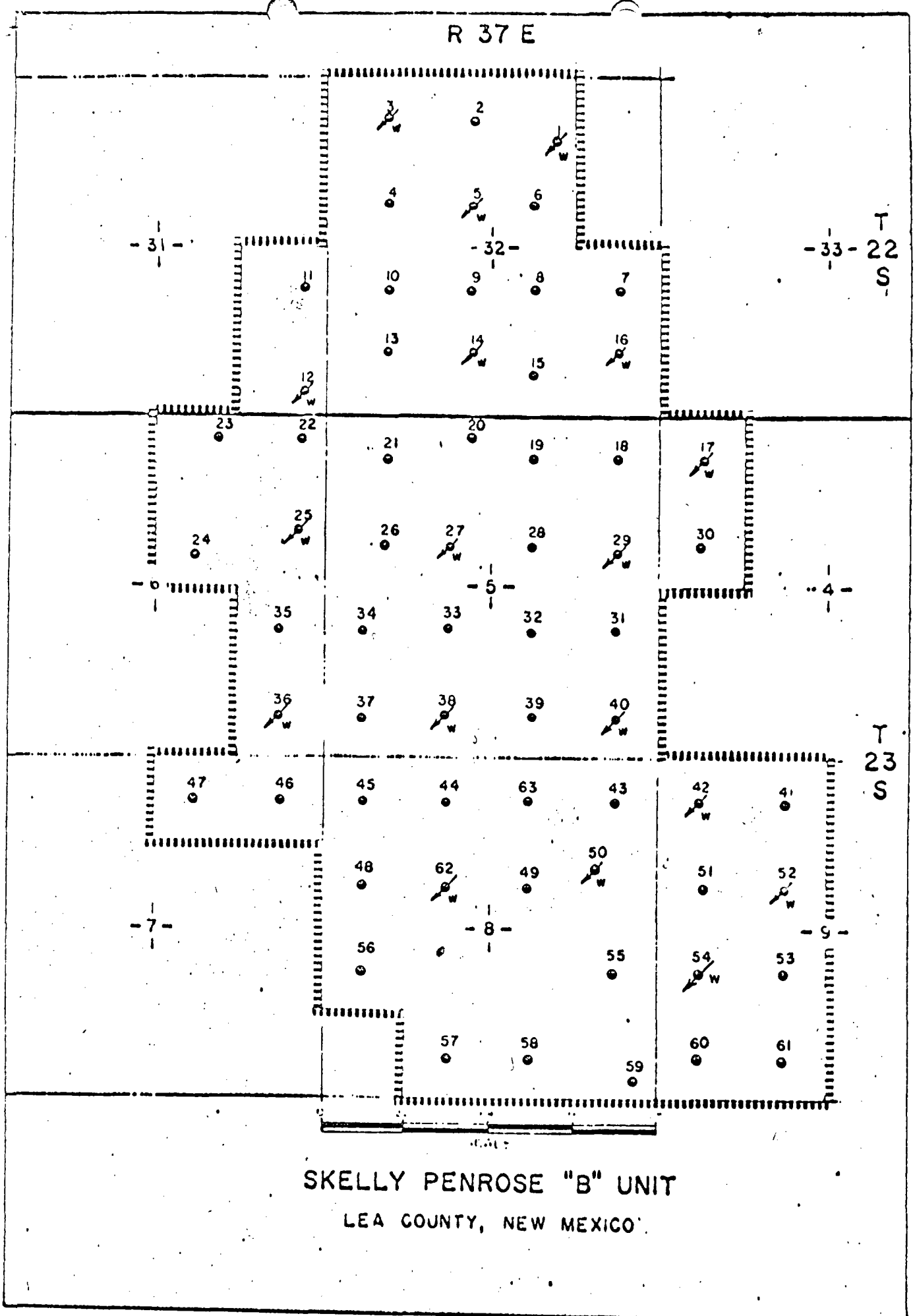
Approved January 23 1970

Secretary-Director
NEW MEXICO OIL CONSERVATION COMMISSION

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SKELLY PENROSE "B" UNIT
LEA COUNTY, NEW MEXICO



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

3157

January 9, 1969

C
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Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Attention: Mr. V. E. Fletcher

Re: 1969 Plan of Development
Skelly Penrose "B" Unit,
Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1969 Plan of Development dated November 25, 1968, for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

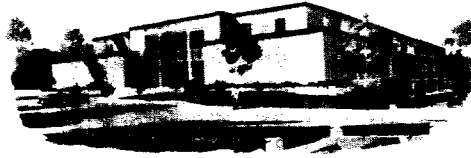
Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe
United States Geological Survey - Roswell

State of New Mexico



Commissioner of Public Lands



December 9, 1968

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

ATTENTION: Mr. V. E. Fletcher

Gentlemen:

The Commissioner of Public Lands has this date approved your 1969 Plan of Development dated November 25, 1968, for the captioned unit, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy is returned herewith.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Malcolm L. Long, Supervisor
Unit Division

GBH/TB/ML/s
encl.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico



SKELLY OIL COMPANY

P.O. Box 730, Hobbs, New Mexico 88240
November 25, 1968

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1969.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June 1966, work began to install injection facilities for full-scale waterflood operations. Injection was started August 20, 1966 into eight (8) wells. Following approval of line agreements with offset operators, injection was started into Well No. 3 November 27, 1966 and into Well No. 1 in August 1967. Well No. 62 was re-entered and converted to injection service on July 10, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (Nos. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967. Well No. 54 was converted to injection on September 6, 1968.

Cumulative water injection to October 1, 1968 was 4,946,777 barrels of water. The daily average injection rate during September, 1968 was 7,279 barrels.

Consolidation of producing facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December, 1966. Cumulative oil production from the Unit Area since unitization was 257,673 barrels on October 1, 1968. The average daily producing rate increased from 239 BOPD in December 1967 to 437 BOPD in September 1968.

DEVELOPMENT PLANS FOR 1969

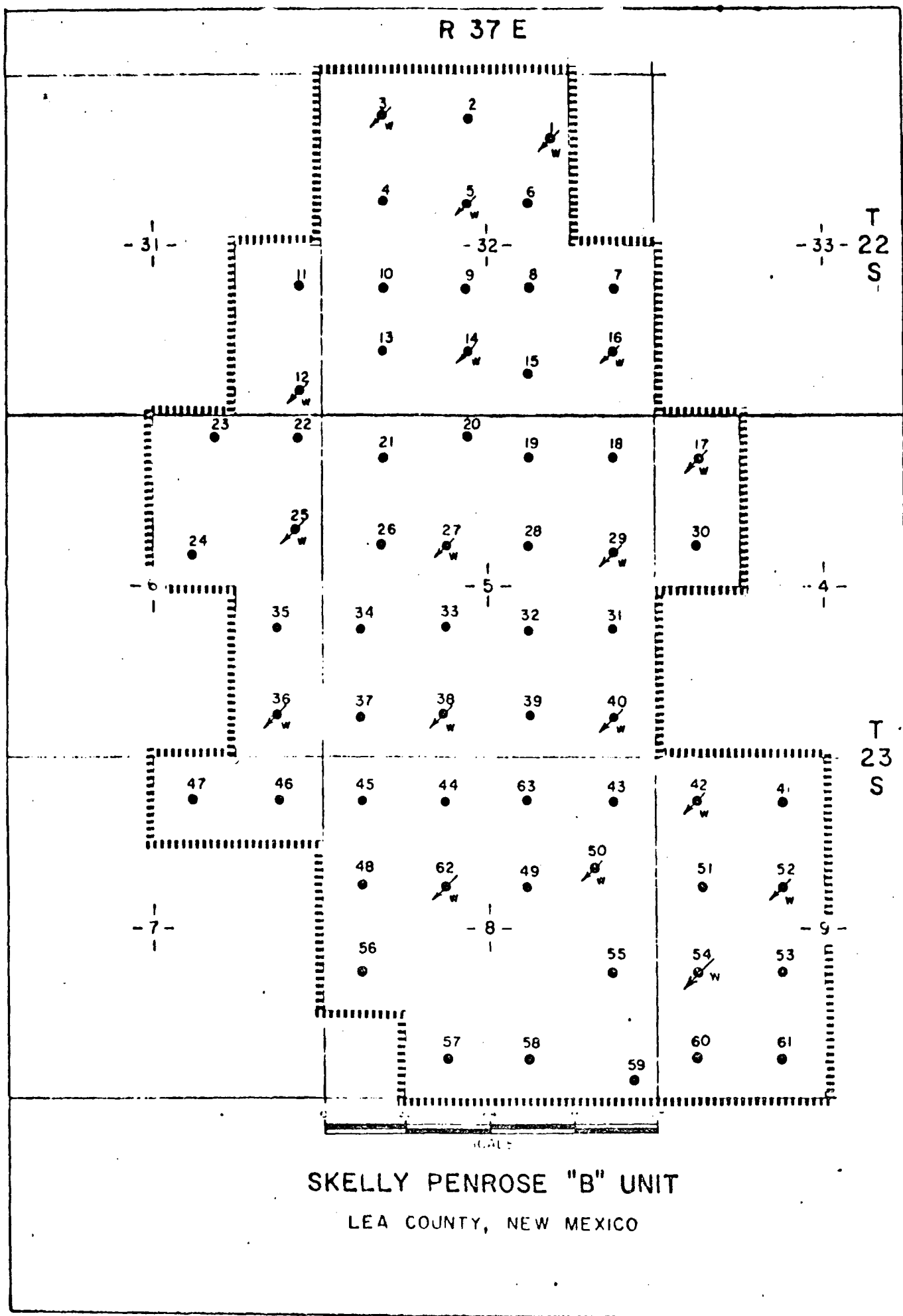
Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit.

Yours very truly,
SKELLY OIL COMPANY

V. E. Fletcher, Chairman
WORKING INTEREST OWNERS COMMITTEE

Approved: *[Signature]* January 9, 1969
OVS/bh. Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

3251

January 4, 1968

**Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico**

Attention: Mr. V. E. Fletcher

**Re: 1968 Plan of Development
Skelly Penrose "B" Unit
Lea County, New Mexico**

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1968 Plan of Development dated November 16, 1967, for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

Very truly yours,

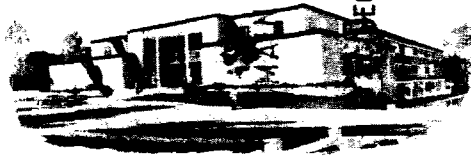
**A. L. PORTER, Jr.
Secretary-Director**

**ALP/JEK/og
Enclosures**

**cc: Commissioner of Public Lands
Santa Fe, New Mexico**

**United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201**

State of New Mexico



Commissioner of Public Lands



December 12, 1967

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico

Re: Skelly Penrose "B" Unit
Lea County, New Mexico
1968 Plan of Development

ATTENTION: Mr. V. E. Fletcher

Gentlemen:

The Commissioner of Public Lands has this date approved your 1968 Plan of Development for the captioned unit, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy is returned herewith.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Eddie Lopes, Supervisor
Unit Division

GBH/TA/EL/s
encl. 1.

cc: USGS-Roswell, New Mexico
OCC-Santa Fe, New Mexico

U.S. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 4, 1968

Skelly Oil Company
P.O. Box 730
Hobbs, New Mexico

ATTENTION: Mr. V.E. Fletcher

RE: 1968 Plan of Development
Skelly Penrose "B" Unit
Lea
County y, New Mexico.

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1968 Plan of Development dated November 16, 1967

for the Skelly Penrose "B" Unit Lea
County y, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are
returned herewith.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

cc: Commissioner of Public Lands
Santa Fe, New Mexico
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201



SKELLY OIL COMPANY

P.O. Box 730, Hobbs, New Mexico
November 16, 1967

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1968.

PAST OPERATIONS:

The Skelly Penrose "B" Unit became effective July 1, 1965. In June 1966, work began to install injection facilities for full scale waterflood operations. Injection was started August 20, 1966 into eight (8) wells. Following approval of line agreements with offset operators, injection was started into Well No. 3 November 27, 1966 and into Well No. 1 in August 1967. Well No. 62 was re-entered and converted to injection service on July 10, 1967. Following approval of line agreement with the Skelly Penrose "A" Unit, six (6) wells (No. 16, 17, 29, 40, 42, and 52) were converted to injection service in July, 1967.

Cumulative water injection to October 1, 1967 was 2,264,417 barrels of water. The daily average injection rate during September, 1967 was 5,897 barrels.

Consolidation of producing facilities with installation of a central battery and LACT unit with three (3) satellite test stations was completed in December 1966. Cumulative oil production from the Unit Area since unitization was 143,876 barrels on October 1, 1967. The average daily producing rate during September, 1967 was 193 barrels of oil.

DEVELOPMENT PLANS FOR 1968:

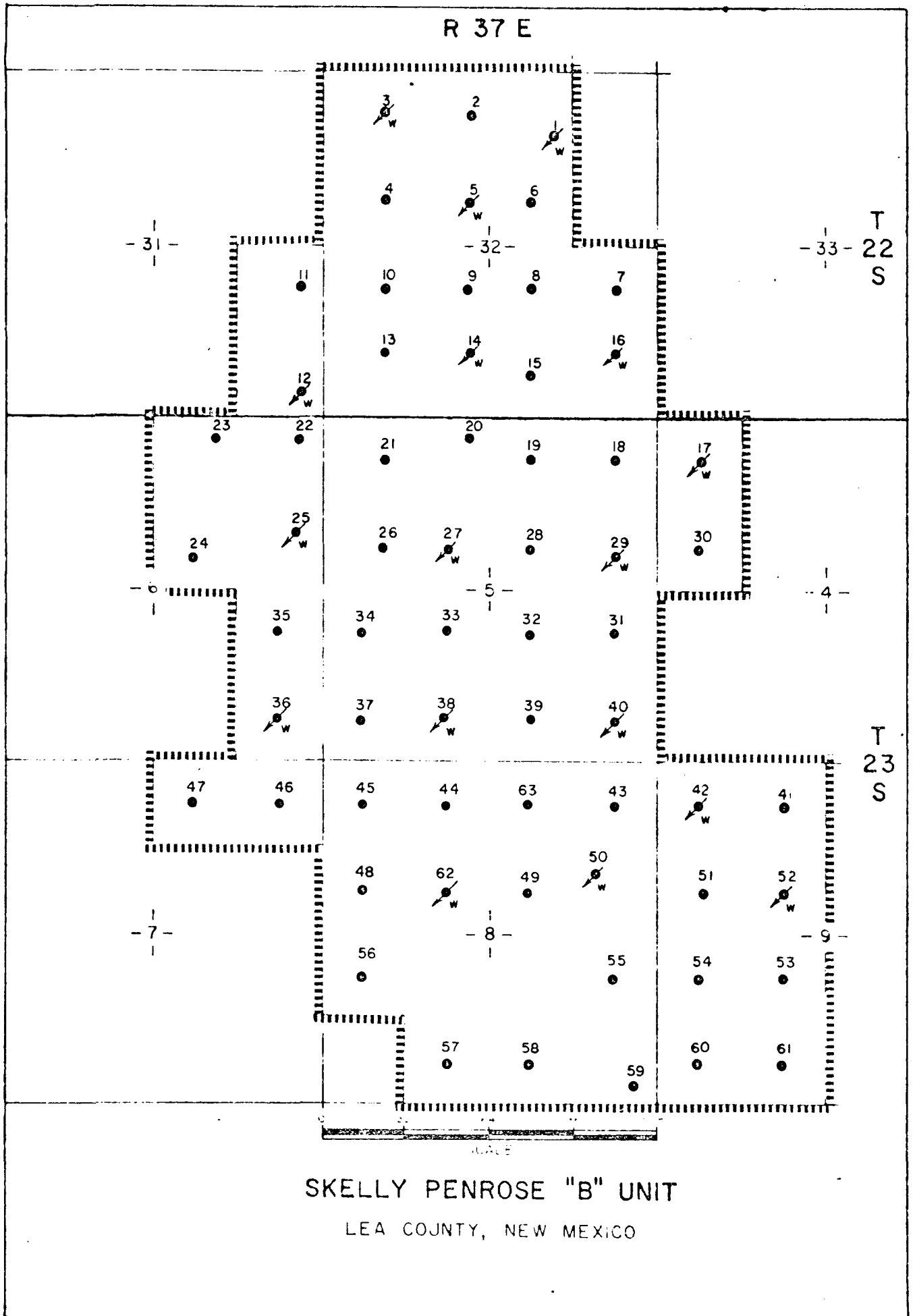
Conversion of three (3) injection wells on the southern boundary of the Skelly Penrose "B" Unit will be delayed until lease line agreement can be made with the proposed Skelly Penrose "C" Unit.

Approved.....*Jan 4 1968*
A. H. Porter
.....
Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION

Yours very truly,
SKELLY OIL COMPANY

V. E. Fletcher
V. E. Fletcher, Chairman
Working Interest Owners Committee



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

3257

April 27, 1967

C
O
P
Y

Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico

Attention: Mr. H. E. Aab

Re: 1967 Plan of Development
Skelly Penrose "B" Unit
Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1967 Plan of Development and Operation dated November 3, 1966, for the Skelly Penrose "B" Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Two approved copies are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/esr
Enclosures

cc: Commissioner of Public Lands
Santa Fe, New Mexico

February 13, 1967

**Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico**

**Re: Skelly Penrose "B" Unit
Lea County, New Mexico**

ATTENTION: Mr. H. E. Aab

Gentlemen:

The Commissioner of Public Lands has this date approved your 1967 Plan of Development for the captioned unit. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy is returned.

Very truly yours,

**GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS
BY:
Ted Hilberry, Director
Oil and Gas Department**

GSH/MSD/s

encl. 1.

**cc: United States Geological Survey
Roswell, New Mexico**

**New Mexico Oil Conservation Commission
Santa Fe, New Mexico**



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SKELLY OIL COMPANY

P.O. Box 730, Hobbs, New Mexico

November 3, 1966

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1967.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. In June 1966, work began to install injection facilities for full scale waterflood operations. Ten (10) wells were converted to injection service and equipped with cement-lined tubing during July and August, 1966. Injection was started August 20, 1966 into eight (8) wells.

Cumulative water injection to October 1, 1966 was 165,944 barrels of water. The daily average injection rate during September, 1966 was 4,121 barrels.

Cumulative oil production from the Unit area since unitization was 63,383 barrels on October 1, 1966. The average daily producing rate during September, 1966 was 115 barrels of oil. Consolidation of producing facilities is now underway with installation of a central battery and LACT Unit and three satellite test stations. Construction should be completed during November, 1966.

DEVELOPMENT PLANS FOR 1967

Injection into Wells No. 1 and No. 3 will be initiated as soon as line agreements with offsetting lease and/or Unit Operators can be negotiated and approved.

Conversion of the nine (9) injection wells on the eastern and southern boundaries of the Skelly Penrose "B" Unit will be delayed until lease line agreements can be made with the proposed Skelly Penrose "A" and "C" Units.

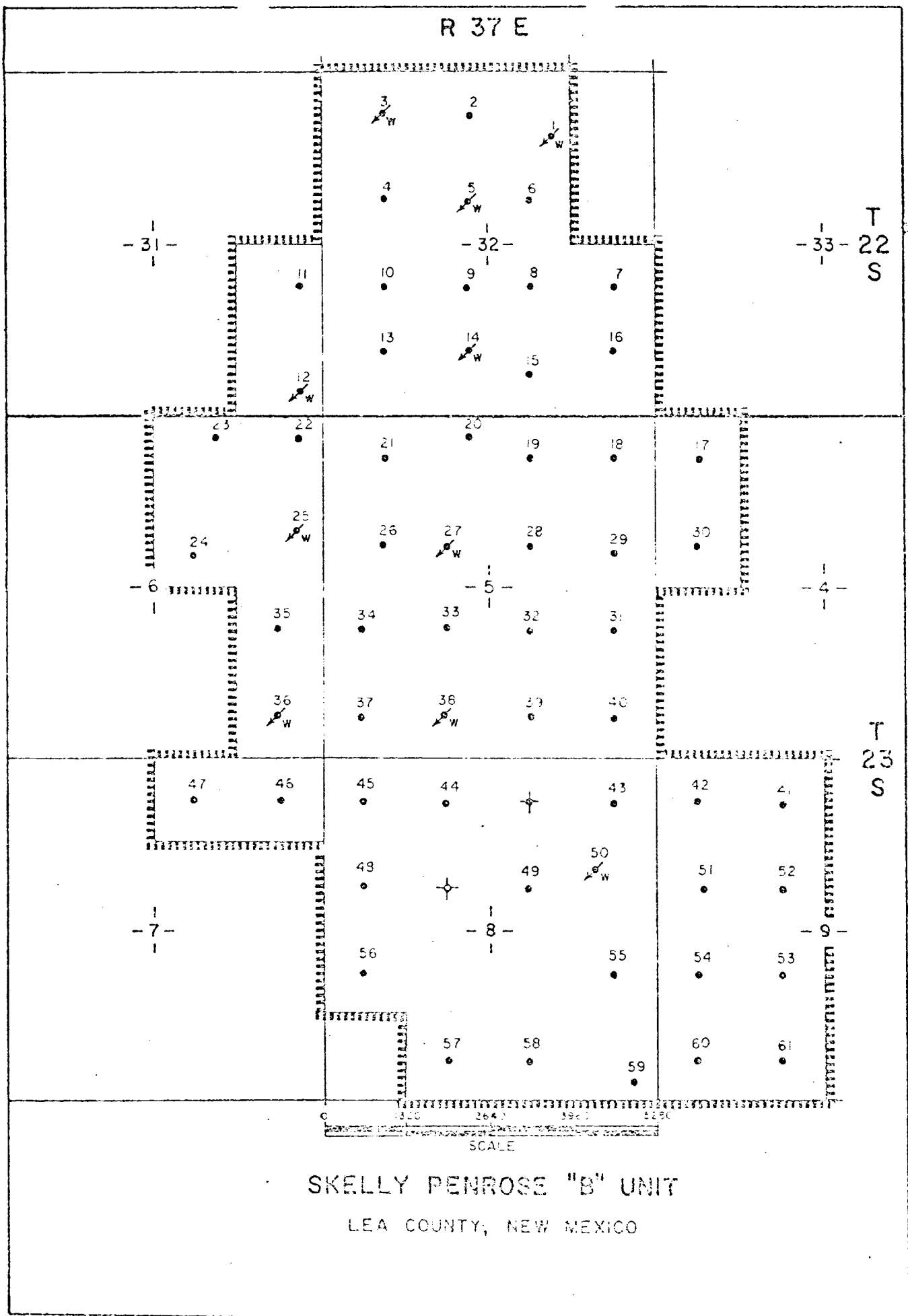
Yours very truly,
SKELLY OIL COMPANY

H. E. Aab
H. E. Aab, Chairman

Working Interest Owners Committee

OVS/bh

Approved *April 27 1967*
[Signature]
Secretary-Director





SKELLY OIL COMPANY

P.O. Box 730, Hobbs, New Mexico
December 16, 1965

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3) ✓
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1966.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. Estimates, plans, and specifications were prepared for installation of the water injection plant and injection system piping. Production operations for the period were normal. The daily average producing rate was 2.6 barrels of oil per producing well for the month of October 1965.

DEVELOPMENT PLANS FOR 1966

Plans are to install a water injection plant and injection piping system for the Unit. Construction to be co-ordinated with installation of the Jal Water System so that this equipment will be ready for use when supply water is available. The Jal Water System, which is now under construction, will furnish injection supply water for the Skelly Penrose "B" Unit when completed.

Initially, the following ten (10) wells will be converted to injection:
Well Nos. 1,3,5,12,14,25,27,36,38, and 50.

Conversion of the nine (9) injection wells on the eastern and southern boundaries of the Skelly Penrose "B" Unit will be delayed until lease line agreements can be made with the proposed Skelly Penrose "A" and "C" Units.

Yours very truly,
SKELLY OIL COMPANY

H. E. Aab, Chairman
Working Interest Owners Committee

OVS/bh



SKELLY OIL COMPANY

P.O. Box 730, Hobbs, New Mexico
December 16, 1965

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1966.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. Estimates, plans, and specifications were prepared for installation of the water injection plant and injection system piping. Production operations for the period were normal. The daily average producing rate was 2.6 barrels of oil per producing well for the month of October 1965.

DEVELOPMENT PLANS FOR 1966

Plans are to install a water injection plant and injection piping system for the Unit. Construction to be co-ordinated with installation of the Jal Water System so that this equipment will be ready for use when supply water is available. The Jal Water System, which is now under construction, will furnish injection supply water for the Skelly Penrose "B" Unit when completed.

Initially, the following ten (10) wells will be converted to injection:
Well Nos. 1,3,5,12,14,25,27,36,38, and 50.

Conversion of the nine (9) injection wells on the eastern and southern boundaries of the Skelly Penrose "B" Unit will be delayed until lease line agreements can be made with the proposed Skelly Penrose "A" and "C" Units.

Yours very truly,
SKELLY OIL COMPANY

H. E. Aab, Chairman
Working Interest Owners Committee

OVS/bh



SKELLY OIL COMPANY

P.O. Box 730, Hobbs, New Mexico
December 16, 1965

Re: Skelly Penrose "B" Unit
Lea County, New Mexico

Commissioner of Public Lands
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners

Gentlemen:

In accordance with Section 11 of the Unit Agreement for the Development and Operation of the Skelly Penrose "B" Unit, Lea County, New Mexico, Skelly Oil Company respectfully submits for your approval a report of past operations and a plan of development and operation for the waterflood unit for the year 1966.

PAST OPERATIONS

The Skelly Penrose "B" Unit became effective July 1, 1965. Estimates, plans, and specifications were prepared for installation of the water injection plant and injection system piping. Production operations for the period were normal. The daily average producing rate was 2.6 barrels of oil per producing well for the month of October 1965.

DEVELOPMENT PLANS FOR 1966

Plans are to install a water injection plant and injection piping system for the Unit. Construction to be co-ordinated with installation of the Jal Water System so that this equipment will be ready for use when supply water is available. The Jal Water System, which is now under construction, will furnish injection supply water for the Skelly Penrose "B" Unit when completed.

Initially, the following ten (10) wells will be converted to injection:
Well Nos. 1,3,5,12,14,25,27,36,38, and 50.

Conversion of the nine (9) injection wells on the eastern and southern boundaries of the Skelly Penrose "B" Unit will be delayed until lease line agreements can be made with the proposed Skelly Penrose "A" and "C" Units.

Yours very truly,
SKELLY OIL COMPANY

H. E. Aab, Chairman
Working Interest Owners Committee

OVS/bh



SKELLY OIL COMPANY

P. O. Box 1650
TULSA, OKLAHOMA 74102

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT

W. P. WHITMORE, MGR. PRODUCTION

W. D. CARSON, MGR. TECHNICAL SERVICES

ROBERT G. HILTZ, MGR. JOINT OPERATIONS

GEORGE W. SELINGER, MGR. CONSERVATION

June 28, 1965

227

Mr. A. L. Porter, Jr., Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

This is to advise that the Skelly Penrose "B" Unit, which was approved by Order No. R-2915 on June 1, 1965, will go into effect July 1, 1965.

We are attaching a list showing the unit well number, along with the former operator, lease and well number.

Yours very truly,

George W. Selinger

NPM:br
Attach.

cc-with attach: Mr. Joe Ramey
Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

Mrs. Marian M. Rhea
The Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico

OPERATOR - SKELLY OIL COMPANY

SKELLY PENROSE "B" UNIT
LEA COUNTY, NEW MEXICO

<u>Unit Well No.</u>	<u>Former Operator</u>	<u>Former Lease and Well No.</u>
1	Operator Service	Cole State No. 1
2	Compass Exploration, Inc.	State No. 2
3	Compass Exploration, Inc.	State No. 4
4	Compass Exploration, Inc.	State No. 3
5	Compass Exploration, Inc.	State No. 1
6	Oscar Bourg Drilling Company	State No. 6
7	Oscar Bourg Drilling Company	King No. 1
8	Oscar Bourg Drilling Company	King No. 3
9	Oscar Bourg Drilling Company	State No. 2
10	Oscar Bourg Drilling Company	State No. 3
11	Dalport Oil Corporation	King "A" No. 2
12	Dalport Oil Corporation	King "A" No. 1
13	Oscar Bourg Drilling Company	State No. 4
14	Oscar Bourg Drilling Company	State No. 1
15	Skelly Oil Company	King "A" No. 1
16	Oscar Bourg Drilling Company	King No. 2
17	Ralph Lowe	E. F. King No. 4
18	Ralph Lowe	E. F. King No. 3
19	Ralph Lowe	E. F. King No. 5
20	Ralph Lowe	King "B" No. 2
21	Ralph Lowe	King "B" No. 3
22	Ralph Lowe	King "C" No. 5
23	Ralph Lowe	King "C" No. 7
24	Ralph Lowe	King "C" No. 8
25	Ralph Lowe	King "C" No. 6
26	Ralph Lowe	King "B" No. 4
27	Ralph Lowe	King "B" No. 1
28	Ralph Lowe	E. F. King No. 6
29	Ralph Lowe	E. F. King No. 2
30	Ralph Lowe	E. F. King No. 1
31	Skelly Oil Company	Harrison "B" No. 3
32	Skelly Oil Company	Harrison "B" No. 4
33	Skelly Oil Company	Harrison "A" No. 2
34	Skelly Oil Company	Harrison "A" No. 1
35	Sun Oil Company	Richard No. 1
36	Sun Oil Company	Richard No. 3
37	Skelly Oil Company	Harrison "A" No. 4
38	Skelly Oil Company	Harrison "A" No. 3
39	Skelly Oil Company	Harrison "B" No. 7
40	Skelly Oil Company	Harrison "B" No. 6
41	Skelly Oil Company	Harrison "B" No. 1
42	Skelly Oil Company	Harrison "B" No. 2
43	Gulf Oil Corporation	Davis No. 1
44	Gulf Oil Corporation	Davis No. 2
45	Redfern Development	J. J. Redfern No. 1
46	Sun Oil Company	Richard No. 2
47	Sun Oil Company	Richard No. 4
48	Redfern Development	J. J. Redfern No. 2
49	W. K. Byrom	Davis No. 2
50	W. K. Byrom	Davis No. 1
51	Skelly Oil Company	Harrison "B" No. 8
52	Skelly Oil Company	Harrison "B" No. 5
53	Skelly Oil Company	Harrison "B" No. 10
54	Skelly Oil Company	Harrison "B" No. 9
55	Texas Pacific Oil Company	Clift No. 2
56	Texas Pacific Oil Company	Clift No. 5
57	Texas Pacific Oil Company	Clift No. 3
58	Texas Pacific Oil Company	Clift No. 1
59	Texas Pacific Oil Company	Clift No. 4
60	Skelly Oil Company	Harrison "B" No. 12
61	Skelly Oil Company	Harrison "B" No. 11

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 2088
SANTA FE

June 1, 1965

**Mr. Ronald J. Jacobs
Skelly Oil Company
Post Office Box 1650
Tulsa 2, Oklahoma**

Re: Case No. 3257
Order No. R-2915
Applicant:
Skelly Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

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Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER Mr. Charles White

100-3387

GILBERT, WHITE AND GILBERT

ATTORNEYS AND COUNSELORS AT LAW

BISHOP BUILDING

SANTA FE, NEW MEXICO

CARL H. GILBERT (1891-1963)

L. C. WHITE

WILLIAM W. GILBERT

SUMNER S. KOCH

WILLIAM BOOKER KELLY

JOHN F. MCCARTHY, JR.

May 10, 1965

POST OFFICE BOX 787

TELEPHONE 983-4324

(AREA CODE 505)

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Skelly Penrose "B" Unit
Langlie-Mattix Field
Lea County, New Mexico

Gentlemen:

We herewith enter our formal appearance as resident counsel
for Skelly Oil Company in the above entitled matter which should
be set for examiner hearing in the latter part of this month.

Very truly yours,



L. C. WHITE

LCW:el

CC: Mr. George W. Selinger



SKELLY OIL COMPANY

P. O. Box 1650
TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT

W. P. WHITMORE, MGR. PRODUCTION

W. D. CARSON, MGR. TECHNICAL SERVICES

ROBERT G. HILTZ, MGR. JOINT OPERATIONS

GEORGE W. SELINGER, MGR. CONSERVATION

April 23, 1965

200-3257

Re: Skelly Penrose "B" Unit
Langlie-Mattix Field
Lea County, New Mexico

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

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

We are enclosing original and three copies of our application for approval of the Skelly Penrose "B" Unit in Lea County, New Mexico.

We would appreciate your setting this matter down for the last Examiner Hearing in May, which we understand probably will be held May 26, 1965.

Yours very truly,

George W. Selinger

RJJ:br
Encl.

DOCKET MAILED

Date _____