

CASE 5166: Application of SKELLY  
FOR AN UNORTHODOX LOCATION, LEA  
COUNTY, NEW MEXICO.

CASE No.

5166

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 13, 1974

EXAMINER HEARING

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IN THE MATTER OF: )  
 )  
 )

Application of Skelly Oil )  
Company for an unorthodox )  
location, Lea County, New )  
Mexico. )  
 )  
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Case No. 5166

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William F. Carr, Esq.  
Legal Counsel for the Com-  
mission  
State Land Office Bldg.  
Santa Fe, New Mexico

For the Applicant:

Chester E. Blodget, Esq.  
Skelly Oil Company  
P. O. Box 1650  
Tulsa, Oklahoma 74102

and

L. C. White, Esq.  
220 Otero  
Santa Fe, New Mexico  
(no appearance)

I N D E X

Page

JOHN T. EDMONSON

Direct Examination by Mr. Blodgett

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Cross Examination by Mr. Stamets

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E X H I B I T S

Marked   Admitted

Skelly's Exhibits Nos. 1, 2 and 3

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MR. STAMETS: Call next case, Case 5166.

MR. CARR: Case 5166. Application of Skelly Oil Company for an unorthodox location, Lea County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. BLODGET: Mr. Examiner, Chester Blodget, representing Skelly Oil Company. I believe, L. C. White has heretofore made his appearance as local counsel. I hand you a copy of his appearance and we have one witness.

MR. STAMETS: Are there any other appearances in this case?

You may stand and be sworn.

(Witness sworn.)

JOHN T. EDMONSON

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

DIRECT EXAMINATION

BY MR. BLODGET:

Q Please state your name.

A My name is John T. Edmonson. I'm senior geologist for Skelly Oil in Midland.

Q Have you previously testified before this Commission and your qualifications been accepted?

A I have and they have.

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 962-0386

EDMONSON-DIRECT

Page.....4.....

Q Are you familiar with this particular Application in Case No. 4166?

A I am.

Q I call your attention to what has been designated as Skelly Exhibit No. 1. Would you identify that, please, and explain it?

A Skelly Exhibit No. 1 is a land plat of the Salt Lake South Unit designation showing the ownership and proposed location in Section 21.

Q I notice Mr. Edmonson, that Skelly owns a great deal of that unit, but there are other operators in that, working interest owners in that unit. Are there other working unit interest owners that offset the proposed unorthodox location?

A Yes, sir, there are and left off now.

Q Who are they?

A There are Flew Corporation in Section 17, J. C. Barnes in Section 16, Larry Bass in Section 15.

Q Have they consented and agreed to this particular location that you applied for?

A They have by Skelly Exhibit No. 2.

Q This Exhibit No. 2 is a Xerox copy of their agreements to this particular location; is that correct?

EDMONSON-DIRECT

A They are.

Q Call your attention to Exhibit No. 3. Would you identify that and explain it, please.

A Yes. Exhibit No. 3 is a composite sub-surface seismic map which is contoured from the top of the Devonian horizon and the blue-dashed lines are growth and isopach lines. The way that I'm exploring for Morrow production in the southeast New Mexico is in conjunction with the underlying Devonian structure with clean sands draped over it. I went into extensively this interpretation at our Unit Hearing.

The primary reason for the unorthodox location request is, if you will notice, the location that we proposed is 660 from the Northwest line of Section 21 and by our seismic data at present, the highest shot point which we have in the entire prospect is located in that northwest corner of Section 21. On the Devonian it is minus 11,280. If you go to the northeast, you have over a hundred feet of dip on the Devonian. If you go to the southwest, you have 148 feet of dip on the Devonian. If you go due south, you have 277 feet of dip on the Devonian, whereas, our primary reason for staying as close as we can to our highest shot point is to attain a better structural position, which we feel like we would engender good Morrow production. This is the primary

reason for us staying in as close as we can of this northwest corner of Section 21.

Q Now, this is the Wildcat Well, is it not?

A Yes, sir.

Q What's the proposed test?

A It's 14,000-foot Morrow test.

Q For the record, where is the proposed location?

A The proposed location is 660 from the north and west line of Section 21, Township 21 South, 32 East.

Q In your opinion, would the granting of this Application prevent waste and protect correlative rights?

A Yes, sir.

Q You are also asking or Skelly is also asking in this Application, is it not, that future possible unorthodox or exception locations be granted by administrative means?

A Yes, sir. I verbally talked to other operators and they have agreed to this. Of course, we'll comply with the rules of obtaining written permission from any offset operator or any operators involved and we'll submit all data to the Commission when we apply for it.

Q When you apply for what?

A For another or any additional unorthodox locations.

MR. BLODGET: I have no further questions of this



EDMONSON-DIRECT  
CROSS

Page.....7.....

witness and I'll offer at this time, Skelly Exhibits 1, 2 and 3 into evidence.

MR. STAMETS: Without objection, they will be so admitted.

(Whereupon, Skelly's Exhibits  
Nos. 1, 2 and 3 were admitted  
in evidence.)

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Edmonson, when you were discussing the method in which you would propose to make these Applications, I assume what you're talking about would be a procedure very similar to what is outlined under Commission Rule 104(f), the Administrative Application for unorthodox locations based on topographic conditions, although you'd like to have administrative procedure for any reason you choose in this case?

A Any additional locations, any unorthodox locations, would primarily be based upon probably from the information gained in this well. If our sub-surface interpretation is correct, et cetera, also topographic conditions would be brought into it, of course.

Q Excuse me. I was referring just to the procedure that would be followed.

A Yes, sir, it would be followed.

Q Procedure like that would be acceptable?

A Yes, sir.

Q Are there interest in this unit boundary, which I presume is in red, which have not committed their interests to the unit?

A Yes, sir. In fact, Section 15, which is inside the boundary, this was gone over our last two Hearings, when we got the unit approved. Section 15, which is half owned by Bass, Perry R. Bass on the west and the Meany and Southern Union production on the east is not committed to the unit, but we have obtained, as evidenced by our Exhibit, approval from Perry R. Bass, who owns the west half of Section 15, any way.

Q Would you anticipate any unorthodox locations located more closely than the standard location to the outer boundaries of the unit?

A No, sir, not at this time.

Q So, if non-standard locations were permitted toward the inner boundary of the units and not permitted toward the outer boundaries, this would meet Skelly's requirements? Is that the case?

A Yes, sir.

MR. STAMETS: Any other questions of this witness?

You may be excused.

(Witness excused.)

MR. STAMETS: Anything further in this case?

MR. BLODGET: No.

MR. STAMETS: Take the case under advisement.

STATE OF NEW MEXICO )  
                          )ss.  
COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5166, heard by me on Feb 13, 1974.

  
Richard L. Nye, Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

I. R. TRUJILLO  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMILLO  
MEMBER

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

February 22, 1974

Mr. Chester E. Blodget  
Skelly Oil Company  
Post Office Box 1650  
Tulsa, Oklahoma 74102

Re: CASE NO. 5166  
ORDER NO. R-4732  
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

ALP/ir

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other Mr. L. C. White, Box 787, Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5166  
Order No. R-4732

APPLICATION OF SKELLY OIL COMPANY  
FOR AN UNORTHODOX LOCATION, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 13, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of February, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks approval for an unorthodox gas well location for its South Salt Lake Unit Well No. 1 at a point 660 feet from the North line and 660 feet from the West line of Section 21, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the W/2 of said Section 21 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable the applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That the applicant further seeks the establishment of an administrative procedure whereby additional wells may be approved without notice and hearing which would be drilled at unorthodox locations within the South Salt Lake Unit Area but not closer than standard locations to the outer boundary of said unit area.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss

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CASE NO. 5166  
Order No. R-4732

caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby granted approval of an unorthodox gas well location for its South Salt Lake Unit Well No. 1 to be located 660 feet from the North line and 660 feet from the West line of Section 21, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That the W/2 of said Section 21 shall be dedicated to the above-described well.

(3) That the Secretary-Director of the Commission may approve the drilling of wells at unorthodox locations within the South Salt Lake Unit area without notice and hearing;

PROVIDED THAT, an application for such unorthodox location is filed in such form, style, numbers, and with such notice and waiting period as may be required by paragraphs 2 and 3 of Commission Rule 104 F, or such rule as it may be revised;

PROVIDED FURTHER, that such application is for a well to be located no closer to the outer boundary of said unit area than a well drilled at a standard location for the spacing and proration unit to be dedicated to the well.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

  
ALEX J. ARMSTRONG, Member

  
A. L. PORTER, JR., Member Secretary

S E A L

jr/

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 13, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1974, from fourteen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1974.

CASE 5130: (Continued from the January 3, 1974, Examiner Hearing)

Application of Mesa Petroleum Company for the amendment of Order No. R-4658, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4658, which order promulgated special pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico. Applicant seeks the amendment of said rules to provide for a special gas-oil ratio limitation of 4000 to one.

CASE 5165: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western States Equipment Company, The Travelers Indemnity Company and all other interested parties to appear and show cause why the Hutcherson Com Well No. 1 located in Unit C of Section 27, Township 9 South, Range 34 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5166: Application of Skelly Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its South Salt Lake Unit Well No. 1 at a point 660 feet from the North and West lines of Section 21, Township 21 South, Range 32 East, Lea County, New Mexico. Applicant further seeks establishment of an administrative procedure for the approval of additional unorthodox locations in said South Salt Lake Unit Area without hearing.

CASE 5167: Application of Fluid Power Pump Company and Petro-Lewis Corporation for compulsory pooling, Sandoval County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying two non-standard proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, described as follows:

Unit No. 1, the S/2 SW/4 of Section 14 and N/2 NW/4 of Section 23, dedicated to applicants' Media Well No. 1 located in Unit M of said Section 14; and



(Case 5167 continued from Page 1)

Unit No. 2, the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, to be dedicated to applicants' Media Well No. 2 located in Unit P of said Section 15.

CASE 5168: Application of Silver Monument Minerals, Inc. for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Humble-Tucker Well No. 5 at an unorthodox location 1315 feet from the South and West lines of Section 25, Township 7 South, Range 32 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 5169: Application of Atlantic Richfield Company for an unorthodox oil well location and the amendment of Order No. R-3011, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1200 feet from the South line and 1250 feet from the West line of Section 24, Township 17 South, Range 32 East, Johns Waterflood Project, Maljamar Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-3011 which authorized said project to provide for administrative approval of additional infill locations in said project.

CASE 5173: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Maude Rickman Com Well No. 1 located in Unit L of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5170: Application of Monsanto Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 16, Township 19 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in the NE/4 of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5171: Application of Coquina Oil Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age and older underlying the N/2 of Section 16, Township 19 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well proposed to be drilled at an unorthodox location 990 feet from the North and East lines of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5140: (Continued from the January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (Continued from the January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

CASE 5124: (Continued from the January 16, 1974, Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests

(Case 5124 continued from Page 3)

underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5172: Southeastern New Mexico nomenclature case calling for the creation, abolishment, contraction and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Avalon-Upper Pennsylvanian Gas Pool. The discovery well is Atlantic Richfield Company, State B0 Com No. 1 located in Unit G of Section 15, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 15: N/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Rocky Arroyo-Atoka Gas Pool. The discovery well is the El Paso Natural Gas Company Patterson No. 1 located in Unit H of Section 30, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM  
Section 30: E/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Canyon production and designated as the Rocky Arroyo-Canyon Gas Pool. The discovery well is the El Paso Natural Gas Company Rocky Arroyo C No. 1 located in Unit F of Section 8, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM  
Section 8: W/2

(d) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Winchester-Strawn Gas Pool. The discovery well is the Hillin Production Company JCW State Com No. 1 located in Unit C of Section 2, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 2: N/2

(e) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Indian Draw-Delaware Pool, and to consider the assignment of 16,300 barrels of oil discovery allowable to the discovery well, the Amoco Production Company Old Indian Draw Unit Well No. 1, located in Unit J of Section 18, Township 22 South, Range 28 East, Eddy County, New Mexico. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 18: SE/4

(f) Abolish the East Weir-Tubb Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 12: E/2 and S/2 SW/4  
Section 13: N/2

(g) Extend the Monument-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 11: E/2 SE/4  
Section 12: E/2 and SW/4  
Section 13: N/2

(h) Contract the Wantz-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 1: SE/4 SW/4  
Section 12: NW/4 NE/4

(i) Contract the Winchester-Wolfcamp Pool in Eddy County, New Mexico, by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 35: S/2 SE/4

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 2: W/2 NE/4

(j) Extend the West Atoka-Cisco Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 11: S/2

(k) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 18: N/2

(l) Extend the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM  
Section 35: W/2

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 2: N/2

(m) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 20: All

(n) Extend the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 30 EAST, NMPM  
Section 25: SW/4  
Section 26: SE/4

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM  
Section 29: All

(o) Extend the Burton Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 33: E/2  
Section 34: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 4: Lots 1, 2, 7, 8, 9, 10, 15 and 16

(p) Extend the Burton Flats-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 3: Lots 1 through 16

(q) Extend the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 31: S/2

(r) Extend the Fren Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
Section 15: W/2 SW/4

(s) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 28: S/2

(t) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
Section 5: Lots 3, 4, 5, 6, 11, 12,  
13 and 14

(u) Extend the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 27: All

(v) Extend the North Morton-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein.

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 25: S/2  
Section 36: NE/4

(w) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 30: N/2

(x) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 17: E/2

(y) Extend the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 7: S/2

Section 8: W/2

(z) Extend the Rocky Arroyo-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Section 33: S/2

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 4: N/2

Section 5: All

Section 8: W/2

(aa) Extend the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 32: S/2

Section 33: W/2

(bb) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM

Section 23: NW/4

(cc) Extend the Scharb-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 2: S/2

(dd) Extend the North Shoebar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 13: NE/4

(ee) Extend the Square Lake Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 9: NE/4

- (ff) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
Section 1: NW/4  
Section 15: N/2 SW/4

- (gg) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 2: SW/4

- (hh) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM  
Section 28: S/2

- (ii) Extend the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM  
Section 30: All

- (jj) Extend the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 34: W/2



**BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION**

**EXHIBIT NO. 12**

**CASE NO. 5166**

**Submitted by J.T. Edmondson**

**Hearing Date 2-13-74**

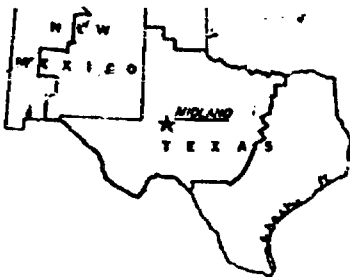
**SKELLY OIL COMPANY  
WEST CENTRAL E&P DISTRICT  
SOUTH SALT LAKE UNIT  
Lea County, New Mexico  
LAND PLAT**

**Delaware Basin Geoprovence - Pecos River Area**

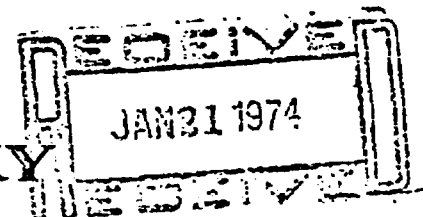
**Scale: 1" = 4000'**

**Date: 2-13-74**

**UNIT OUTLINE**



# SKELLY OIL COMPANY



EXPLORATION & PRODUCTION DEPARTMENT  
WEST CENTRAL DISTRICT

January 18, 1974

V. E. BARTLETT, EXPLORATION MANAGER  
J. R. GISSURNE, DISTRICT EXPLORATION GEOLOGIST  
M. E. ROBINSON, DISTRICT LANDMAN  
E. E. RODGERS, DISTRICT PROJECTS GEOLOGIST  
T. O. SCHMIDT, DISTRICT GEOPHYSICIST

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

Re: Salt Lake South Unit  
Well No. 1  
Section 21-21S-32E  
Lea County, New Mexico

J. C. Barnes  
P. O. Box 505  
Midland, Texas 79701  
Attention: Mr. Russell J. Ramsland

Fluor Corporation  
615 Midland Tower  
Midland, Texas 79701  
Attention: Mr. Clem J. Ware

Perry R. Bass, Inc.  
P. O. Box 171  
Midland, Texas 79701  
Attention: Mr. Bill Seltzer

Gentlemen:

Skelly Oil Company, as Operator of the captioned unit, proposes to drill a test 660' FN & WL of Section 21-21S-32E, which is an unorthodox location.

As you are the owner of an offset tract, we shall appreciate it if you will verify you have no objection to this location by signing and returning one copy of this letter to us.

Yours truly,

WBC/vmt  
Attach.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Skelly	EXHIBIT NO. 2
CASE NO.	5166
Submitted by	J.T. Edmonson
Hearing Date	2-13-74

*B. Crownover*  
Crownover

January 18, 1974  
Salt Lake South Unit  
Page 2

We have no objection to the unorthodox location 660' FN & WL Section  
21-21S-32E, Lea County, New Mexico, as proposed by Skelly Oil Company.

J. C. BARNES

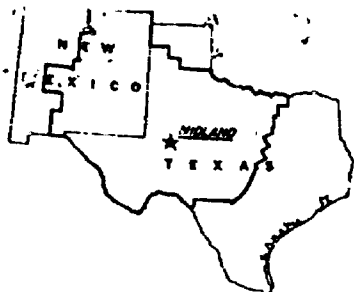
BY: \_\_\_\_\_

FLUOR CORPORATION

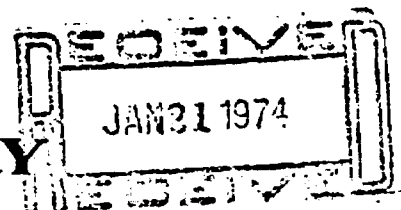
BY: \_\_\_\_\_

PERRY R. BASS, JR.

BY: B. F. Junco



## SKELLY OIL COMPANY



EXPLORATION & PRODUCTION DEPARTMENT  
WEST CENTRAL DISTRICT

V. E. BARTLETT, EXPLORATION MANAGER  
J. R. GISSURNE, DISTRICT EXPLORATION GEOLOGIST  
M. E. ROBINSON, DISTRICT LANDMAN  
E. E. RODGERS, DISTRICT PROJECTS GEOLOGIST  
T. O. SCHMIDT, DISTRICT GEOPHYSICIST

January 18, 1974

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MIDLAND, TEXAS 79701

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Section 21-21S-32E  
Lea County, New Mexico

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Yours truly,

  
Wm. B. Crowmover

WBC/wmt  
Attach.

*Please make  
our correct  
name*  
EFFECTIVE MAY 1, 1973 FLUOR OIL AND GAS  
CORPORATION, (Formerly Fluor Minerals, Inc.)  
SUCCEEDED TO ALL RIGHT, TITLE AND INTER-  
EST OF FLUOR CORPORATION IN THE PROP-  
ERTY AFFECTED BY THIS INSTRUMENT

January 18, 1974  
Salt Lake South Unit  
Page 2

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J. C. BARNES

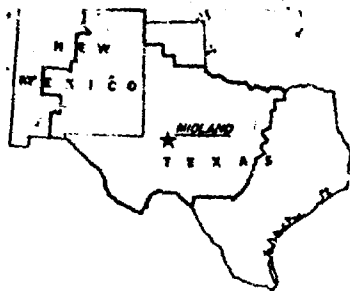
BY: \_\_\_\_\_

FLUOR OIL AND GAS CORPORATION

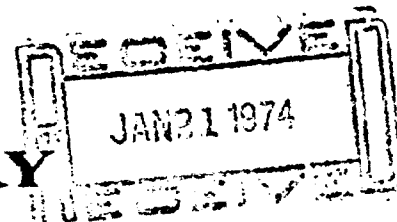
BY: *Leroy Esterak*  
Leroy Esterak, Vice President

PERRY R. BASS, INC.

BY: \_\_\_\_\_



## SKELLY OIL COMPANY



EXPLORATION & PRODUCTION DEPARTMENT  
WEST CENTRAL DISTRICT

January 18, 1974

ADDRESS REPLY TO:  
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MIDLAND, TEXAS 79701

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J. R. GISSBURNE, DISTRICT EXPLORATION GEOLOGIST  
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Section 21-21S-32E  
Lea County, New Mexico

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*W.B. Crownover*  
Wm. B. Crownover

WBC/wmt  
Attach.

*Please make  
our correct  
name*

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January 18, 1974  
Salt Lake South Unit  
Page 2

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J. C. BARNES

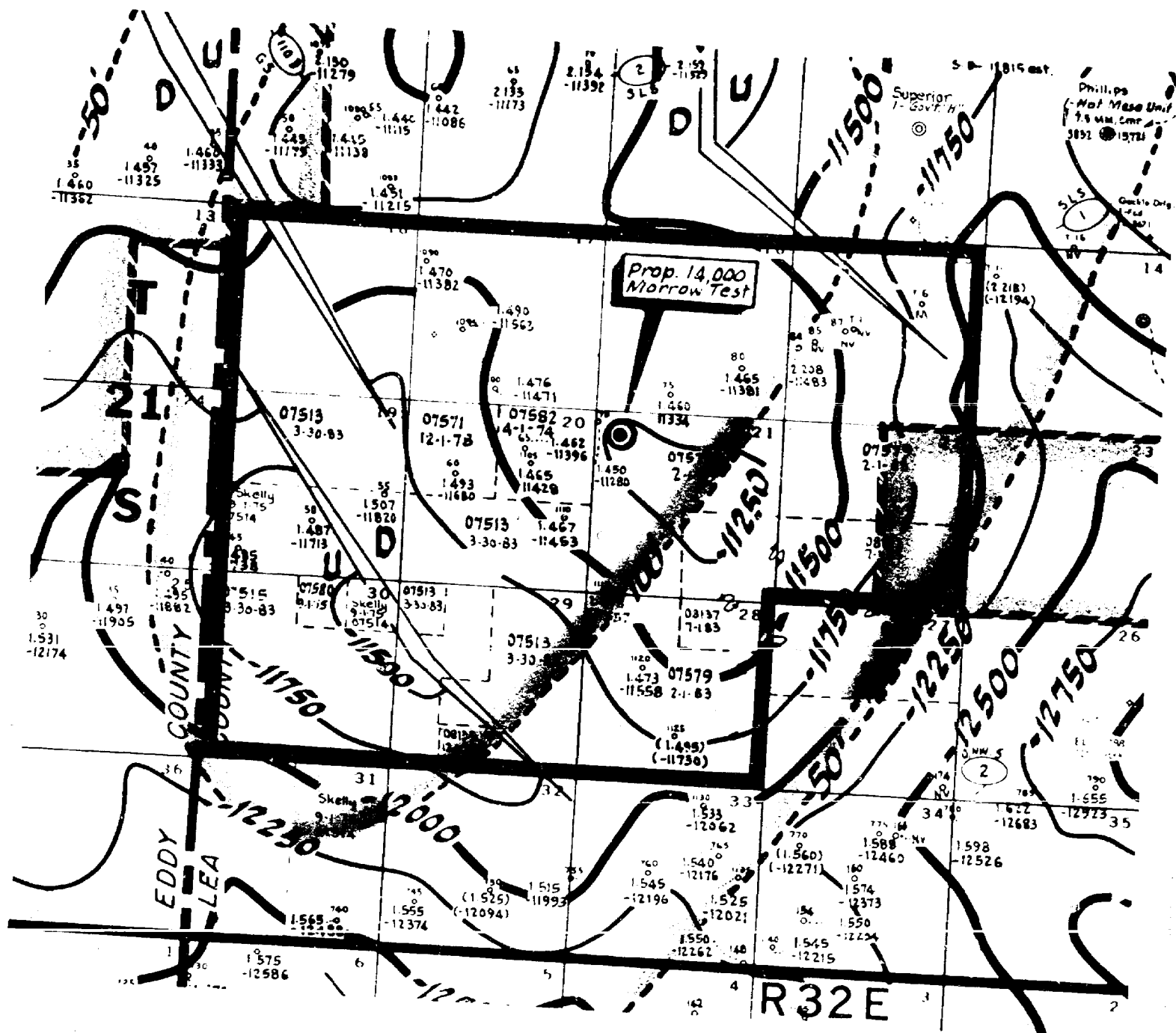
BY: R. Ramaland

FLUOR CORPORATION

BY: \_\_\_\_\_

PERRY R. BASS, INC.

BY: \_\_\_\_\_



OIL - POTASH AREA  
 MOCC ORDER NO. R-111-A AS REVISED THRU R-111-M

**BEFORE EXAMINER STAMETS**  
**OIL CONSERVATION COMMISSION**  
 Skelly, EXHIBIT NO. 3  
 CASE NO. 5166  
 Submitted by J. T. Edmonson  
 Hearing Date 2-13-74

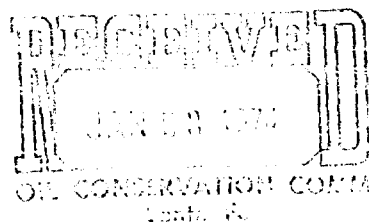
SKELLY OIL COMPANY  
 WEST CENTRAL DISTRICT  
 SALT LAKE SOUTH UNIT  
 Eddy and Lea Counties, New Mexico  
 Scale  
 0 2000 4000 8000 12000  
 Contoured Datum: Sil-Devonian C.I. 250'  
 Total Gross Clean Morrow Sand C.I. 50'  
 Geologist: Jon T. Edmonson Date: 2-13-74  
 Geophysicist: R. M. Hall  
 Proposed Unit Outline



WHITE,  
KOCH, KELLY  
&  
McCARTHY

Case 5-166

January 22, 1974



New Mexico Oil Conservation Commission  
State Land Office  
Santa Fe, New Mexico 87501

Re: Application of Skelly Oil Company for an  
Order authorizing the drilling of a well  
at an unorthodox location in the Salt Lake  
South Unit, Lea County, New Mexico

Gentlemen:

I have enclosed an original entry of appearance in the  
above captioned matter on behalf of Skelly Oil Company.

Sincerely,

L. C. WHITE

LCW:m  
enclosure as indicated

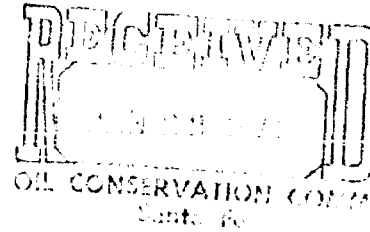
DOCKET MAILED

Date 1-21-74

L.C. White  
Sumner S. Koch  
William Booker Kelly  
John F. McCarthy, Jr.  
Kenneth Bateman  
Benjamin Phillips  
Ronald M. Friedman

Attorneys and Counselors at Law

220 Otero St., P.O. Box 787, (505)982-4374, Santa Fe, N.M. 87501 — P.O. Drawer E, (505)758-4338, Taos, N.M. 87571



BEFORE THE NEW MEXICO  
OIL CONSERVATION COMMISSION

Case 5-166

IN THE MATTER OF THE APPLICATION  
OF SKELLY OIL COMPANY FOR AN  
ORDER AUTHORIZING THE DRILLING  
OF A WELL AT AN UNORTHODOX  
LOCATION IN THE SALT LAKE SOUTH  
UNIT, LEA COUNTY, NEW MEXICO

Case No. \_\_\_\_\_

FORMAL APPEARANCE OF LOCAL  
COUNSEL

Comes now L. C. White, of the firm of White, Koch, Kelly &  
McCarthy, P. O. Box 787, Santa Fe, New Mexico 87501 and herewith  
enters his formal appearance as local counsel for Skelly Oil  
Company in the above entitled matter.

WHITE, KOCH, KELLY & MCCARTHY

By

*L. C. White*

2



# SKELLY OIL COMPANY

P. O. BOX 1650

TULSA, OKLAHOMA 74102

January 18, 1974

*Case 5166*

LAW DEPARTMENT  
CHESTER E. BLODGET  
SENIOR ATTORNEY

Re: Application of Skelly Oil Company  
for an Order Authorizing the Drilling  
of a Well at an Unorthodox Location  
in the Salt Lake South Unit, Lea  
County, New Mexico

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

Gentlemen:

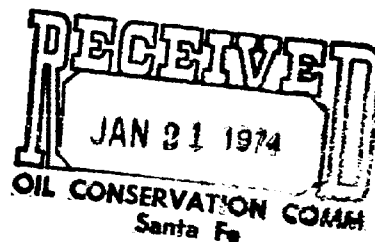
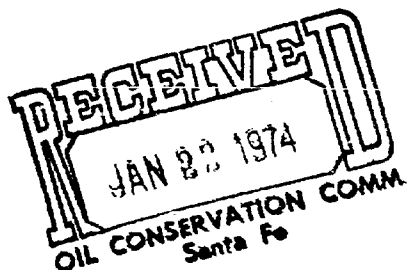
We enclose herewith the original and two copies of the above-  
referenced application.

We would appreciate your setting this matter down for hearing on the  
next Examiner Docket, which we understand will be February 13, 1974.

Yours very truly,

*Chester E. Blodget*  
Chester E. Blodget

CEB:br  
Encl.



DOCKET MAILED

Date 1-31-74

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
SKELLY OIL COMPANY FOR AN ORDER ) CASE NO. 5766  
AUTHORIZING THE DRILLING OF A WELL )  
AT AN UNORTHODOX LOCATION IN THE ) FILED \_\_\_\_\_  
SALT LAKE SOUTH UNIT, LEA COUNTY, )  
NEW MEXICO ) HEARING \_\_\_\_\_

A P P L I C A T I O N

Comes now Skelly Oil Company and alleges and states:

1. That it is a Delaware corporation authorized to do business in the State of New Mexico. That it operates the Salt Lake South Unit, Lea County, New Mexico, which includes the following described lands, to wit:

Lea County, New Mexico  
Township 21 South, Range 32 East, NMPM  
Sections 15 through 22: All  
Sections 28 through 30: All

2. That applicant seeks authority to drill a wildcat well to a projected depth of 14,000 feet at an unorthodox location, to wit:

660 feet from the North line, and  
660 feet from the West line of  
Section 21, Township 21 South, Range 32 East,  
Lea County, New Mexico

3. That attached hereto and made a part hereof as Exhibit "A" is a plat showing the proposed location of said wildcat well to primarily test the Morrow formation. The north offset working interest owner, J. C. Barnes, will participate in the drilling of said well. The north-west offset operator, Fluor Corporation, is supporting the said test well by contributing acreage. The working interest of the balance of the acreage is owned by applicant.

4. That the proposed non-standard unorthodox location is necessary and advisable to efficiently explore the area involved and discover reserves that might not otherwise be recovered, thereby preventing waste.

WHEREFORE, PREMISES CONSIDERED, Applicant prays that this Commission set this matter down for hearing, that notice hereof be given as required by law, and that at the conclusion of said hearing based on the evidence adduced the Commission enter its order granting Skelly Oil Company permission to drill a well at a location 660 feet from the North line and 660 feet from the West line of Section 21, Township 21 South, Range 32 East, Lea County, New Mexico to a projected depth of 14,000 feet to test the Morrow formation, to further provide for approval of other unorthodox or exception locations in the Salt Lake South Unit by administrative means without the necessity of separate hearings, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

By Chester E. Blodget  
Chester E. Blodget  
Attorney

Of Counsel:  
L. C. White, Attorney  
White, Koch, Kelly & McCarthy  
P. O. Box 787  
Santa Fe, New Mexico 87501



DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5166

Order No. R- 4732

APPLICATION OF SKELLY OIL COMPANY FOR  
AN UNORTHODOX LOCATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 13, 1974,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of February, 1974, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Skelly Oil Company, seeks approval  
for ~~the~~ <sup>99</sup> unorthodox gas well location ~~of~~ <sup>for</sup> its South Salt Lake  
Unit Well No. 1 at a point 660 feet from the North ~~xx~~ line and  
660 feet from the West line of Section 21, Township 21 South,  
Range 32 East, NMPM, Lea County, New Mexico.

-2-

Case No. 5166  
Order no. R-

(3) That the W/2 of said Section 21 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable the applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That the applicant further seeks the establishment of an administrative procedure whereby additional wells may be approved *without notice and hearing which would* be drilled at unorthodox locations within the *South Salt Lake Unit Area* but not closer than standard locations to the outer boundary of said *unit area*.  
~~That, without notice and hearing.~~

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby granted approval of an unorthodox gas well location for its South Salt Lake Unit Well No. 1 to be located 660 feet from the North line and 660 feet from the West line of Section 21, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That the W/2 of said Section 21 shall be dedicated to the above-described well.

Case No. 5166  
Order No. R-

(3) That the Secretary-Director of the Commission may approve the drilling of wells at unorthodox locations within the South Salt Lake Unit area without notice and hearing;

PROVIDED THAT, an application for such unorthodox location is filed in such form, style, numbers, and with such notice and waiting period as may be required by paragraphs 2 and 3 of Commission Rule 104 F, or such rule as it may be revised;

PROVIDED FURTHER, that such application is for a well to be located ~~at least a standard distance from the~~ <sup>no closer to than</sup> outer boundary of said unit area. ~~unit area~~ <sup>unit area</sup> ~~than a well drilled at a standard location for the~~ <sup>than a well drilled at a standard location for the</sup> spacing and production unit to be dedicated to the well.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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