

CASE 1389: Skelly Oil Co. application for
unorthodox gas well location for its C. W.
Roberts Well #3, 18-25N-3W.

Case No.

1389

Application, Transcript,
Small Exhibits, Etc.

EXAMINER HEARING
ON CONSERVATION COMMISSION
Santa Fe, New Mexico
February 26, 1958

IN THE MATTER OF: Case No. 1389

TRANSCRIPT OF PROCEEDINGS

DEARNLEY, MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

EXAMINER, HEARING
OIL AND GAS, NEW MEXICO
Santa Fe, New Mexico
February 24, 1958

IN THE MATTER OF:

The application of Skelly Oil Company for an
unorthodox oil well location. Applicant, in
the above-styled cause, seeks an order approving Case 1389
the unorthodox oil well location of its C. W.
Roberts Well No. 3 located 1190 feet from the
South line and 1450 feet from the East line of
Section 18, Township 25 North, Range 3 West,
in an undesignated Dakota oil pool in Rio
Arriba County, New Mexico.

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case on the docket will be Case 1389.

MR. COOLEY: Case 1389: In the matter of the application
of Skelly Oil Company for an unorthodox oil well location.

MR. SELINGER: George W. Selinger, representing Skelly
Oil Company. We have one witness, Mr. Lee King. We would like
to have the witness sworn.

(Witness sworn.)

LEE KING

called as a witness, having been first duly sworn on oath, testified
as follows:

SUBJECT EXAMINATION

By MR. BELINGER:

Q State your name and address.

A Lee King, Box 426, Farmington.

Q Are you associated with Skelly Oil Company?

A I am employed as a petroleum engineer.

Q Where are you stationed, Mr. King?

A In Farmington, New Mexico, in Four States District.

Q Does that District cover the northwest portion of the State of New Mexico?

A Yes, sir, it does.

Q More particularly Rio Arriba County?

A Yes.

Q Are you familiar with Skelly Oil Company's operations in and about Township 25 North, Range 3 West, Rio Arriba County?

A Yes, I am.

Q Has the company drilled a number of wells in that area?

A Yes, they have.

Q Up to the time that the G. W. Roberts Well No. 3 was drilled, what type of wells had been completed in this area?

A Dry gas wells.

Q Is that similarly true of other operators in and about the area?

A As far as I'm familiar with other operations in this Rio Arriba area around this well.

(Skelly Oil Company's Exhibit No. 1
marked for identification.)

Q I'll hand you what has been marked Exhibit No. 1. Is that
a plat of the area?

A Yes, it is.

Q Are you familiar with the application filed by Skelly in
this particular case?

A Yes, I am.

Q The application seeks an exception to Statewide Rule 104-B-2
with respect to the location of the C. W. Roberts No. 3 Well, is
that correct?

A That's right.

Q Where is that well located?

A It is located 1450 feet from the East line, 1190 feet from
the South line of Section 18, Township 25 North, Range 3 West.

Q Does Skelly Oil Company own the acreage in Sections 17,
18, 19, 20, 29, 30, and 31 in that Township and Range?

A Yes, they do.

Q Is the location of the C. W. Roberts No. 3 in the approx-
imately nearly center of the four section block of 17, 18, 19, 20?

A Very close to the center.

Q So that there are no other operators involved with distances
closer than at least half a mile or more?

A That is correct.

Q Now when this well was released, was it released from gas

as was customary in the drilling of ten other wells in this area by Skelly as gas wells?

A That's correct.

Q This well was taken down after testing the shallower gas to a deep hole in this particular area, and what did you find?

A Well, we found oil production where we had expected gas.

Q And what is that producing formation?

A That is Dakota formation.

Q The well is drilled to a total depth of 8,180 feet?

A That is correct.

Q And on or about January 21st a potential test was taken on this well?

A That is correct.

Q Give the results of that test.

A On a 21-hour test, the well flowed 150 barrels of oil and 150,000 cubic feet of gas through a three-quarter inch choke.

Q What was the gravity of that?

A 40.3 corrected.

Q Which, under those figures, will give you approximately a thousand cubic foot ratio?

A A COR of 877.

Q That is based on one hour potential of 177 barrels?

A That is correct.

Q In the testing and completion of this well, I think that the perforations, the first perforations were at what depth?

A It was perforated from 8077 to 78 was the first perforations to test the cement. On a drill stem test of that area, we recovered only a small amount of air and some slight shows of gas.

Q Which depth was that?

A 8077 to 78.

Q Now the well has perforations above that, is that correct?

A That is correct.

Q It's perforated from 7996 to 8020?

A Perforated from 7996 to 8020 and from 8070 to 77.

Q Was that part of the zone actually cored?

A Yes, it was cored.

Q What did it show with respect to any producing horizon over and above 8,000 feet?

A Well, the very top part of this section was shaly, silty sand with very low permeability and porosity, and I would estimate that most of the production comes from 8002 to 20, and 8070 to 8077.

Q So that actually the producing ability of the well insofar as oil from the Dakota is from 8002 down?

A That is correct.

Q This becomes of some importance since this is a discovery well in the Dakota zone, is that correct?

A That is correct, for allowable purposes you have a different factor below 8,000.

Q Should the area ever be placed under allocation, the depth

factor would be based on the perforations or the casing shoe, whichever is the higher, as being the criteria for all wells hereafter completed in the Dakota?

A That is correct.

Q So that in your opinion the oil that is producing is coming from below the 8,000 foot depth?

A I would say ninety-nine, or I wouldn't estimate the percentage, but very small amount of oil that would be obtained in this well.

Q Where is the casing shoe in this well?

A The casing shoe is at --

Q (Interrupting) Is not at 8,180 feet?

A That is correct.

Q Now, in order to secure the exception, the well is approximately 130 feet from the north and west sides of a 40 acre which can be described as the southwest of the southeast of Section 18, is that correct?

A That is correct.

Q That would be in compliance with the gas spacing rules for the area?

A That is true.

Q It would have been possible to pick a location which would have coincided with both the oil and gas requirements for spacing in the San Juan Basin?

A Yes, we could have.

Q But this location in the center of Skelly acreage and the well is going towards the center of Section 18 and is in excess of a thousand feet from the south and east lines of Section 18, is that correct?

A That is correct.

Q But it is approximately three-quarters of a mile from the north and west side of the section?

A That is correct.

Q Since you are familiar with the application, you know of course that all those offsetting the C. W. Roberts lease which contains acreage in Section 17 and 18 have all been notified, the offset operators have all been notified of this application?

A Yes, they have.

MR. SELINGER: I might add for the benefit of the Commission one party, L. L. Johnson, we did not have the address, we sent his copy to the Commission in the hopes that they might have his address. Outside of L. L. Johnson, all the other parties were sent a copy of this application direct.

We would like to offer in evidence Skelly Exhibit No. 1.

MR. UTZ: Is there objection to the entrance of Skelly Exhibit No. 1? If not, it will be entered into the record.

MR. SELINGER: That's all we have.

MR. UTZ: Are there any questions of Mr. King?

MR. NUTTER: Yes, sir.

CROSS EXAMINATION

By MR. NUTTER:

Q I wonder if you would elaborate a little further in your discussion, in the event the area should become allocated, what the depth factors would be.

A Well, the perforations are from 7996 to 8020, and from 8070 to 8077. From a core analysis and other drill stem test data this perforated interval from 7996 to 8002 is practically non-productive. We fouled up when we perforated that area for production, and for future wells in this area, the allowable will be based on the factor from six to seven thousand instead of from seven thousand to eight thousand.

Q You mean from seven to eight until --

A (Interrupting) Eight to nine, pardon me.

Q What interval did you say was practically non-productive from 7998 to what?

A 8002.

MR. SELINGER: 8002.

A It was from the electric log and not from the core analysis. After the core analysis was obtained, this area was, this section from ninety-six to eight thousand and two was practically non-productive.

Q What is the first perforated interval, from 7996 to 8020?

A 8020.

Q So you get that eighteen feet of the first perforated

interval that is productive?

A That is correct.

Q I think this is in an allocated area?

MR. SELINGER: This is the discovery Dakota well.

MR. NUTTER: There has been no pool created here. This is in Rio Arriba County, and it is presently allocated.

MR. PORTER: What was the potential?

A 171 barrels of oil in 24 hours through a three-quarter inch choke.

MR. PORTER: In other words, was there anything like a normal unit allowable that the well would be capable of making?

MR. SELINGER: Yes.

MR. NUTTER: Would it be possible to test the interval from 8079?

A At this time it would be very unreliable, any information you would obtain because of vertical fracturing in this Dakota section.

Q So by setting a packer at 8,000 feet you wouldn't know if you were getting the production from 7996?

A Not in this well. Some future well drilled in this area with light core analysis could be tested.

MR. UTZ: Any other questions of the witness?

MR. COOLEY: Yes, sir.

By MR. COOLEY:

Q You know the present rules, Mr. King, you understand that

the 7996 top on the perforations would establish the perforation depth factor, do you not?

A. Yes, I do.

MR. SELINGER: That's why we are going to great lengths to explain that. Probably all wells hereafter will probably not be perforated above the 8,000 feet.

MR. COOLEY: This information is all very interesting, but unless some exception to existing rules is made, the 7996 top would still determine the allowable for any pool created around this area.

MR. SELINGER: We are making our record to show that everything above 8,000 in our opinion is non-productive. We don't think that the other wells that may hereafter be drilled in the Dakota should be penalized, not only Skelly's but other operators, should be penalized for an error that we made ourselves in perforating.

MR. COOLEY: Mr. Nutter, Mr. Utz, correct me if I am wrong. I think the proper time to raise this question as to the true top of the perforations should be in a nomenclature hearing when and if a pool is created for this area?

MR. UTZ: That's right.

MR. NUTTER: That's right.

MR. COOLEY: If there is any perforation of the well while in a wildcat state, it would have to be perforated on the basis of the top of the perforations as they now exist?

MR. PORTER: Well, with the present level of allowable it couldn't make a great deal of difference, but I know what Mr. Nutter is thinking right now, is what he would use for an allowable in computing the allowable for the San Juan Basin. He would have to accept this 7996 as being the factor that determines the allowable in this case at the present time.

MR. COOLEY: This question could be reopened at the nomenclature hearing for the establishment of this pool, if there would be one.

MR. PORTER: I think it might be.

MR. NUTTER: If I may make a remark here, that is not entirely out of line. It's been our intention to send a proration schedule to El Paso Natural Gas Company. I think they're the purchaser of crude from this well?

A We haven't sold any crude.

MR. SELINGER: It is shut in.

MR. NUTTER: Who will be the purchaser?

A I am not familiar --

MR. SELINGER: El Paso will be.

MR. NUTTER: It is our intention to send a list of wells that are entitled to more than the normal allowable for the San Juan Basin during the month of March to the purchaser in the area.

MR. PORTER: In all probability you won't produce the well in March?

MR. SELINGER: Probably not.

MR. NUTTER: It was our intention to prorata the allowable on the basis of 7996.

MR. SELINGER: That is the reason we brought it up, because we feel an error was made above 8,000, knowing from core and drill stem test that it was non-productive. We don't feel that the Dakota Field as a whole should be penalized for that error. It is impossible for us to correct it because of the fracturing. I can say that hereafter all the wells will be perforated below the 8,000 foot depth.

MR. NUTTER: This would properly be a subject of a nomenclature hearing establishing the depth factor. At such time as a case is advertised for the creation of the pool, this data on cores and so forth should be given to the Commission.

MR. SELINGER: We would like to be given notice on that hearing so we can appear.

MR. PORTER: I believe that we had a pool in the southeast that the well is perforated at some interval between eleven and twelve thousand feet, and it was determined that it was not productive at that point later, and the perforations were squeezed off and the depth range established at a thousand foot lower interval. In that case the perforations were squeezed off.

MR. SELINGER: That's why we pointed out that it is now impossible to correct it in this well, because of the fracturing, but hereafter all wells will be below the 8,000. We'll attend your nomenclature hearing if and when it is called.

MR. UTZ: Any further questions?

By MR. UTZ:

Q Mr. King, in answer to one of Mr. Nutter's questions, I believe you stated that it would be impossible to determine the productivity of the interval from 7996 to 8002. What was your basis for that answer?

A The vertical fracturing in this Dakota section as revealed by core analysis.

Q Core analysis?

A Yes, could possibly give you some oil production from below this impermeable area.

Q Mr. King, was your only reason for drilling 130 foot location because you expected gas, or was there some topography entered into this?

A Well, to the west and all around, the south, pardon me, the south and east, is a very high cliff and would entail quite a bit of work to move this well to the south or to the east.

Q It would entail a lot of work to move it even 200 feet?

A Yes, it's right up against a cliff.

MR. SELINGER: As a matter of fact, we are unable to get to the location at this time.

A There hasn't been anyone there in ten days.

Q You are aware of the fact that there is a location that can be drilled for wildcats?

A Yes.

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Q That can be either oil or gas?

A Yes, sir.

MR. SELINGER: We felt, Mr. Utz, that since it was in the center of our block nobody else would be adversely affected; it was in the center and was being moved towards the center of the Section 18. We're not crowding our outside lines in any respect.

Q Yes, I realize that, but 200 feet wouldn't have mattered so far as topography is concerned, you could have avoided the hearing.

A We could have moved straight west without affecting the location materially as far as topography, but I feel for drainage purposes, I believe it is better situated where it is at.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: You entered your exhibit?

MR. SELINGER: Yes, sir.

MR. UTZ: Any other statements in this case?

MR. KING: I might mention that I have never been qualified as a witness before.

MR. UTZ: The hearing is adjourned until 1:30.

(Recess.)

* * * * *

C E R T I F I C A T E

STATE OF NEW MEXICO)

COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 12th day of March, 1958, in the city of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 13,89, heard at Det. 26 SE.
Elmer H. [Signature], Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 17, 1958

C
O
P
Y

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

Dear Mr. Selinger:

We enclose two copies of Order R-1135 issued March 13, 1958,
by the Oil Conservation Commission in Case 1389, which was heard on
February 26th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

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. 1389
Order No. R-1135

APPLICATION OF SKELLY OIL COMPANY
FOR APPROVAL OF AN UNORTHODOX OIL
WELL LOCATION IN AN UNDESIGNATED
DAKOTA OIL POOL IN RIO ARriba COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 26, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of March, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Elvis A. Utz, 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, is the owner and operator of the C. W. Roberts Well No. 3, which was drilled to and completed in the Dakota formation at a point 1190 feet from the South line and 1450 feet from the East line of Section 18, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(3) That under the terms of Rule 104 (b) of the Commission Rules and Regulations, the location of the said C. W. Roberts Well No. 3 is orthodox for a gas well completion but unorthodox for an oil well completion.

(4) That the said C. W. Roberts Well No. 3 was drilled in an area where all other completions in the Dakota formation have been gas wells and that the said well was therefore projected as a gas well.

(5) That upon completion the said C. W. Roberts Well No. 3 proved to be an oil well rather than a gas well.

Case No. 1389
Order No. R-1135

(6) That the applicant by its application in this case requests approval of the unorthodox oil well location for its said C. W. Roberts Well No. 3.

(7) That approval of the subject application will not cause waste nor impair the correlative rights of any other operator in the area.

(8) That unless the subject application is approved, the applicant will be denied the opportunity to recover its just and equitable share of the oil and gas in place in the Dakota formation underlying the SW/4 SE/4 of said Section 18.

(9) That the subject application should be approved.

IT IS THEREFORE ORDERED:

That the unorthodox oil well location of the Skelly Oil Company C. W. Roberts Well No. 3 in an undesignated Dakota oil pool at a point 1190 feet from the South line and 1450 feet from the East line of Section 18, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby approved.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



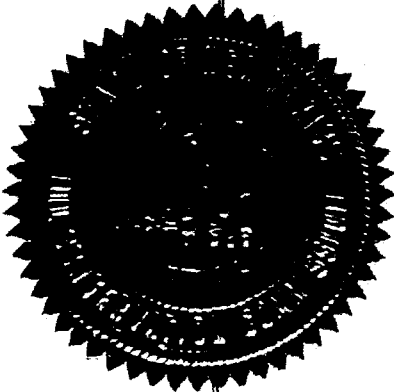
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-28-58

CASE NO. 1389

HEARING DATE 2-26-58

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

1. Application be approved for a non-std. oil well ^{Dakota} locations located 1190/5; 1450/2 line of Sec. 18 - 25N-3W, Rio Arriba Co.
2. It would have been quite costly and quite difficult for the operator to have drilled a std. oil well location due to a high cliff immediately west of the well.
3. No further non-std. oil well locations ^{Dakota} should be permitted in this area except for reasonable topographic reasons.

Frank H. [Signature]
Staff Member

CASE 1387:

In the matter of the application of Shell Oil Company for permission to commingle the production from two separate federal leases. Applicant, in the above-styled cause, seeks an order granting permission to produce the following described leases in the West Henshaw-Grayburg Pool into common storage:

Taylor Federal Lease consisting of Lots 9, 10, & 11 of Section 4;

Spencer Federal "A" Lease consisting of Lots 13, 14, 15 & 16 of Section 4;

all in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to continuously meter the production from each lease.

CASE 1388:

In the matter of the application of El Paso Natural Gas Products Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox gas well location for its Chimney Rock No. 1 Well located 1880 feet from the South line and 340 feet from the East line of Section 23, Township 31 North, Range 17 West, in an undesignated Gallup gas pool in San Juan County, New Mexico.

CASE 1389:

In the matter of the application of Skelly Oil Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox oil well location of its C. W. Roberts Well No. 3 located 1190 feet from the South line and 1450 feet from the East line of Section 18, Township 25 North, Range 3 West, in an undesignated Dakota oil pool in Rio Arriba County, New Mexico.

ir/

DOCKET EXAMINER HEARING FEBRUARY 26, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1382: In the matter of the application of Buffalo Oil Company to amend Order No. 821. Applicant, in the above-styled cause, seeks an order amending Order No. 821 to permit simultaneous production from the Grayburg-San Andres pay of the Maljamar Field from the Baish "A" Well No. 15 and Baish "A" Well No. 21, located in the NE/4 of the SW/4 of Section 21, Township 17 South, Range 32 East, Lea County, New Mexico.
- CASE 1383: Application of Forest Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "A" No. 1 Well located 660 feet from the North line and 660 feet from the East line of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wolfcamp formation adjacent to the Kemnitz Wolfcamp Pool through the casing-tubing annulus, and to permit the production of oil from an undesignated Pennsylvanian oil pool through the tubing.
- CASE 1384: In the matter of the application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing an oil-gas dual completion for its State BTO No. 1 Well, located 990 feet from the South line and 2310 feet from the East line of Section 34, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bagley-Pennsylvanian (oil) Pool and the production of gas from the Bagley-Lower Pennsylvanian Gas Pool through parallel strings of tubing.
- CASE 1385: In the matter of the application of Gulf Oil Corporation for permission to produce more than eight wells into a common tank battery. Applicant, in the above-styled cause, seeks an order granting permission to produce a maximum of sixteen oil wells in the Eumont Gas Pool into a common tank battery on its Arnott-Ramsay "D" Lease comprising All of Section 33, Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 1386: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks an order granting permission to commingle the production from the following described leases in the Monument Pool:
- Cooper "A" Lease, NW/4 NE/4 Section 4;
Cooper "B" Lease, N/2 NW/4 and SW/4 NW/4 Section 4;
- all in Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate the individual lease production on the basis of monthly well tests.

Case 1389

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. Box 871
Santa Fe, New Mexico

Skelly Oil Company
P.O. Box 1650
Tulsa, Oklahoma

Date February 5, 1958

ATTENTION: George W. Selinger

Gentlemen:

Your application for approval of the unorthodox oil well location of your
G. W. Roberts Well No. 3 in Section 18, Township 25 North, Range 3 West, NMPM,
Rio Arriba County, New Mexico

dated January 31, 1958 has been received, and has been tentatively
scheduled for hearing before an examiner on
February 26, 1958

A copy of the docket will be forwarded to you as soon as the matter is
advertised.

Very truly yours,

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

ga

Docket mailed 2-17-58

1958 JAN 21

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL = Day Letter
NL = Night Letter
IT = International
Letter Telegram

1958 JAN 21

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD (21)...

LA123 KB265

K TUB199 PD=FAX TULSA OKLA 31 207PMC=

Case 1389

A L PORER=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX=

FORWARDING BY MAIL APPLICATION FOR EXCEPTION STATEWIDE
RULE 104 SKELLY C. W. ROBERTS NO.3 LOCATED 1190' FROM
SOUTH LINE, 1450' FROM EAST LINE SECTION 18, 25 NORTH, 3
WEST, RIO ARriba COUNTY, A DISCOVERY DAKOTA OIL WELL IN
AREA CONTAINING GAS WELLS. IF SAME CAN BE HEARD FEBRUARY
13 CALENDAR BY COMMISSION OR FEBRUARY 14 TRIAL EXAMINER
IT WOULD BE APPRECIATED. INTERESTED OFFSET OPERATORS ARE
HUMBLE, SOUTHERN UNION, J. F. HICKMAN, A. G. HILL, L.L.
JOHNSON AND GUNSITE BUTTE URANIUM CO., ALTHOUGH WELL

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Memo

From

A.L. Porter Jr.

To *Conley,*

*Please call Geo.
Crocket. saw him in
New in Farmington
Friday & Saturday & that
he came down at the
for 13 or 14 the. Porter to
set it on Feb. 26
along with my father
apparently on my name
has to be*

CLASS OF SERVICE

This is a fast message unless the deflected character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1201

PM SYMBOL 35

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

IS 3/4 MILE FROM OUTSIDE LIMITS OF SKELLY LEASES=
GEORGE W SELINGER SKELLY OIL CO=

104 NO. 3 1190 1450 18 25 3 13 14 3/4=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



202-1289

SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT
C. L. BLACKSHER, MANAGER

January 31, 1958

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

Dear Sir:

This is to confirm our telegram sent to you as of this date, in which we seek an exception to Rule 104 for a well which was projected to gas producing horizon in an area containing gas wells only, but, unexpectedly completed as an oil well, for the first Dakota production in the area, necessitating an exception to the well spacing requirements of Rule 104.

Attached hereto is an original and three copies of application and although the nearest other operator affected would be approximately $3/4$ of a mile from our location, which is surrounded by Skelly acreage. The nearest adjoining operators are Humble Oil and Refining Company, Box 1268, Farmington, New Mexico; Southern Union Gas Company, Burt Building, Dallas, Texas; A. G. Hill, Mercantile Bank Building, Dallas, Texas; J. F. Hickman, 3010 Monte Vista Boulevard, Albuquerque, New Mexico; L. L. Johnson, no address; and Gunsite Butte Uranium Corporation, 438 South Main, Salt Lake City, Utah.

As expressed in our telegram we trust that this matter can be set for the February 13 docket before the Commission or February 14 Trial Examiner hearing. If you are unable to have this matter set for this date, any other date in February except the 18, 19 and 20th would be satisfactory.

Yours very truly,

George W. Selinger
George W. Selinger

GWS:dc

cc: See attached list

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF SKELLY
OIL COMPANY FOR AN EXCEPTION TO RULE 104
OF THE STATEWIDE RULES AND REGULATIONS AS
AMENDED BY ORDER NO. R-855 IN SO FAR AS IT
APPLIES TO ITS C. W. ROBERTS WELL NO. 3, IN
THE SE/4 OF SECTION 18, TOWNSHIP 25 NORTH,
RANGE 3 WEST, RIO ARriba COUNTY, NEW MEXICO.)

CASE NO. 1389

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 producer and operator of gas wells in Sections 18, 19, 30 and 31, Township 25 North, Range 3 West.

2. That its No. 3 well located 1190' from the south line and 1450' from the east line of Section 18, Township 25 North, Range 3 West, was authorized as a gas well and has recently been completed as an oil well for discovery in the Dakota formation.

3. That said Rule 104, as amended, provides for gas wells to be located 990' from the outer boundaries of 160-acre governmental quarter section with a tolerance of 200' and that in the event oil production is encountered in a well which was projected to a gas producing horizon and does not conform to the oil spacing of being located not closer than 330' to any quarter quarter section line it shall then be necessary for the operator to bring the matter to a hearing.

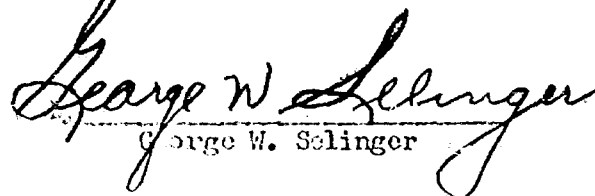
4. That applicant owns its C. W. Roberts ^{lease} which consists of Section 17 and 18, Township 25 North, Range 3 West and likewise owns the leases in Section 19 and 20, Township 25 North, Range 3 West and that said well is towards the center of its own leases to such an extent that no other parties either offsetting or in the immediate vicinity thereof would be adversely affected.

5. That the granting of this application would be in the interest of conservation.

WHEREFORE, applicant prays that this Commission set this matter down for hearing, after the giving of notice as required by law, and issue such orders, rules and regulations as may be necessary in the premises after said hearing.

Respectfully submitted,

SKELLY OIL COMPANY


George W. Selinger

Humble Oil and Refining Company
Box 1268
Farmington, New Mexico

Southern Union Gas Company
Burt Building
Dallas, Texas

A. G. Hill
Mercantile Bank Building
Dallas, Texas

J. F. Hickman
3010 Monte Vista Boulevard
Albuquerque, New Mexico

L. L. Johnson
No address

← COPY FOR →

Gunsite Butte Uranium Corporation
438 South Main
Salt Lake City, Utah

Mr. P. E. Cospers

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 1389

RIO ARRIBA COUNTY NEW MEXICO
R-3-W

