

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE NO. 757
Order No. R-540

THE APPLICATION OF SKELLY OIL COMPANY
FOR AN ORDER GRANTING APPROVAL OF AN
EXCEPTION PURSUANT TO RULE 5 (b) EUMONT
ORDER NO. R-520 IN ESTABLISHMENT OF AN
UNORTHODOX GAS PRORATION UNIT OF 320
CONTIGUOUS ACRES CONSISTING OF SE/4 AND
LOTS 9, 10, 15 AND 16 OF SECTION 2, TOWNSHIP
21 SOUTH, RANGE 35 EAST, NMPM, LEA COUNTY,
NEW MEXICO, LOCATED PARTIALLY WITHIN THE
HORIZONTAL LIMITS OF THE EUMONT GAS POOL;
AND FURTHER, GRANTING APPROVAL OF AN
EXCEPTION TO RULE (2) (EUMONT) OF ORDER NO.
R-520-B, FOR AN UNORTHODOX LOCATION FOR ITS
MEXICO "W", WELL NO. 1, LOCATED 660' FROM THE
SOUTH LINE AND 660' FROM THE EAST LINE OF
SECTION 2, TOWNSHIP 21 SOUTH, RANGE 35 EAST.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on October 20, 1954, at Hobbs, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 17th day of November, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 5 (b) (Eumont) of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant, Skelly Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal section, and described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
SE/4 and Lots 9, 10, 15 and 16 of Section 2

containing 320 acres, more or less, and lying partially within the horizontal limits of the Eumont Gas Pool.

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(4) That the entire 320 acres of said lease is productive of gas from the Eumont Gas Pool.

(5) That applicant, Skelly Oil Company has a producing well on the aforesaid lease known as Skelly Mexico "W" Well No. 1, located 660' from the South line and 660' from the East line of Section 2, Township 21 South, Range 35 East.

(6) That the aforesaid well was completed and in production prior to August 16, 1954, the effective date of Order No. R-520, and is located within limits of the pool heretofore delineated and designated as the Eumont Gas Pool; that at the time said well was completed as a gas well producing from the Eumont Gas Pool, its location conformed to the spacing requirements then in effect.

(7) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 320 acres.

(8) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(9) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Skelly Oil Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
SE/4 and Lots 9, 10, 15 and 16 of Section 2

is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Mexico "W" Well No. 1, located in the SE/4 of Section 2, Township 21 South, Range 35 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 320-acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


W. B. MACEY, Secretary and Member

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