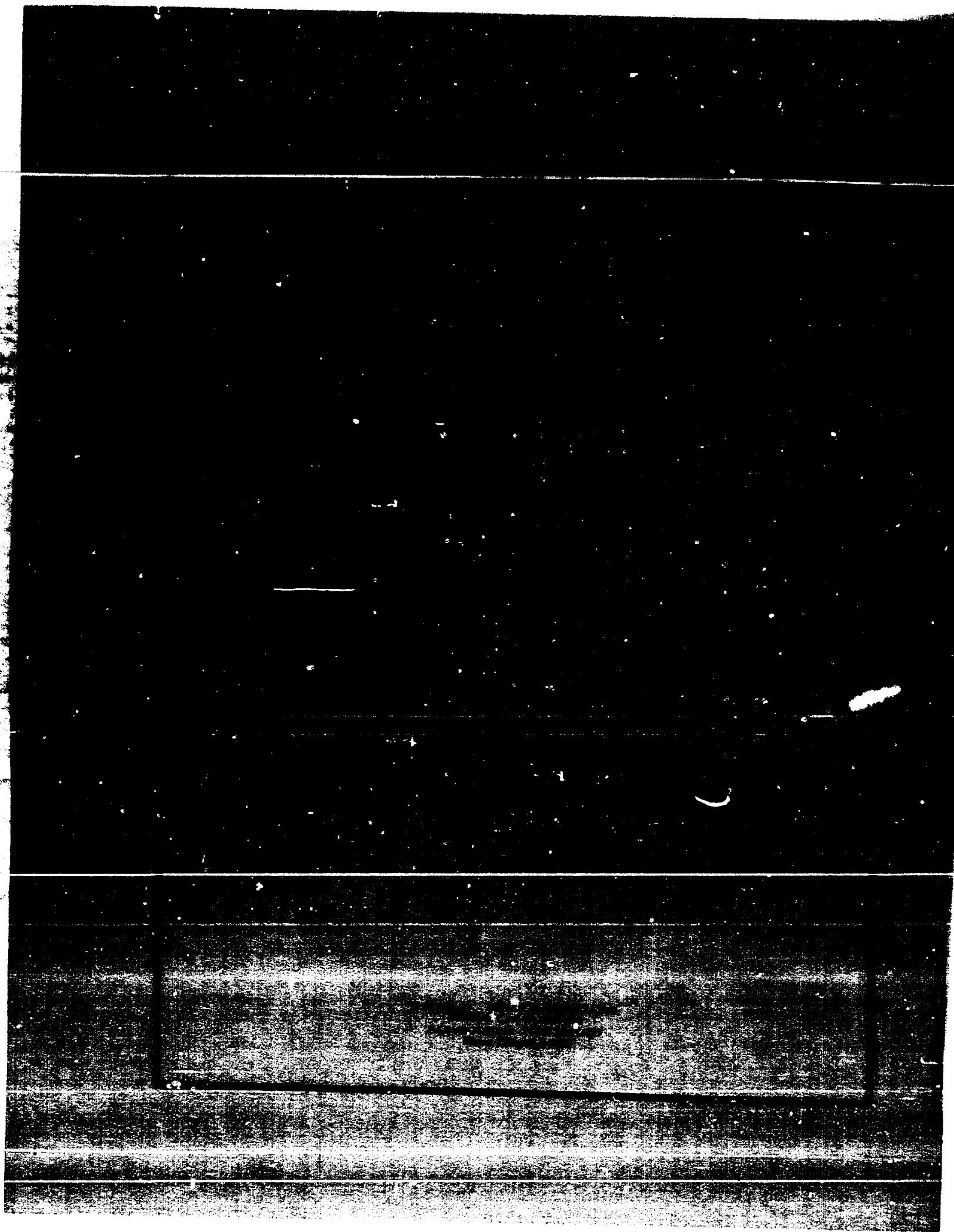


CASE 1851: Application of SKELLY
for an exception to "no-flare"
provisions of Order R-1427.

Case No.

1851

Application, Transcript,
Small Exhibits, Etc.



1

Application of Skelly Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 24 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.

BEFORE: Honorable John Burroughs
Mr. A. L. Porter
Mr. Murray Morgan

MR. PORTER: We will take up Case 1851.

MR. PORTER: We will take up Case 1851.

MR. PAYNE: Application of Skelly Oil Company for an exception to the "no-flare" provision of Order R-1427.

MR. SELINGER: With respect to Case 1851, for which exception has been asked on 24 wells in the Gallegos-Gallup Oil Pool, we desire to partially dismiss our application with respect to 22 of them and renew our request for two, the Randell No. 1 and the Saunders No. 1, both of which are in the area indicated by the previous witness as being in Sections 11 and 14, and having no contract for which certificate is being filed with the Federal Power Commission and is now pending, and one of which was a 7,000 foot, 7,000 feet of gas able to produce uneconomical in the

2

witness' opinion, the second well being a pump well producing

79,000 cubic feet.

I desire to ask for a 60 day exception to the Randell No. 1 and the Saunders No. 1 in Sections 11 and 14, Township 26 North, Range 11 West.

MR. PAYNE: Mr. Selinger, the case was not advertised to cover those two wells for a 60 day exception.

MR. SELINGER: Yes, they were.

MR. PAYNE: You asked for 24 wells and you asked for 30 day exception.

MR. SELINGER: That's right. We were assuming, we were assuming that El Paso would be in a position to service all 24 wells. We now find that they have serviced 22 and the other two will not be serviced within the next 30 days. That's the reason for our request that in view of our Federal Power Commission filing, plus the fact that the witness has indicated that one of the two wells is clearly uneconomical, we ask for a permanent exception to those two wells.

MR. PAYNE: Are you asking administrative exception?

MR. SELINGER: No, this is a hearing.

MR. PAYNE: It wasn't advertised for a 60 day exception.

MR. SELINGER: Well, we ask for the 30 day exception

then.

MR. SETH: Are these wells contracted, Mr. Selinger?

3
MR. SELINGER: No, we're filing Federal Power Commission approval and we do not know when that will be. It is hard for us to give any recommendation to the Commission as to when we'll get Federal clearance.

MR. PORTER: Did I understand you to say that the Randell No. 1 produces 7,000 cubic feet per day, the Saunders No. 1, 79,000?

MR. SELINGER: Yes, each producing 6 barrels of oil a day, a mile and a half from the proposed extension beyond February 15th, as the El Paso witness indicated.

MR. PORTER: Anyone have any question of counsel or the witness? Mr. Payne.

MR. PAYNE: Mr. Selinger, on what date did you sign a gas contract with El Paso on each of these wells?

MR. SELINGER: We understand that no contract has been signed with them.

MR. PAYNE: Why is that?

MR. SELINGER: I presume because of the economic consideration given by the El Paso to the areas, this is an area on the extreme southeast edge of the field. The witness indicated that they're making a similar consideration of the southeast edge of the Bisti Field too.

MR. PAYNE: No --

MR. SELINGER: And they are outside of the, some of

4
them are outside of the contracted area and some are not.

MR. PAYNE: When did you file your application for Federal Power Commission approval?

MR. SELINGER: We are in the process of doing it now.

MR. PAYNE: Are you aware of the memorandum that the Commission issued in September of 1958 urging all operators to attempt to get their certificates from the Federal Power Commission at the earliest possible date?

MR. SELINGER: That's true.

MR. PAYNE: Do you feel that you have exercised due diligence when you've just recently filed your application for the Federal Power Commission approval?

MR. SELINGER: I would answer you this way, I don't think any operator can use enough due diligence in dealing with the Federal Power Commission.

MR. PAYNE: You filed in September, 1958?

MR. SELINGER: I'll answer you first this way, our first filing was made in 1958, for permanent, I believe El Paso is more in a position to explain than I am, for permanent certificate. The thing was kicked around for a long time and we filed in the early part or the middle part of '58, El Paso was doing its best with the Federal Power Commission. The Federal Power Commission required El Paso, not for permanent facilities, but for temporary facilities, that necessitated a year later for

Skelly Oil Company, as well as other producers, to go back and file a second Federal Power Commission certificate, which we did on August the 11th, 1959, and it was just cleared the later part of '59. So I can't see that anybody can use any sort of due diligence in dealing with the Federal Power Commission when they're five years behind on all their work.

MR. PAYNE: Isn't it true, Mr. Selinger, that one of the factors which delayed Federal Power Commission approval of the El Paso system was the fact that a number of operators had not filed for certificates and there was some question about how much gas reserves would be available?

MR. SELINGER: The question was whether upon the insistence of this Conservation Commission, a study was being made to determine the necessity of the formation of units and the satisfactory sale of gas for pressuring pumps and the sale had to necessarily wait until the outcome of the other.

MR. PAYNE: Are any of these 24 wells newly completed wells?

MR. SELINGER: The 22 we've dismissed, they are already connected there. The 2 that we're talking about, one is a dually completed to the Dakota and the other is a single completion. The dual completion having gone to water. The difficulty about the dually completed well is that the Dakota gas is a high pressure gas and we're talking about casinghead low pressure gas.

6

10

10

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 19, 1960

C
O
P
Y

Mr. Charlie White
Box 787
Bishop Building
Santa Fe, New Mexico

Dear Mr. White:

On behalf of your client, Skelly Oil Company, we enclose herewith two copies of Order No. R-1579 in Case No. 1851 issued by the Oil Conservation Commission on January 18, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

Enclosures: (2)

lr/

*See Helbo
by Lee*

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. 1851
Order No. R-1879

APPLICATION OF SURELY OIL COM-
PANY FOR A 30-DAY EXCEPTION TO
THE "NO-FLARE" PROVISION OF
ORDER NO. R-1427 FOR 2 WELLS IN
THE GALLEGOS-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 13, 1960, at Santa Fe, New Mexico, before the Oil Con-
servation Commission of New Mexico, hereinafter referred to as
the "Commission."

Now, on this 18th day of January, 1960, the Commission,
a quorum being present, having considered the application 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 seeks a 30-day exception to the "no-
flare" provision of Order No. R-1427 for 2 wells in the Gallegos-
Gallup Oil Pool, San Juan County, New Mexico.
- (3) That inasmuch as the subject wells are eligible for a
temporary administrative exception to the "no-flare" provision of
Order No. R-1427, Case No. 1851 should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 1851 be and the same is hereby dismissed.

-2-

Case No. 1881
Order No. R-1879

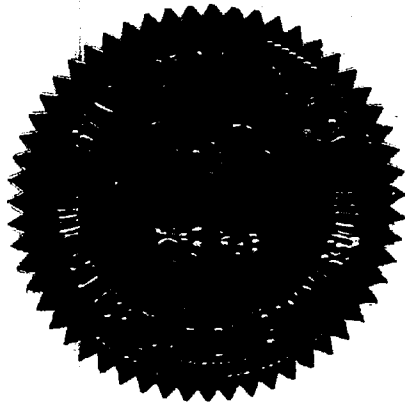
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



ven/

DOCKET: REGULAR HEARING JANUARY 13, 1960

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

- ALLOWABLE: (1) Consideration of the oil allowable for February, 1960
- (2) Consideration of the allowable production of gas for February 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for February, 1960.

NEW CASES

CASE 1850: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amending Rule 303 of the Commission Rules and Regulations to provide an administrative procedure whereby the production from two or more separate common sources of supply may be commingled under certain conditions, particularly after separately metering or measuring the production from each of the said common sources of supply.

CASE 1851: Application of Skelly Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 24 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.

CASE 1852: Application of Southern Union Gas Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 120-day exception to the "no-flare" provision of Order R-1427 for its Whitley Well No. 1, located in the NW/4 of Section 17, Township 24 North, Range 9 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1853: Application of Standard Oil Company of Texas for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for 18 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1854: Application of Texaco Inc. for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for three wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1855:

Application of Humble Oil & Refining Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1856:

Application of Sun Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1857:

Application of Kenneth Murchison for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1858:

Application of The British-American Oil Producing Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for certain wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1859:

Application of Sunray Mid-Continent Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the "no-flare" provision of Order R-1427 for one well in the Gallegos-Gallup Oil Pool and twelve wells in the Bisti-Lower Gallup Oil Pool, both in San Juan County, New Mexico.

CASE 1862:

Application of Socony-Mobil Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1860:

Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico:

- (a) Abolish the Huerfano-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

(b) Abolish the West Kutz-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

(c) Extend the Aztec-Fruitland Pool to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM,
Section 20: S/2

(d) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM,
Section 36: SE/4

(e) Extend the Ballard-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM,
Section 6: W/2

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM,
Section 1: SE/4

(f) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM,
Section 6: NE/4

(g) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM,
Section 2: W/2

(h) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM,
Section 3: E/2

(i) Extend the Angels Peak-Gallup Oil Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,
Section 7: E/2
Section 17: W/2
Section 18: NE/4
Section 20: NW/4

(j) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM,

Section 27: SE/4 SW/4

Section 28: SW/4 NE/4 & S/2 NW/4

(k) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM,

Section 21: SE/4 SE/4

Section 22: SW/4 SW/4

Section 30: NE/4 SE/4

(l) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,

Section 7: All

Section 18: All

Section 19: N/2

Section 20: N/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM,

Section 1: All

Section 2: E/2 & SW/4

Section 3: S/2

Section 23: E/2

Section 24: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM,

All of sections 1 thru 4 inclusive

All of sections 9 thru 16 inclusive

All of sections 21, 22, & 23

Section 26: N/2

Section 27: N/2

Section 28: All

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM,

Section 18: All

Section 19: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,

Section 6: W/2

All of sections 7, 8, 11, 13, 14, 17, 18, 19, 20,
& 21,

Section 23: E/2

Section 24: All

Section 26: E/2
Section 29: W/2
Section 30: All
Section 31: All
Section 32: All
Section 33: W/2
Section 35: E/2

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM,

All of sections 1 thru 28 inclusive

Section 29: N/2

Section 30: N/2

All of sections 33 thru 36 inclusive

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM,

All of sections 1 thru 18 inclusive and sections 23 & 24

Section 25: N/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM,

Section 1: All

Section 2: E/2 & NW/4

Section 3: N/2

Section 4: N/2

Section 5: E/2

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM,

All of sections 18, 19, & 30

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM,

Section 12: All (partial)

All of sections 13 thru 16, 21 thru 28, and 31 thru 36

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM,

All of sections 19 thru 22, and 26 thru 36

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM,

Section 9: All (partial)

Section 10: All (partial)

All of sections 15 and 16

Section 17: E/2

Section 20: E/2

All of sections 21 thru 27

Section 28: E/2

Section 33: E/2

All of sections 34, 35, & 36

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
All of sections 27, 28, 33, & 34

- (m) Extend the South Los Pinos-Dakota Pool to include:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM,
Section 13: All
Section 14: S/2
Section 23: N/2

CASE 1861:

Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and the extension of existing pools in Lea and Eddy Counties, New Mexico.

- (a) Create a new oil pool designated as the Fowler-Upper Silurian Pool and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM,
Section 22: E/2

- (b) Create a new oil pool designated as the West Crossroads-Devonian Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
Section 31: SE/4

- (c) Create a new gas pool designated as the East Hightower-Devonian Gas Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM,
Section 30: NW/4 NE/4

- (d) Create a new gas pool designated as the Teague-Abo gas Pool, described as:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM,
Section 21: SE/4

- (e) Abolish the Baish-Abo Pool in Lea County, New Mexico, classified as an oil pool, described as:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM,
Section 21: SE/4

- (f) Extend the Allison-Pennsylvanian Pool to include:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
Section 1: NE/4

(g) Extend the Atoka-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM,
Section 22: NE/4 & S/2

(h) Extend the Four Lakes-Pennsylvanian Pool to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM,
Section 35: SE/4

(i) Extend the West Henshaw-Grayburg Pool to include:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM,
Section 2: SW/4

(j) Extend the East Millman-Queen-Grayburg Pool to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM,
Section 18: NW/4

(k) Extend the Shugart Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM,
Section 4: NE/4

CASE 1863: . Application of Phillips Petroleum Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the no-flare provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1864: Application of Skelly Oil Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the no-flare provision of Order R-1427 for 21 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

(over)

ig/

CONTINUED FROM EXAMINERS HEARING

CASE 1841:

Application of Sinclair Oil & Gas Company for the creation of a new pool in the Potash-Oil Area and for the promulgation of special rules and regulations pertaining thereto. Applicant, in the above-styled cause, seeks an order creating a new pool for Yates production in the Potash-Oil Area as defined by Order R-111-A, said pool to comprise the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico, and such other acreage as may reasonably be proven productive from the same common source of supply. Applicant further seeks the promulgation of special rules and regulations for said pool as follows:

A. Cable Tool Casing Program.

Same as Order R-1078 for Teas Pool.

B. Rotary Tool Casing Program.

Surface casing set at 600 feet and cement circulated. No salt protection string. Production casing to be set through pay from 3146 feet to 3232 feet (approximately) with cement circulated to at least 50 feet into surface casing.

NEW CASE

CASE 1865

Application of Pan American Petroleum Corporation for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 7 wells in the Bisti-Lower Gallup Oil Pool and 4 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT
C. L. BLACKSHER, VICE PRESIDENT

December 21, 1959

Re: Gallegos Field

A I R - M A I L

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

ATTENTION: Mr. A. L. Porter, Jr.

Gentlemen:

On June 25, 1959, the Oil Conservation Commission in Case No. 1569, issued its Order No. R-1427 prohibiting the flaring of casinghead gas from oil wells in the Gallegos - Gallup oil pool after December 31, 1959. Said order further provides that any operator who desires to obtain an exception shall submit to the Secretary-Director an application for such exception, and further that he is authorized to grant same.

Request is respectfully made for such administrative approval by the Secretary-Director on the following circumstances:

Skelly Oil Company had on August 11, 1959, consummated a contract with the El Paso Natural Gas Company to purchase all of the casinghead gas from its oil wells in the Gallegos Field. That thereafter El Paso files request with the FPC for permit to install such facilities, and such request was caught in a maelstrom of details in which the FPC finds it is mired in, and since time was fleeting, El Paso secured a temporary permit from FPC necessitating Skelly Oil Company to sign an amendment so as to permit the installation of the facilities under a temporary permit, and that El Paso is now in the process of installing such facilities.

As late as December 11, El Paso Natural Gas Company has advised Skelly that such facilities will be installed on or about January 1, 1960, but that it is now becoming apparent that such facilities will not be completely installed in order to permit El Paso to proceed to take casinghead gas after 7 O'clock A.M., January 1, 1960, and there-

*Docket
mailed
1-4-60 - JH*

*Case 1851
Set for hearing*

Oil Conservation Commission

December 21, 1959

fore it is incumbent upon Skelly Oil Company to file this request for an extension of time not later than 30 days, or until 7 O'clock A.M., February 1, 1960, in order for it to continue to produce its wells in the Gallegos Field, same being as follows:

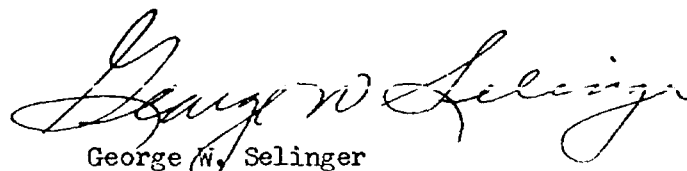
Goddard, J. W.	11 Wells ✓
Navajo "B"	1 Well ✓
Navajo "C"	1 Well ✓
Navajo "D"	1 Well ✓
Navajo "E"	1 Well ✓
Navajo "F"	2 Wells ✓
Navajo "G"	1 Well ✓
Navajo "H"	1 Well ✓
Navajo "J"	2 Wells ✓
Navajo "L"	1 Well ✓
Randle, O. H.	1 Well ✓
Saunders, W. P.	1 Well ✓

24

Applicant further states that an additional time is necessary for the purchaser, El Paso to install additional facilities due to volumes of casinghead gas exceeding capacity of El Paso's gathering system, which applicant understands will be installed and hence necessitating additional time beyond December 31.

Request is respectfully made therefore for an extension of time by an exception from the Secretary-Director until February 1, 1960, to Order No. R-1427.

Respectfully submitted,


George W. Selinger

GWS/gl

cc: Mr. P. E. Cospers
Mr. L. L. Byers