

CASE 1885: Application of SKELLY for
permission to commingle from all
wells on State "K" lease - Lea County.

5881

728

Case No.

1885

Application, Transcript,
Small Exhibits, Etc.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Mabry Hall
Santa Fe, New Mexico
January 28, 1960

EXAMINER HEARING

IN THE MATTER OF:

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Drinkard Pool and the Tubb Gas Pool from all wells on its State "K" lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico.

BEFORE:

Mr. Elvis A. Utz

TRANSCRIPT OF HEARING

MR. UTZ: Case 1885.

MR. FLINT: Case 1885, application of Skelly Oil Company for permission to commingle the production from two separate pools.

(3 Exhibits marked for identification.)

ARTHUR BAUMGARDNER

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Baumgardner, are you familiar with the subject application of Skelly?



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A Yes, sir, I am.

Q Are the royalty interests the same in the leases and the working interests also?

A Yes, sir.

Q Will you refer to Exhibit No. 1 and explain the same to the Examiner?

A Exhibit No. 1 shows the State K lease as the 80 acres, and the North half of the Northwest quarter of Section 32, which has four wells. The No. 1 and No. 2 wells are Penrose Skelly wells. The No. 3 and 4 wells are Drinkard wells, with the number 3 being dual completed, in the Tubb gas formation, which is producing a small amount of distillate.

Q You do not intend to commingle any production from the No. 1 well?

A No, sir. The No. 1 well in this case is considered as sour crude and sold under a sour crude price to, I believe, it's --

Q At any rate, it is on a separate tank battery?

A Yes, sir. 1 and 2 goes to a different pipe line than the production from well 3 and 4.

Q And will you refer to Exhibit No. 2 and explain that Exhibit?

A Exhibit No. 2 shows a schematic diagram of the proposed separator heater treaters and stock tanks for the commingled production. On the left it shows the production from the No. 3 and



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ALBUQUERQUE, NEW MEXICO

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4 Drinkard oil. It comes through a separator into a heater and into the stock tanks. The right hand series is the No. 3 Tubb gas dissolute. It comes into a high pressure separator into a heater treater, and then into the stock tank by manipulation of the three valves. The crude can be run in separate tanks and be tested.

Q Will you give the characteristics of these crudes?

A The Drinkard production is considered sweet on this lease and also the dissolute. The No. 3 Tubb completion for the month of November produced approximately three barrels of oil per day, 45 degrees gravity. And the No. 3 and 4 Drinkard wells produced approximately 27 barrels of oil per day of 37 degrees gravity. On mixing these crudes, if my calculations are right, the crude will be a 38 degree gravity crude.

Q Will that bring about a greater or lesser return?

A This will bring about a greater amount of revenue from the lease, approximately sixty cents a day.

Q Has the commission previously granted you approval to commingle any of these crudes from this?

A Yes, sir. This was given approval under Case No. 1655, Order No. 1401. Permission was granted to commingle these crudes with the use of PD dump type meters.

Q Have you used any meters on this production?

A No, sir. At the time this original case was presented,



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PHONE CH 3-6691

the No. 3 well was making approximately ten barrels of distillate. The No. 3 well was making approximately ten barrels of distillate. with 750, approximately 750 MCF of gas per day, and thought it would be economical to put the meters in, but the well fell off rather rapidly to approximately three barrels of oil per day. And I think that by putting the meters on there, that would cause undue hardship.

Q Where have you been running this distillate?

A This distillate has been put into test tanks.

Q And why can't you continue to run it into test tanks?

A We are about to run out of test tanks.

Q Then, actually, all you are seeking by this order is permission to commingle without the installation of meters?

A Yes, sir.

Q Were these Exhibits prepared by you or under your direction?

A Yes, sir, they were.

MR. WHITE: We offer the Exhibits at this time.

MR. UTZ: Without objection, they will be received.

Q (By Mr. White) What is the total daily production? What does it average?

A Approximately 30 barrels from all three -- from the Tubbs and Drinkards. It averages approximately three barrels a



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ALBUQUERQUE, NEW MEXICO

day from the Tubb and Drinkard. It averages approximately three barrels a day from the Tubb; approximately 27 barrels from the two Drinkard wells.

Q And what is the allowable?

A I believe for the Drinkard it is 62 barrels of oil per day.

MR. WHITE: We have nothing further.

EXAMINATION BY MR. UTZ

Q Is the Tubb a gas well?

A Yes, sir. I might further add that the average for the month of October, 121 MCF of gas per day. It's sold through the Permian Pipe Line

Q How much tankage would you have to have for your Tubb oil?

A I would estimate either 180 or 210 barrel tank.

Q What would be the cost of such a tank?

A I would estimate it approximately \$1,500.00.

Q Does that include installation?

A Yes, sir. Of course, that is an estimated figure.

The approximate cost of the meter -- to put a meter on this system would be approximately \$1,000.00.

MR. WHITE: What other economical advantages would be gained by this commingling installation?

A By the evaporation loss and also we would make



approximately sixty cents a day by commingling these and raising the gravity of the Drinkard oil from 37 to 38 degrees.

MR. UTZ: Any other questions of the witness?

EXAMINATION BY MR. FLINT

Q Mr. Baumgardner, when was -- Mr. Baumgardner, do you recall the date of the issuance of this Order 1401?

A The 25th day of May, 1959, the commission quorum being present. This is a copy of the order.

Q Now, on this 25th day is it?

A Yes, sir.

Q At that time, what was the Drinkard making, approximately?

A The last official test, I believe, was in the month of March, which was 33 barrels.

Q And then it declined to what?

A It's making approximately 27.

Q Was that considered quite a rapid decline?

A No, sir. We try to test these wells at their ideal condition. I wouldn't estimate that they would make over 30 barrels per day at the time of the test. We try to get the best test possible.

Q Do you feel that this rate of declining production will be fairly constant? You can expect this well to continue to drop off?

A Yes, sir, I expect the well to continue to drop. At

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this rate, I cannot say.

MR. FLINT: That is all.

MR. UPTZ: The witness may be excused. Are there any other statements in this case? The case will be taken under advisement.

* * * * *

REPORTER'S CERTIFICATE

I, Thomas T. Tomko, Court Reporter, DO HEREBY CERTIFY that on Thursday, January 28, 1960, before the Oil Conservation Commission, Mabry Hall, Santa Fe, New Mexico, the above entitled case came on to be heard before Mr. Elvis A. Utz.

I, FURTHER CERTIFY that I recorded in stenotype the proceedings of the above entitled case and the foregoing 6 pages of typewritten transcript is a true and correct transcript of my said stenotype notes, to the best of my ability.

Dated at Albuquerque, New Mexico this 9th day of February, A.D., 1960.

Thomas T. Tomko
Thomas T. Tomko
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1085 heard by me on Jan 27, 1960.

[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, 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. 1885
Order No. R-1401-A

APPLICATION OF SKELLY OIL COM-
PANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE
POOLS IN LEA COUNTY, NEW MEXICO,
WITHOUT SEPARATE MEASUREMENT

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 8th day of February, 1960, 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 is the owner and operator of the State "K" lease, which consists of the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the Tubb Gas Pool distillate and the Drinkard Pool oil produced from the two wells presently completed on the above-described acreage without separately metering the production from each pool.
- (4) That both of the wells presently completed in the subject pools on the subject acreage produce relatively small amounts of liquid hydrocarbons.
- (5) That because of the small amounts of liquid hydrocarbons produced by the subject wells on the subject acreage, the applicant's request for permission to commingle, without prior

-2-

Case No. 1885
Order No. R-1401-A

metering, should be granted, provided that a monthly test is conducted on the subject wells to determine the individual production from each well.

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

(7) That the ownership in each of the subject pools on the said State "K" lease is common throughout.

(8) That Order No. R-1401, granting authority to commingle the production as herein proposed, but requiring separate metering, should be superseded by the order issued in this case.

IT IS THEREFORE ORDERED:

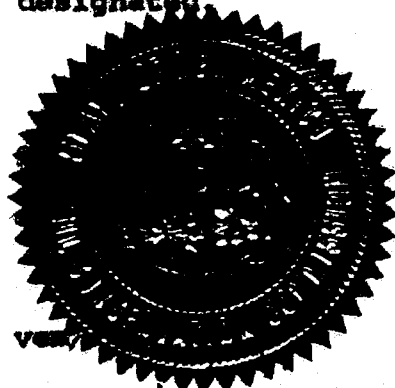
(1) That Order No. R-1401 be and the same is hereby superseded.

(2) That the applicant be and the same is hereby authorized to commingle the Tubb Gas Pool distillate and the Drinkard Pool oil produced from the two wells presently completed on the State "K" lease which consists of the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, without separately metering the production from each of said pools prior to commingling.

PROVIDED HOWEVER, That if either of the subject wells on the subject acreage shall at any time in the future become capable of producing considerably in excess of its present level of liquid production, the authority granted by this order shall terminate unless the production from each of the two pools is separately metered prior to commingling.

PROVIDED FURTHER, That the applicant shall conduct monthly tests of each of the subject wells to determine the individual production from each zone of each well.

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

SKELLY OIL COMPANY
 STATE "K" LEASE
 LRA COUNTY, NEW MEXICO
 SECTION 32-T21S-R37E

EXHIBIT No.1

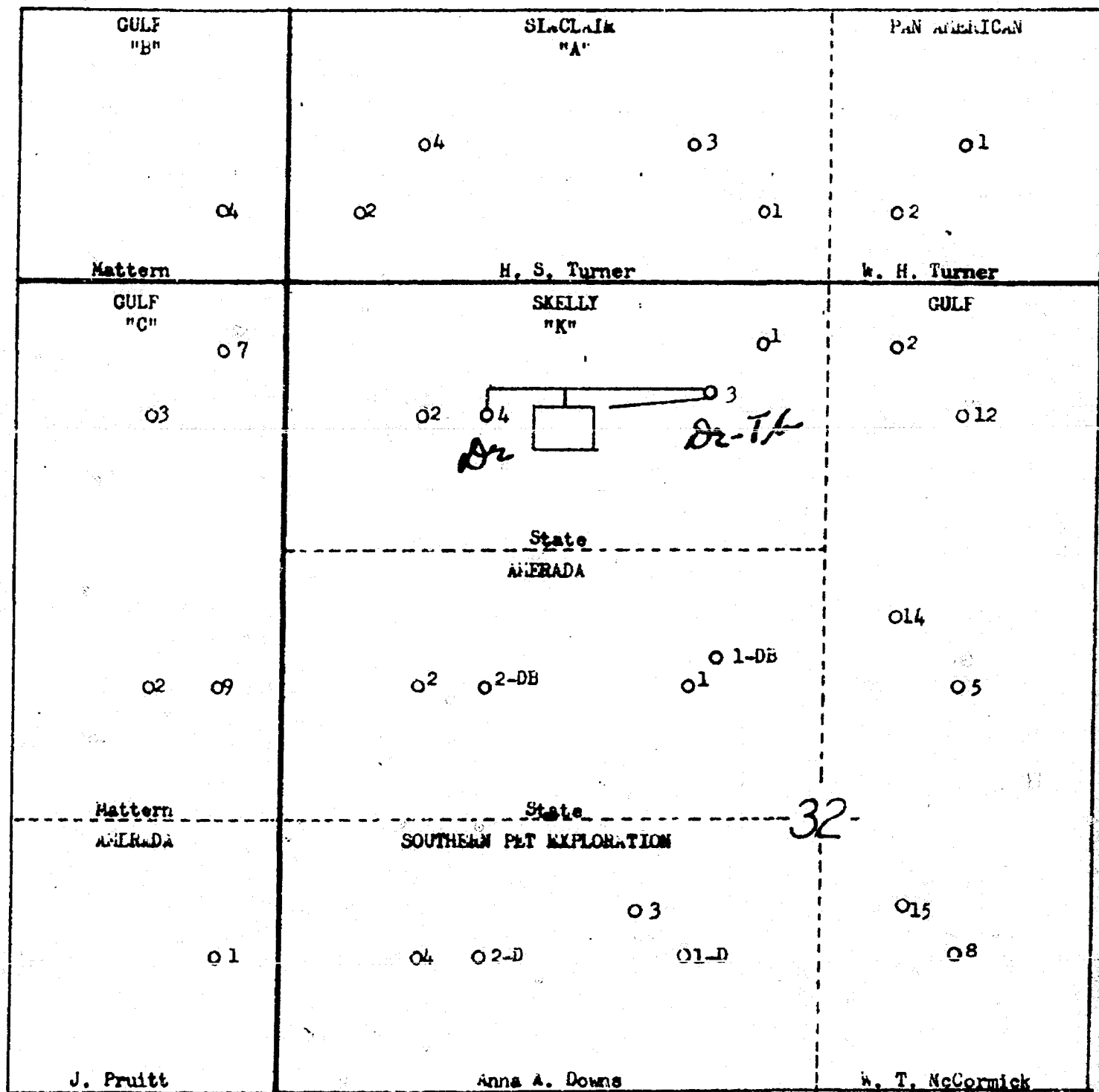
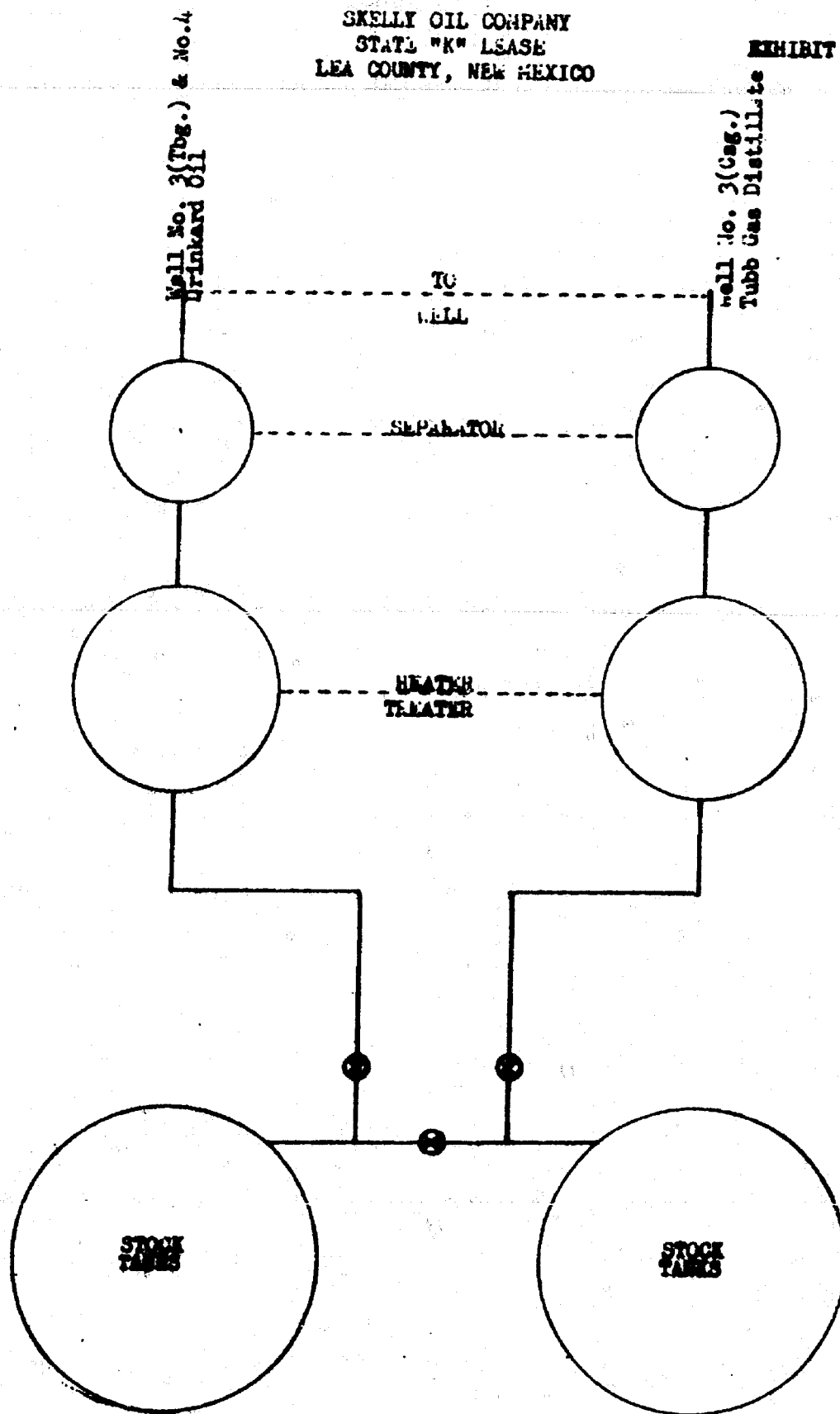


EXHIBIT "A"

SKELLY OIL COMPANY
STATE "K" LEASE
LEA COUNTY, NEW MEXICO

EXHIBIT No. 2



DOCKET: EXAMINER HEARING JANUARY 27, 1960OIL CONSERVATION COMMISSION - 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1866: Application of British-American Oil Producing Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its West Bisti-Lower Gallup Sand Unit Agreement, which Unit is to comprise 14,331 acres, more or less, in Townships 25 and 26 North, Ranges 13 and 14 West, San Juan County, New Mexico.
- CASE 1867: Application of British-American Oil Producing Company for a pressure maintenance project in the Bisti-Lower Gallup Oil Pool and promulgation of special rules in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing a pressure maintenance project in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, by the injection of water into the Lower Gallup formation through 17 wells. Applicant further proposes that special rules be adopted governing said project including the transfer of allowables from injection and shut-in wells to producing wells in the project and for establishment of an administrative procedure to convert additional wells to injection.
- CASE 1868: Application of Hamilton Dome Oil Company, Ltd. for permission to commingle the production from three separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Drinkard Pool, the Justis-Fusselman Pool and an undesignated Tubb pool from wells on a lease consisting of the S/2 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1869: Application of Newmont Oil Company for approval to convert five additional wells in the Loco Hills Pool to water injection. Applicant, in the above-styled cause, seeks an order authorizing it to convert to water injection five additional wells in its water flood project in the Loco Hills Pool, Eddy County, New Mexico. Said wells are the Brigham Well No. 1-A, Yates Well No. 4, Yates A Well No. 10, Yates A Well No. 12, and Coppedge Well No. 2, located respectively in the SE/4 SE/4 of Section 31, Township 17 South, Range 30 East, NE/4 SW/4 of Section 6, SW/4 SW/4 of Section 6, NE/4 NE/4 of Section 6, and NW/4 NW/4 of Section 5, all in Township 18 South, Range 30 East.

CASE 1870:

Application of Newmont Oil Company for permission to install four separate automatic custody transfer systems. Applicant, in the above-styled cause, seeks an order authorizing it to install a separate automatic custody transfer system on each of four leases in applicant's water flood project in the Loco Hills Pool, Eddy County, New Mexico.

CASE 1871:

Application of Union Oil Company of California for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Anderson Ranch Unit Agreement, which Unit is to comprise 360 acres, more or less, consisting of portions of Sections 32 and 33, Township 15 South, Range 32 East, Lea County, New Mexico.

CASE 1872:

Application of Gulf Oil Corporation for authority to commingle the production from four separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant, in the above-styled cause, seeks permission to commingle the production from the following four separate leases and to install an automatic custody transfer system to handle the Pearl-Queen Pool production from all wells located thereon:

Lea-State "AP" lease, E/2 of Section 30;
Lea-State "AQ" lease, N/2 of Section 32;
Lea-State "BG" lease, N/2 of Section 33;
Lea-State "IH" lease, W/2 SW/4 and W/2 SE/4
of Section 29,

all in Township 19 South, Range 35 East, Lea County, New Mexico.

CASE 1873:

Application of The Atlantic Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Langlie Federal "A" Well No. 1, located in Unit H, Section 14, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Blinebry Pool and the production of oil from an undesignated Tubb pool through parallel strings of tubing.

CASE 1874:

Application of Val R. Reese & Associates, Inc., for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lybrook Well No. 1-19, located in Unit C, Section 19, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner

as to permit the production of gas from an undesignated Gallup pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing.

CASE 1875:

Application of Continental Oil Company for a non-standard gas proration unit and for an order force-pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3. Applicant further seeks an order force-pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including M. F. Taylor, P. O. Box 574, Amarillo, Texas, and R. B. Glenn, P. O. Box 461, Amarillo, Texas.

CASE 1876:

Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Weir (Drinkard) Oil Pool and Weir-Tubb Gas Pool from all wells on its Britt B-15 lease consisting of the W/2 and the W/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1877:

Application of Continental Oil Company for permission to install an automatic custody transfer system and for permission to produce more than 16 wells in a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the production from all Skaggs Pool oil wells on its Southeast Monument Unit comprising lands located in Township 20 South, Ranges 37 and 38 East, Lea County, New Mexico.

CASE 1878:

Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Weir (Drinkard) Oil Pool and the Weir-Tubb Gas Pool from all wells on that portion of the Southeast Monument Unit consisting of the W/2 W/2 of Section 14 and the E/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1879:

Application of Amerada Petroleum Corporation for a gas-oil dual completion and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State EM "A" Well No. 2, located 660 feet from the South and West lines of Section 22, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eumont Gas Pool through the casing-tubing annulus and the tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 of said Section 22 to be dedicated to the said State EM "A" Well No. 2.

CASE 1880:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Blinebry Oil Pool and the Drinkard Pool from all wells on its V. M. Henderson lease consisting of the N/2 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1881:

Application of Texaco Inc. for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of automatic custody transfer facilities to handle the Crossroads-Devonian Pool production from the U. D. Sawyer lease comprising the E/2 of Section 34, Township 9 South, Range 36 East, Lea County, New Mexico.

CASE 1882:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Tubb Pool and the Blinebry Oil Pool from all wells located on its Mittie Weatherly lease comprising the NW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1883:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Culwin (Queen) Pool and the Culwin-Yates Pool from all wells located on its Federal Lease comprising the NE/4, E/2 NW/4, N/2 SE/4 and the NE/4 SW/4 of Section 6, Township 19 South, Range 31 East, Eddy County, New Mexico.

CASE 1842:

(Continued)

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on its Baker "A" lease comprising the NW/4 of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1884:

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on that portion of the J. V. Baker lease comprising the SE/4 SW/4 of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1885:

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Drinkard Pool and the Tubb Gas Pool from all wells on its State "K" lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1886:

Application of E. P. Campbell for an exception to Rule 107 (e) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 107 (e) in order to recomplete his No. 1 Cleveland Well, located in NW/4 NE/4 of Section 33, Township 18 South, Range 26 East, Eddy County, New Mexico, as a "slim-hole" completion in the Pennsylvanian formation at a depth greater than 5000 feet.

CASE 1887:

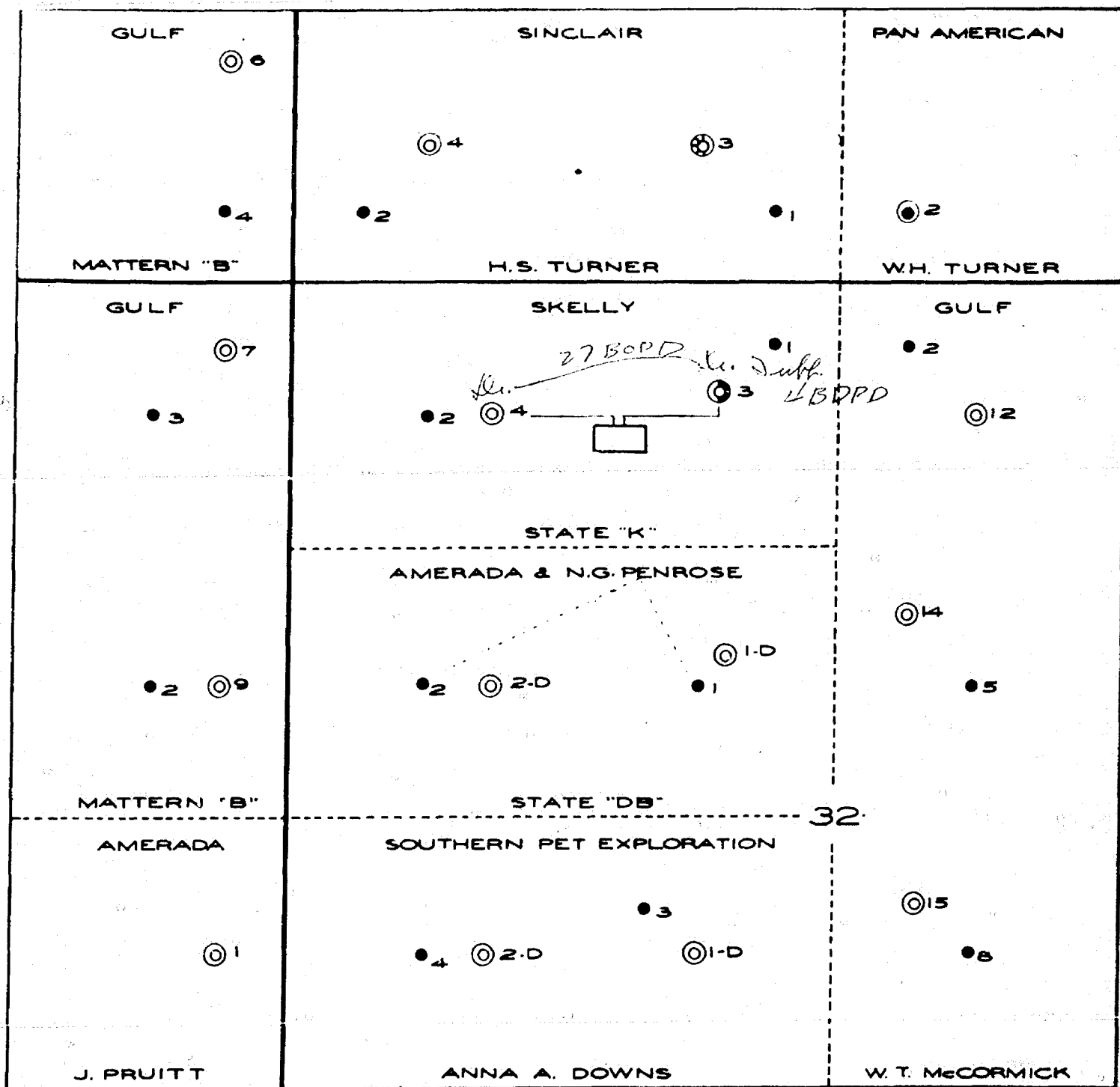
Application of Monsanto Chemical Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to February 15, 1960, to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1888:

Application of C. W. Trainer for off-lease storage of oil production. Applicant, in the above-styled cause, seeks permission to store the Pearl-Queen Oil Pool production from his Rushing lease, consisting of the W/2 NE/4 of Section 22, Township 19 South, Range 35 East, Lea County, New Mexico, in a tank battery located on his Signal State lease, consisting of the E/2 NW/4 of said Section 22.

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SKELLY OIL COMPANY
STATE "K" LEASE
LEA COUNTY, NEW MEXICO
SECTION 32 - T21S-R37E

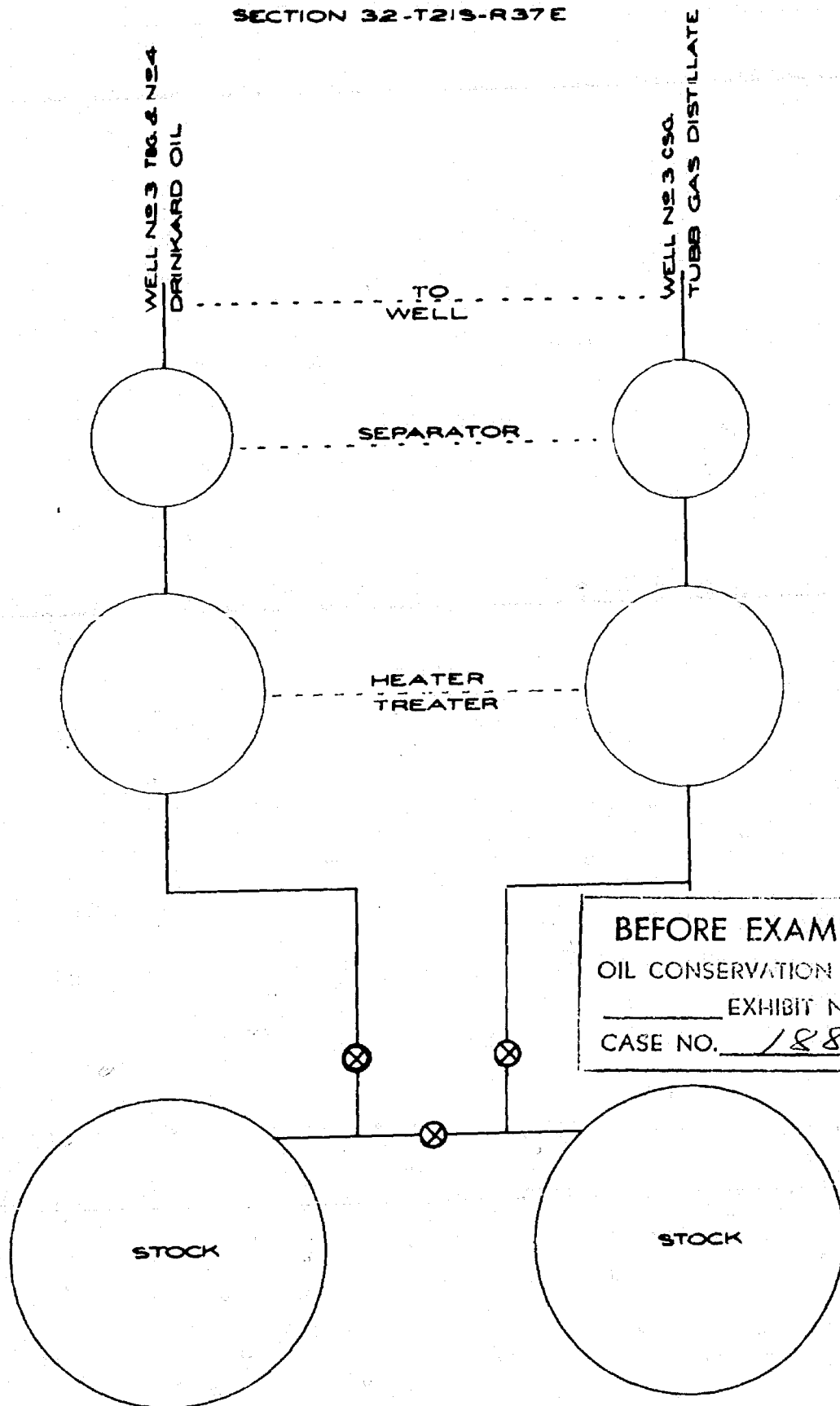


- PENROSE SKELLY
- DRINKARD
- ◐ DUAL DRK. TUBB
- ◑ DUAL DRK. BLINEBRY

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 1885

SCALE 8 INCHES = 1 MILE

SKELLY OIL COMPANY
STATE "K" LEASE
LEA COUNTY, NEW MEXICO
SECTION 32-T219-R37E



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1885

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 303 TO PERMIT COMMINGLING OF
CRUDES FROM THE DRINKARD OIL POOL AND
THE TUBB GAS POOL ON APPLICANT'S STATE "K"
LEASE.

No. 1885
~~1884~~

APPLICATION

To: THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

Comes now the applicant, Skelly Oil Company, and respectfully
alleges and states as follows:

1. That it is the owner and operator of its State "K" lease, which
consists of the N/2 NW/4 Section 32, Township 21 South, Range 37 East, Lea
County, New Mexico.

2. That there is no diversity of royalty ownership underlying the
above described lease.

3. That the applicant has recently dual completed its State "K"
Well No. 3 as a Tubb Gas Well, which is also producing around 4 barrels of
distillate per day.

4. That applicant proposes to commingle oil from the Tubb gas pay
from well No. 3 into common tankage with Drinkard oil production from wells
No. 3 and 4, which are capable of making 33 BOPD from the Drinkard Oil Pool.

5. That adequate testing facilities will be installed to enable
accurate well testing, thereby, enabling accurate production records by
pools to be maintained.

6. Attached hereto marked EXHIBIT "A" and made a part hereof by
reference is a plat which shows the location of applicant's State "K" lease,
well locations, flow lines and tank battery location, and offset operators.

7. That attached hereto marked EXHIBIT "B" and made a part hereof
by reference is a diagrammatic sketch, which shows the proposed method of
testing and storage of the production produced.

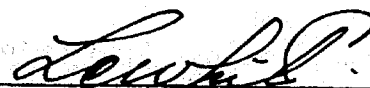
GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

Robert J. White
1-18-60
[Signature]

WHEREFORE, applicant prays that this application be set for hearing,
that notice be given as required by law, and that upon the evidence adduced
the Commission issue an order permitting applicant to commingle its pro-
duction from the Drinkard Oil Pool and the Tubb Gas Pool underlying its
State "K" lease, Lea County, New Mexico, as more fully set out in this
application.

GILBERT, WHITE AND GILBERT

By


L. C. White

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

w/Case 1335

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. 1655
Order No. R-1401

APPLICATION OF SKELLY OIL
COMPANY FOR PERMISSION TO
COMMINGLE THE PRODUCTION
FROM TWO SEPARATE POOLS IN
LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 6, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 25th day of May, 1959, 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 State "K" Lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to commingle the oil produced from the Tubb Gas Pool with the oil produced from the Drinkard Pool from all wells presently completed or hereafter drilled on the above-described State "K" Lease, after separately metering the production from each pool by means of dump-type or positive displacement meters.

(4) That the meters used to measure the production from the Drinkard Pool should be of a corrosion-resistant type.

(5) That approval of the subject application will neither cause waste nor impair correlative rights.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-1-60

CASE 1985

Hearing Date 1-27-60

My recommendations for an order in the above numbered cases are as follows:

1. Grant Skelly's application to commingle, in exception to Rule 303, the Zuff Dentillato and Quirk and Co. in their State "K" lease consisting of 320 acres as follows:

N/S-37E,

Sec. 32 - N/2NW/4.

2. If at any time either zone shows a capability of producing a non-marginal allowable that zone shall be metered.
3. Require no metering of either Pool.
4. Common overships.

5. Case R1401 was for same leases & zones and required metering. This order should be superseded or cancelled,

Ernest W. Smith
EWS

Staff Member