

CASE 2989: Application of SKELLY
for compulsory pooling, Lea
County, New Mexico.

Handwritten notes:
1987
Lea County
New Mexico
Application of Skelly
for compulsory pooling

CASE No.

2989

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

-2-

CASE No. 2989
Order No. R-2654

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the West Jal-Strawn Gas Pool underlying Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 640-acre gas proration unit, to be dedicated to a well to be drilled in the NW/4 SE/4 of said section 17.

(2) That Skelly Oil Company is hereby designated the operator of the subject well and unit.

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(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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

esr/

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. 2989
Order No. R-2654

APPLICATION OF SKELLY OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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NOW, on this 20th day of February, 1964, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 an order pooling all mineral interests in the West Jal-Strawn Gas Pool underlying all of Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well in the NW/4 SE/4 of said Section 17 to be projected to the West Jal-Strawn Gas Pool.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the West Jal-Strawn Gas Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, in the West Jal-Strawn Gas Pool within said unit.

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Oil Conservation Commission - 9 A.M. - Morgan Hall, State Land Office
Building, Santa Fe, New Mexico

- ALLOWABLE: (1) Consideration of the oil allowable for March, 1964.
- (2) Consideration of the allowable production of gas for March, 1964, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1964.

CASE 2989:

Application of Skelly Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the West Jal-Strawn Gas Pool underlying all of Section 17, Township 25 South, Range 36 East, Lea County, New Mexico.

CASE 2990:

In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of new pools in Lea and Eddy Counties, New Mexico, and extensions of certain existing pools in Lea and Eddy Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why such creations and extensions should not be made.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, designated as the Bar U-Pennsylvanian Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
SECTION 1: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production, designated as the Buffalo-Bone Springs Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
SECTION 3: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, designated as the Cass Ranch-Morrow Gas Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM
SECTION 2: All

Case 2990 continued from page 1

- (d) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Morrow production, designated as the Getty-Morrow Gas Pool, and described as:

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SECTION 24: All

- (e) EXTEND the Artesia Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
SECTION 6: SE/4 NW/4

- (f) EXTEND the South Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
SECTION 33: E/2

- (g) EXTEND the Fowler-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
SECTION 22: All

- (h) EXTEND the Grayburg Jackson-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
SECTION 10: SE/4 SE/4

- (i) EXTEND the North Hackberry-Yates Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
SECTION 32: N/2 N/2

- (j) EXTEND the West Henshaw-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
SECTION 3: Lot 5

Case 2990 continued from page 2

- (k) EXTEND the North Justis-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SECTION 11: S/2 N/2

- (l) EXTEND the Lusk-Strawn Pool in Eddy and Lea Counties, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
SECTION 23: S/2
SECTION 24: S/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
SECTION 28: W/2

- (m) EXTEND the Mesa-Queen Pool in Lea County, New Mexico, to include therein:

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SECTION 17: SW/4

- (n) EXTEND the Paduca-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM
SECTION 27: NW/4

- (o) EXTEND the Pearl-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 35: S/2

- (p) EXTEND the North Vacuum-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
SECTION 17: NE/4

- (q) EXTEND the Vacuum-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 25: SE/4
SECTION 26: SE/4

Case 2990 continued from page 3

- (r) EXTEND the Vandagriff Keyes Gas Pool in Eddy County, New Mexico, in include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 8: NE/4

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Oil Conservation Commission - 9 A.M. - Morgan Hall, State Land Office
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IN THE MATTER OF THE APPLICATION OF SKELLY)
OIL COMPANY FOR COMPULSORY POOLING OF ALL)
INTERESTS IN SECTION 17, TOWNSHIP 25 SOUTH,)
RANGE 36 EAST, LEA COUNTY, NEW MEXICO IN)
THE WEST JAL-STRAWN GAS POOL.)

CASE NO. 2789

APPLICATION

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

1. That it is an owner of leases and interests in and about Section 17, Township 25 South, Range 36 East, Lea County, New Mexico.
2. That the applicant seeks an order pooling all mineral interests in the Strawn formation adjacent to the West Jal-Strawn gas pool, and underlying Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.
3. That the New Mexico Oil Conservation Commission has by Order No. R-2439 issued pursuant to Case No. 2764 enacted rules and regulations governing the West Jal-Strawn gas pool, including a provision for 640-acre spacing units, and that Section 17, Township 25 South, Range 36 East lies within one mile of said pool and is not near to or within the limits of another designated Strawn pool.
4. That applicant, through its interests in its leases and by virtue of its position as operator of certain working interest agreements, has the right to drill and proposes to drill a well in the NW/4 of the SE/4 of said Section 17, to be projected to the Strawn formation.
5. That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
6. That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Strawn formation, this application should be approved pooling all mineral interests whatever they may be within said unit.
7. That the applicant should be designated the operator of the subject well and unit.
8. That any non-consenting working interest owner should pay his share of estimated well costs and operating costs pursuant to the working interest agreement in effect for this proration unit, or on such other terms or conditions that the Commission deems reasonable.
9. That all proceeds from production from the subject well, which are not disbursed for any reason, should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.
10. That attached hereto and made a part hereof is Exhibit "A" which lists to the best of applicant's knowledge and belief all owners of interest whatever they may be, together with their addresses if known, within the proposed proration unit sought to be force pooled.

WHEREFORE, PREMISES CONSIDERED, applicant prays that the Commission, after the giving of notice as required by law, set this matter down for hearing, and that at the conclusion of said hearing based on the evidence adduced

enter its order for pooling and communitizing all mineral interests whatever they may be in the Strawn formation within Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, to designate Skelly Oil Company as operator, to provide for the payment of well costs and operating costs of any non-consenting working interest owner pursuant to the applicable agreement for said unit or in the manner that the Commission deems reasonable, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

By George W. Selinger
George W. Selinger

By Ronald J. Jacobs
Ronald J. Jacobs

By L. C. White
L. C. White
Its Attorneys

EXHIBIT "A"

WEST JAL "B"
All Section 17-25S-36E
Lea County, New Mexico

ROYALTY OWNERS

Josephine Welch Lundy
719-A NE 16th Avenue
Ft. Lauderdale, Florida

Ione Bearly Atkins and husband L. W. Atkins
1224 NW 29th
Oklahoma City, Oklahoma

Wachovia Bank & Trust Company, Successor Trustee
Wilmington, North Carolina

Odella N. Clark
1210 NE 20th Street
Oklahoma City, Oklahoma

Margaret B. Marlow
Union National Bank or P. O. Box 251
Wichita, Kansas Collinsville, Oklahoma

Elizabeth Bearly Dudley and husband R. W. Dudley
6400 NW Grand Blvd.
Oklahoma City, Oklahoma

O. W. Skirvin
P. O. Box 510
Shawnee, Oklahoma

Ethel Davis
821 NE 17th Street
Oklahoma City, Oklahoma

L. C. Ritts and wife Helen H. Ritts
1701 National Bank of Tulsa Building
Tulsa, Oklahoma

Robert C. Sharp and wife Josephine P. Sharp
825 Kennedy Building
Tulsa, Oklahoma

James H. Bearly and wife Margaret R. Bearly
1410 Camden Way
Oklahoma City, Oklahoma

Marion Underwood Heard
P. O. Box 2009
Pittsburgh30, Pennsylvania

Elinor Underwood Shaughnessy
2727 East 57th Street
Tulsa, Oklahoma

Julie Underwood Erickson
P. O. Box 20009
Pittsburgh30, Pennsylvania

Clara Bell Dinwiddie
Barstow, Texas

The Atlantic Refining Company
P. O. Box 1978
Roswell, New Mexico

DOCKET MAILED

Date 1-30-67

[Handwritten signature]

EXHIBIT "A"

WEST JAL "B"
All Section 17-25S-36E
Lea County, New Mexico

OVERRIDING ROYALTY INTEREST OWNER

Geo. H. Coates and wife Elizabeth H. Coates
1610 Milam Building
San Antonio 5, Texas

WORKING INTEREST OWNERS

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

The Atlantic Refining Company
P. O. Box 1978
Roswell, New Mexico

Shell Oil Company
P. O. Box 1509
Midland, Texas

Phillips Petroleum Company
P. O. Box 791
Midland, Texas

*Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico

*Southland Royalty Company
1603 First National Building
Fort Worth 2, Texas

*Sunray DX Oil Company
1001 Wilco Building
Midland, Texas

*General Crude Oil Company
P. O. Box 2252
Houston 1, Texas

*Socony Mobil Oil Company, Inc.
P. O. Box 820
Roswell, New Mexico

* Interest by virtue of Operating Agreement only.

DOCKET MAILED

1-30-64

[Handwritten signature]

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
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- (g) EXTEND the Fowler-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
SECTION 22: All

- (h) EXTEND the Grayburg Jackson-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
SECTION 10: SE/4 SE/4

- (i) EXTEND the North Hackberry-Yates Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
SECTION 32: N/2 N/2

- (j) EXTEND the West Henshaw-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
SECTION 3: Lot 5

Case 2990 continued from page 2

- (k) EXTEND the North Justis-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SECTION 11: S/2 N/2

- (l) EXTEND the Lusk-Strawn Pool in Eddy and Lea Counties, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
SECTION 23: S/2
SECTION 24: S/2

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SECTION 28: W/2

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SECTION 17: SW/4

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SECTION 27: NW/4

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TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 35: S/2

- (p) EXTEND the North Vacuum-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
SECTION 17: NE/4

- (q) EXTEND the Vacuum-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 25: SE/4
SECTION 26: SE/4

Case 2990 continued from page 3

- (r) EXTEND the Vandagriff Keyes Gas Pool in Eddy County, New Mexico, in include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 8: NE/4

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. L. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

February 20, 1964

Mr. Booker Kelly
Gilbert, White & Gilbert
Attorneys at Law
Box 787
Santa Fe, New Mexico

Re: Case No. 2989
Order No. R-2654
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.
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER To list of people attached to the application and also to

Mr. Eugene Lusk, McCormick, Lusk, Paine and Feezer - Carlsbad, NM

CLASS OF SERVICE

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

WESTERN UNION TELEGRAM

1964 FEB 12 12:00 PM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

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

LA124 SSC153

L CSA032 PD=CARLSBAD NMEX 12 126P MST=

A L PORTER, OIL CONSERVATION COMMISSION=

SANTA FE NMEX=

RE DOCKET NO 5-64, CASE 2989. THE UNDERSIGNED, AS
 ATTORNEYS FOR CLARA DINWIDDIE INDIVIDUALLY AND
 AS EXECUTRIX OF G C DINWIDDIE ESTATE, MINERAL OWNER
 UNDER SECTION 17, T 25 S, R 36 E, LEA COUNTY, NEW
 MEXICO, ENTER HER APPEARANCE IN CASE 2989 AND
 RESERVE THE RIGHT TO OBJECT TO ANY ORDER ENTERED THEREIN=
 MCCORMICK, LUSK, PAINE AND FEEZER PO BOX 1718
 CARLSBAD NEW MEXICO PHONE TUXEDO 5-3144=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DOCKET: REGULAR HEARING - THURSDAY - FEBRUARY 13, 1964

Oil Conservation Commission - 9 A.M. - Morgan Hall, State Land Office
Building, Santa Fe, New Mexico

- ALLOWABLE: (1) Consideration of the oil allowable for March, 1964.
- (2) Consideration of the allowable production of gas for March, 1964, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1964.

CASE 2989: Application of Skelly Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the West Jal-Strawn Gas Pool underlying all of Section 17, Township 25 South, Range 36 East, Lea County, New Mexico.

CASE 2990: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of new pools in Lea and Eddy Counties, New Mexico, and extensions of certain existing pools in Lea and Eddy Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why such creations and extensions should not be made.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, designated as the Bar U-Pennsylvanian Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
SECTION 1: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production, designated as the Buffalo-Bone Springs Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
SECTION 3: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, designated as the Cass Ranch-Morrow Gas Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM
SECTION 2: All

Case 2990 continued from page 1

- (d) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Morrow production, designated as the Getty-Morrow Gas Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
SECTION 24: All

- (e) EXTEND the Artesia Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
SECTION 6: SE/4 NW/4

- (f) EXTEND the South Corbin-Queen Pool in Lea County, New Mexico, to include therein:

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SECTION 33: E/2

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Case 2990 continued from page 2

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SECTION 23: S/2
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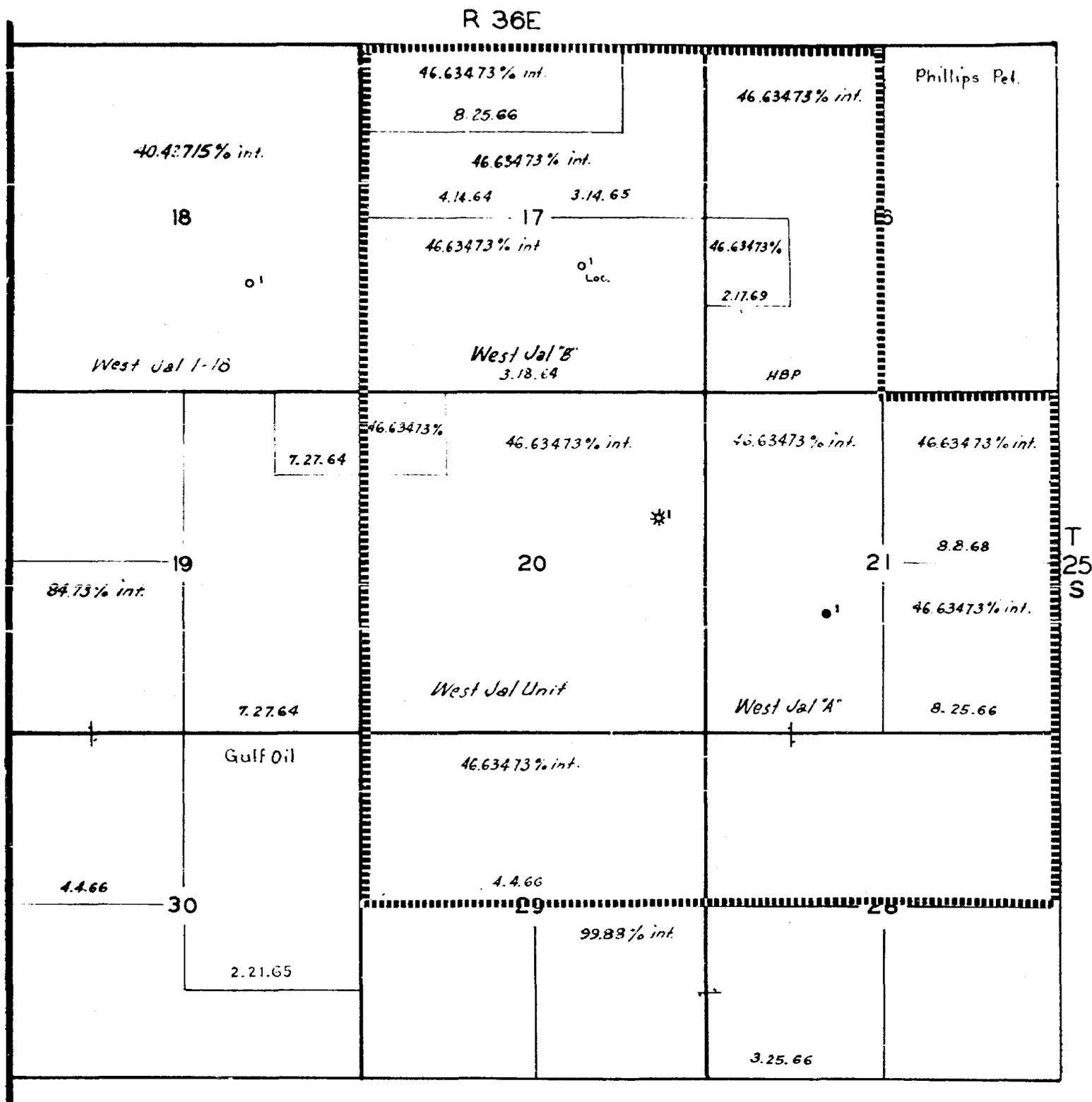
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SECTION 25: SE/4
SECTION 26: SE/4

Case 2990 continued from page 3

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TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 8: NE/4



**BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico**

Exhibit No. 16
Case No. 2787

LEA COUNTY, NEW MEXICO
25S-36E
SCALE 1" = 2000' DATE

DOCKET: REGULAR HEARING - THURSDAY - FEBRUARY 13, 1964

Oil Conservation Commission - 9 A.M. - Morgan Hall, State Land Office
Building, Santa Fe, New Mexico

- ALLOWABLE: (1) Consideration of the oil allowable for March, 1964.
- (2) Consideration of the allowable production of gas for March, 1964, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1964.

CASE 2989:

Application of Skelly Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the West Jal-Strawn Gas Pool underlying all of Section 17, Township 25, South, Range 36 East, Lea County, New Mexico.

Just a plain gas pool, Eddy County, with no consideration of mineral interests.

In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of new pools in Lea and Eddy Counties, New Mexico, and extensions of certain existing pools in Lea and Eddy Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why such creations and extensions should not be made.

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Case 2990 continued from page 1

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Case 2990 continued from page 2

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Case 2990 continued from page 3

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TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 8: NE/4

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. 2989
Order No. R-2654

APPLICATION OF SKELLY OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 13, 1964, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of February, 1964, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 an order pooling all mineral interests in the West Jal-Strawn Gas Pool underlying all of Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well in the NW/4 SE/4 of said Section 17 to be projected to the West Jal-Strawn Gas Pool.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the West Jal-Strawn Gas Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, in the West Jal-Strawn Gas Pool within said unit.

-2-

CASE No. 2989
Order No. R-2654

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the West Jal-Strawn Gas Pool underlying Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 640-acre gas proration unit, to be dedicated to a well to be drilled in the NW/4 SE/4 of said Section 17.

(2) That Skelly Oil Company is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

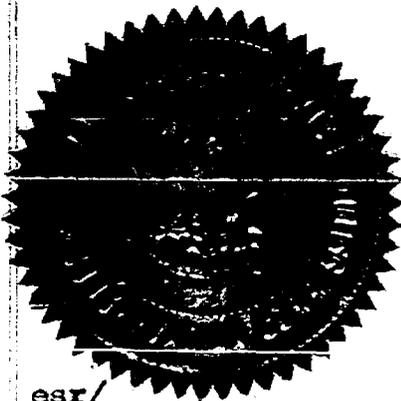
DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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



esr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 13, 1964

REGULAR HEARING

IN THE MATTER OF:

Application of Skelly Oil Company for
compulsory pooling, Lea County,
New Mexico.

Case No. 2989

BEFORE: E. S. "Johnnie" Walker, Land Commissioner
A. L. "Pete" Porter, Secretary-Director

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 963-3171

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 13, 1964

REGULAR HEARING

IN THE MATTER OF:

Application of Skelly Oil Company for
compulsory pooling, Lea County,
New Mexico.

Case No. 2989

BEFORE: E. S. "Johnnie" Walker, Land Commissioner
A. L. "Pete" Porter, Secretary-Director

TRANSCRIPT OF HEARING

MR. PORTER: Take up Case No. 2989. Are there any
appearances in this case?

MR. KELLY: I am William B. Kelly, with Gilbert, White
and Gilbert, and I have two witnesses.

MR. DURRETT: Before swearing the witnesses, if the
Commission please, I would like to state for the record that we
have received a telegram from the firm of McCormick, Lusk and
Paine and Peezer entering an appearances in this case and I would
like to read it into the record.

"Re Docket Number 5-64, case number 2989, the undersigned,
as attorneys for Clara Dinwiddie, individually and as executor



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

of the G. C. Dinwiddie interest, Section 17, Township 25 South, Range 36 East, Lea County, enter an appearance in Case Number 2989 and reserve the right to object to any order entered therein."

I would like to state at this time that the person involved here, Clara Dinwiddie, through her attorneys, would have the right to apply for a rehearing, of course, as any interested party has that right.

MR. PORTER: Mr. Selinger, do you have any comments on that?

MR. SELINGER: Yes, the only comment we have with respect to that, it is our understanding that the people are undecided as to just particularly what the case is about, its confined, exclusively, to 640 acre spacing, gas spacing, in the Strawn. They were concerned about oil development, well, this case does not force-pool anything but gas on the Strawn. The lease that we operate under the Dinwiddie estate already provides for pooling in accordance with the Conservation Commission's orders, which is 640 acres. So, I think its more of a matter of a misunderstanding on their part as to what we propose to do here.

MR. PORTER: The telegram will be entered into the record and, of course, its understood that any interested party can always ask for a rehearing.

WILLIAM B. CROWNOVER,

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



DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name and position for the record, please?

A William B. Crownover, Contracts Supervisor for the Land Department, Skelly Oil Company.

Q Could you state, briefly, what Skelly seeks through this application?

A We desire to force-pool all mineral interest owners in the Strawn gas pool under Section 17, Township 25 South, Range 36 East, Lea County, New Mexico.

Q Now, referring to what has been marked Exhibit 1, have you distributed that to the Commission?

A Yes.

Q Could you identify the proposed section in relation to the already designated Strawn pool?

A Section 20 is the already designated Strawn pool right adjacent to that.

Q And under the temporary pool rules 640 acre spacing is already required, is that not correct?

A That's right.

Q And Section 17 would be under those rules?

A Yes.

Q Now, what attempt has been made to contact the other working interest owners and what success have you had on that?

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building

Albuquerque, New Mexico

Phone 243-6691



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

A 24 working interest owners are subject to an operating agreement and we have circulated the communitization agreement to all royalty owners whose leases don't contain pooling provisions and we have been successful in securing execution by all except two of these parties. One we have been unable to locate and the other has not yet decided whether or not to sign the communitization agreement.

Q Which is the person that you are unable to locate?

A Margaret B. Marlow.

Q What interest does she have?

A We show a 1.5 acre interest in a 240 acre tract.

Q What efforts have you made to locate her?

A We have sent letters to her last two known addresses, one was the Union National Bank in Wichita and we have, also, employed a Mr. Ed Watts, who had purchased several leases from her in the past, however, she travels extensively and we have been unable to locate her so far.

Q If this application is granted would you still make an effort to get her to sign up?

A Yes.

Q And could you identify the other interest that is still undecided as to whether or not to sign up?

A Ethel Davis.

Q What is her share?

A She owns $13/12$ interest, which amounts to 36.11 net acres.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

Q And it is true that Skelly has been in contact with her and her attorney, Jack High, of Oklahoma City, was sent a copy of the application for this hearing?

A Yes, sir.

Q And is it also true that Mr. High is, also, the attorney for one of the interest owners, General Crude Oil?

A Yes, that's correct.

Q But you haven't had a decision, one way or the other, from her at this time?

A That's right.

Q Now, all the land underlying Section 17 is free, is that correct, not state or federal land?

A No, not state or federal.

Q Was Exhibit 1 prepared by you or under your direction?

A It was prepared under my supervision, yes.

MR. KELLY: I move the introduction of Exhibit 1 and that concludes my examination of Mr. Crownover.

MR. PORTER: Without objection the exhibit will be admitted. Does anyone have any questions of this witness?

MR. NUTTER: Mr. Crownover, do these ladies have an interest in the same tract, that 240 acre tract?

A Yes, they have an undivided interest and it amounts to about 37 acres total between the two of them.

Q And you have had no indication at all from Mrs. Davis' attorney whether she is going to sign this?



A No, sir, the last thing that we had from her stated that she had not decided to execute the communitization agreement and suggested that we contact her attorney and he said that he didn't know whether she had made up her mind or not. We haven't been in contact with him other than to furnish him a copy of the application for this hearing.

Q Do you know of any agent or attorney for Mrs. Marlow?

A No, sir, I do not.

MR. NUTTER: Mr. Selinger, is one of your other witnesses going to testify as to the operating costs?

MR. SELINGER: Yes.

MR. DURRETT: I have just one question, what is the red line designating?

A Now, this is a 2,880 acre working lease which is created by an operating agreement.

MR. DURRETT: The operating agreement covers all the area that is inside the red marks?

A Yes.

MR. PORTER: Are there any further questions of this witness? You may be excused. Call the next witness.

RONALD J. JACOBS,

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

DIRECT EXAMINATION

BY MR. KELLY:



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building

Albuquerque, New Mexico

Phone 243-6691

Q Would you state your name and position for the record?

A I am Ronald J. Jacobs, and I am Conservation Engineer for the Skelly Oil Company.

Q Have you previously testified before this Commission?

A Yes, on numerous occasions.

MR. PORTER: Mr. Kelly, we consider the witness qualified.

Q (by Mr. Kelly) Mr. Jacobs, can you give the Commission data on the proposed cost of this well and the supervision, plus the initial costs and supervision costs and risk factor?

A Well, as Mr. Crownover pointed out, this area outlined in red on Exhibit 1 is the area covered by the working interest owners' agreement and the agreement provides for those parties who have signed it, which are all the people involved, to elect to participate in the well to be drilled or they may elect to go "non-consent". If they elect to go "non-consent" the operating agreement provides for the risk factor. By way of information, the agreement provides for a 200% factor for "non-consents" to be taken out of production. All the parties have signed this and if they elect to go "non-consent" they are bound by the agreement, so, I don't believe that we are actually concerned in this order with having a risk factor established because they are subject to the operating agreement.

MR. NUTTER: Mr. Jacobs, may I interrupt you just one moment? Have Mrs. Marlow and Mrs. Davis signed this working interest owner's agreement?



A No, sir, they are just royalty owners, only. All the working interest owners have signed. Now, Phillips Petroleum Company has a lease holder's interest under Section 17 and they have not signed the communitization agreement, however, they are party to the general operating agreement, they have some objection to the form of the communitization agreement, as a matter of fact, they have approved the AFE to drill this particular well in Section 17, so, all the parties have agreed to drill the well or they will be governed by the operating agreement.

The only people we are really concerned with here are these two royalty owners whom we have not been able to get signatures from or whose leases don't contain pooling clauses.

Q Can you give the Commission proposed costs?

A Yes, the cost to drill this well, we estimate, will be \$413,000.00. It will be drilled to the Strawn formation and it will be a direct offset to the discovery well, the West Jal Unit Well Number 1, located in Section 20 and I might point out that, at the present time, in Section 18 of Township 25 South, Range 36 East, another well, projected to the Strawn, is currently being drilled. This well in Section 17 is being drilled to meet a direct offset in 20 and will meet the offset in 18 when the well in 18 is completed.

Q Under your working agreement Skelly has been appointed operator?

A Yes, that's correct.

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Q In your opinion, would the granting of this application be in the best interest of conservation and the prevention of waste?

A Yes.

MR. KELLY: I have no further questions.

MR. PORTER: Does anyone have a question of this witness?

MR. NUTTER: Has this \$413,000.00 estimate for the cost been submitted in the form of an AFE?

A Yes, it has.

Q Has that AFE been approved by the other working interest owners?

A It has been approved by most of them. Atlantic and Gulf, as of yet, have not approved the AFE for this particular well.

MR. NUTTER: What percentage, roughly, of the total working interest owners have approved the AFE?

A Excuse me, I'll have to get the file. Atlantic owns 11.6, approximately, percent of the interest under the working owners' agreement and Gulf owns 20.8, making a total of, approximately, slightly over 32.4, so, therefore, 67.6 have signed the AFE for the drilling of this well.

MR. NUTTER: And Skelly owns 46.6?

A Approximately.

MR. NUTTER: Well, now, this Ethel Davis with her 36.11 acres, is that of that 240 tract or 36 acres in this 640 acre unit?



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A Its 36 acres of the entire unit.

MR. NUTTER: What rate of royalty does she have?

A Well, the royalty from the well would be split up on an acreage basis, so, her royalty would be 36 over 640, approximately.

MR. NUTTER: Well, if she acquires 36 acres by virtue of owning some percent of a 240 acre tract she's got higher than the normal royalty under that 240 acre tract?

A No, its 36% of the 1/8 royalty.

MR. NUTTER: I thought she had 36 net acres?

A No, royalty.

MR. NUTTER: I misunderstood that a while ago, that's all.

MR. PORTER: Does anyone else have a question of this witness?

MR. DURRETT: Since you do not desire a risk factor and since you are only attempting to pool royalty interest owners I would assume that you don't desire any cost of supervision?

A No, that, likewise, is provided for in the agreement.

MR. PORTER: Any further questions? The witness may be excused. Is there any further testimony in this case?

MR. KELLY: That's all I have.

MR. PORTER: Does anyone else have anything further to offer in this case? Well, the Commission will take the case under advisement. Proceed to consider the gas nominations for March.



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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, NORRIS R. CROWNOVER, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

Witness my Hand and Seal this 17th day of February, 1964.

Norris R. Crowover
 NOTARY PUBLIC

My Commission Expires?
 July 11, 1967.



DRAFT

JMD/esr

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. 2989

Order No. R- 9654

APPLICATION OF SKELLY OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.


ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 13 1964, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of February, 1964, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 an order pooling all mineral interests in the West Jal-Strawn Gas Pool underlying all of Section 17, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well in the NW/4 SE/4 ~~_____ feet from the _____ line and _____ feet from the _____ line~~ of said Section 17 to be projected to the ~~Strawn formation~~, West Jal-Strawn Gas Pool.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the ~~subject proration unit~~ ^{West Jal-Strawn Gas Pool}, the subject application should be approved by pooling all mineral interests, whatever they may be, ~~within said unit~~ ^{in the West Jal-Strawn Gas Pool} ~~within said unit.~~

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 40 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$75.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

(12) ~~DA~~ That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the ~~subject proration unit~~ underlying Section ~~19~~ ¹⁷, Township ~~17~~ ¹⁷ West Jal-Strawn Gas Pool

25 South, Range 36 East, NMPM, Lea County, New Mexico are hereby
pooled to form a 640-acre gas proration unit, to be dedicated to
a well to be located _____ feet from the _____ line and
~~feet from the _____ line of said section 17.~~

21 South, Range 24 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a 640-acre gas proration unit, to be dedicated to a well to be located 1930 feet from the North line and feet from the East line of said Section 19.

be drilled on the NW 1/4 SE 1/4 of said Section 17.

Skelly Oil Company

(2) That ~~XXXXXXXXXXXXXXXXXXXX~~ is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(B) As a charge for the risk involved in the drilling of the well, 40% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected

W. L. PORTER
A. L. PORTER