

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 613  
Order No. R-423

THE APPLICATION OF SKELLY OIL  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION TO  
RULE 7 (a) OF ORDER NO. R-368-A  
IN ESTABLISHMENT OF AN UNORTHODOX  
GAS PRORATION UNIT OF 80 CONTIGUOUS  
ACRES CONSISTING OF THE NE/4 NW/4 AND  
THE NW/4 NE/4 OF SECTION 6, TOWNSHIP  
25 SOUTH, RANGE 37 EAST, NMPM., IN  
THE JALCO GAS POOL, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on Decem-  
ber 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Com-  
mission, hereinafter referred to as the "Commission".

NOW, on this <sup>15<sup>th</sup></sup> day of April, 1954, the Commission, a  
quorum being present, having considered the records and testimony adduced,  
and being fully advised in the premises;

FINDS:

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

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-368-A,  
the Commission has power and authority to permit the formation of a gas pro-  
ration unit consisting of other than a legal quarter section after notice and  
hearing by the Commission.

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

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM.

Section 6, NW/4 NE/4, NE/4 NW/4

containing 80 acres, more or less.

(4) That applicant, Skelly Oil Company, has a producing well  
on the aforesaid lease known as #3 J. W. Sherrell, located 330' from the  
north line and 1650' from the east line of Section 6, Township 25 South, Range  
37 East.

(5) That the aforesaid well was completed and in production prior to January 1, 1954, the effective date of Order No. R-368-A, and is located within the limits of the pool heretofore delineated and designated as the Jalco Gas Pool.

(6) That it is impossible to pool applicant's said lease with adjoining acreage in the NE/4 and NW/4 of Section 6, Township 25 South, Range 37 East, and that the owners of adjoining acreage in said quarter sections have not objected to the formation of the proposed proration unit of 80 acres.

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

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

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

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

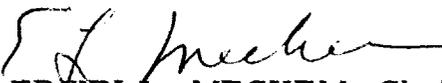
Section 6, NW/4 NE/4 NE/4 NW/4

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

(2) That applicant's well, #3 J. W. Sherrell, located in the NW/4 NE/4 of Section 6, Township 25 South, Range 37 East, NMPM., shall be granted an allowable from January 1, 1954 in the proportion that the above described 80 acres bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member

  
R. R. SPURRIER, Secretary and Member

(S E A L)