

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  
CONSIDERING:

CASE NO. 615  
Order No. R-425

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 240 CONTIGUOUS ACRES  
CONSISTING OF THE EAST HALF OF THE SOUTHWEST  
QUARTER, AND SOUTHEAST QUARTER OF SECTION 31,  
TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM, LEA  
COUNTY, NEW MEXICO, IN THE JALCO GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this <sup>16</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 proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.
- (3) That applicant, Skelly Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal quarter section, and described as follows, to-wit:  

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
East half Southwest quarter and  
Southeast quarter of Section 31

containing 240 acres, more or less.
- (4) That applicant, Skelly Oil Company, has a producing well on the aforesaid lease known as the No. 5, J. W. Sherrill, located 2172' from the west line and 990' from the south line of Section 31, Township 24 South, Range 37 East, NMPM.
- (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 not practicable to pool applicant's said lease with adjoining acreage in the south half of Section 31, Township 24 South, Range 37 East, NMPM, and that the owners of adjoining acreage in said half section have not objected to the formation of the proposed proration unit of 240 acre.

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

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
East half Southwest quarter and  
Southeast quarter of Section 31.

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

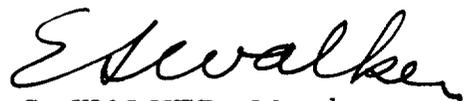
(2) That applicant's well, J. W. Sherrill, No. 5, located in the SE/4 SW/4 of Section 31, Township 24 South, Range 37 East, NMPM, shall be granted an allowable from January 1, 1954 in the proportion that the above described 240 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



R. R. SPURRIER, Secretary & Member

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