

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
at
Santa Fe, New Mexico
December 17, 1953

In the Matter of:

Application of Skelly Oil Company for exception
to Rule 7(a) of Order No. R-368-A in establish-
ment of an unorthodox gas proration unit of 80
contiguous acres consisting of NE/4 NW/4 and the
NW/4 NE/4 of Section 6, Township 25 South, Range
37 East, in the Jalco Gas Pool, Lea County, New
Mexico

Application of Skelly Oil Company for exception
to Rule 7(a) of Order No. R-368-A in establish-
ment of an unorthodox gas proration unit of 240
contiguous acres consisting of the SE/4 and the
E/2 SW/4 of Section 31, Township 24 South, Range
37 East, in the Jalco Gas Pool, Lea County, New
Mexico.

Case No.s
613 & 615
(Consolidated)

TRANSCRIPT OF HEARING

BEFORE:

Hon. Edwin L. Mechem
Hon. E. S. (Johnny) Walker
Hon. R. R. Spurrier

MR. SPURRIER: The meeting will come to order.

(Notice of Publication read by Mr. Graham.)

MR. SELINGER: We would like to have Case No. 613 and 615
consolidated for the purpose of taking testimony. On behalf of
Skelly Oil Company we have one witness that we would like to have
sworn. I would like to make a brief preliminary statement.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 8-9546
ALBUQUERQUE, NEW MEXICO

I believe this is the first unorthodox exception hearing to be held by the Commission with regards to the new gas regulations. It is our view and I think it would be rather enlightening to the Commission, preliminary to these cases, as nearly as possible we tried to confine our unorthodox units to the governmental quarter section. If not we try to confine it to half government quarter section, and in no event do we try to get out of the governmental section. We also are trying to work out these units in the cases of wells that have been on production for a number of years. The formation of these units tried to avoid the drilling of unnecessary wells. We believe that these two cases, the granting of the exceptions in these regards would not dislocate any acreage outside of the governmental half section, and will have no adverse effect on the surrounding properties.

In the case of 613 it happens that our No. 3 well is located in a governmental quarter section which contains two additional gas wells, making a total of three gas wells. We do have, however, an adjoining forty acres which makes this an eighty acre unit, forty lying in the southeast quarter of the governmental section and forty lying in the southwest.

In the case of 615 there are two wells, two gas wells in the south half of the governmental half section, the governmental section, but they are directly offsetting each other on forty acres. The assignment of the two hundred and forty acres lying within that governmental half section would eliminate the drilling of an unnecessary well and would in no way adversely effect or interfere with the surrounding formation of units. In other words, in both

instances of 613 and 615 it will not go outside the governmental half section and will not cause any dislocation whatsoever.

MAX E. CURRY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SELINGER:

(Skelly Oil Company's Exhibit No. 1
Marked for Identification)

Q Will you please state your name?

A Max E. Curry.

Q You are associated with Skelly Oil Company?

A I am.

Q In what capacity?

A As a Petroleum Engineer.

Q Where are you located, Mr. Curry?

A In Hobbs, New Mexico.

Q Are you familiar with Skelly Oil Company's operations in the Jalco Pool?

A I am.

Q Do the Sherrell No. 3 and the Sherrell No. 5 wells of Skelly Oil Company produce gas in the Jalco Gas Pool?

A They do.

MR. STANLEY: Excuse me, Mr. Selinger, could we put that plat up on the board?

MR. SELINGER: Yes.

Q On the board is what has been marked as Skelly's Exhibit No. 1 in Cases 613 and 615, the Sherrell No. 3 is on the eighty acres in the south part of the area outlined in green, is that correct?

A That is correct.

Q How many wells are located in the southeast quarter of Section 1?

A Just a minute.

Q I mean the northeast quarter of Section 1?

A This is Section 5.

Q How many wells are located in that quarter section of Section 6?

A There are three wells located in this quarter section.

Q And Skelly's acreage is an eighty acres lying in the one quarter section of the governmental section and the other forty acres in the other governmental quarter section, is that correct?

A That is correct.

Q Does Anderson-Prichard have a similarly situated eighty acres immediately south on which there is a gas well?

A They do. I believe that this also includes some acreage below in the same lease, but in this same half section they do have a similar eighty acre tract.

Q With respect to the two hundred and forty acres lying in Section 31, how many gas wells are there in the south half of that governmental section?

A There are two gas wells, Texas Company's B No. 2 and Skelly Oil Company's Sherrell No. 5.

Q Are there gas wells located in the north half of that governmental section?

A They are located, there are two, I believe, there is another in this same half section up here, but these wells are located in

the Langmat Gas Pool.

Q But they are similar gas wells, are they not?

A That is correct.

Q So at the present time, with respect to that Section 31, there are two gas wells in the north half and there are two gas wells in the south half?

A That is correct.

Q Now, with respect to the Sherrell No. 3, was that well originally completed as an oil or gas well?

A This well was originally completed as an oil well, it was completed in 1940, it was completed as an oil well in February of 1940, in the Cooper-Jal Field for initial potential of 49 barrels of oil per day. It was drilled to original total depth of 3490 feet. This well was, later in December, 1946, retainer was set in the seven inch casing at 3390 feet, and the well was perforated, seven inch casing was perforated as follows: - -

Q (Interrupting) You don't have to give all of them.

A I will give the top and bottom, from 2830 feet to 3300 feet.

(Skelly Oil Company's Exhibit No. 2
Marked for Identification)

Q Is that the log of the Sherrell No. 3 well?

A That is correct. This is a sample log of the Sherrell No. 3 well.

Q I will ask you, Mr. Curry, whether or not the necessary forms C104 and C110 have been filed with the Commission?

A They have been filed and the proper forms returned.

Q And in the returning of that form forty acres has been assigned to the No. 3 Sherrell well pending the Commission's action in this

matter, is that correct?

A That is correct.

Q Now, with respect to the No. 5 well, give the date that well was completed.

A This well was completed in September, 1949. It was completed by setting seven inch casing at 2720 feet and completing an open hole to a total depth of 3350 feet. The initial potential of this well was sixteen million standard cubic feet of gas per day. Shut-in pressure of twenty-four hours of nine hundred and sixty pounds.

(Skelly Oil Company's Exhibit No. 3
Marked for Identification)

Q I will hand you what has been marked by the Reporter as Skelly Oil Company's Exhibit No. 3, is that a sample log of the Sherrell No. 5 well?

A It is.

Q Mr. Curry, has the necessary forms, with respect to C104 and C110, on the J. W. Sherrell No. 5 well, been filed with the Commission?

A They have.

Q Has the Commission assigned eighty acres pending the disposition of the Commission in this particular hearing?

A That is correct.

Q If an exception is granted to the applicant in both wells, No. 3 for eighty acres and well No. 5 for two hundred and forty acres, will that prevent the drilling of unnecessary wells in order to maintain equal density with the offset quarter sections or governmental sections?

A That is correct, it will do that.

Q Will there be no dislocation or interference of the normal

operation of the Commission rules, with respect to the surrounding governmental sections or quarter sections?

A It should have no effect on the surrounding operators.

MR. SELINGER: We would like to offer into evidence Skelly's Exhibits 1, 2 and 3.

MR. SPURRIER: Without objection they will be admitted.

MR. SELINGER: That is all we have, with respect to Cases 613 and 615.

MR. SPURRIER: Any questions of the witness? We will take these cases under advisement and move on to Case 614.

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Cases No. 613 and 615 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on December 17, 1953, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 18th day of December, 1953.


COURT REPORTER