

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

Case 757

RE: IN THE MATTER OF APPLICATION OF SKELLY OIL COMPANY FOR APPROVAL OF AN UNORTHODOX WELL LOCATION ON A NON-STANDARD 320 ACRE UNIT COMPRISING THE SE $\frac{1}{4}$ AND LOTS 9, 10, 15 AND 16, SECTION 2, TOWNSHIP 21 SOUTH, RANGE 35 EAST, IN THE EUMONT GAS POOL, LEA COUNTY, NEW MEXICO.

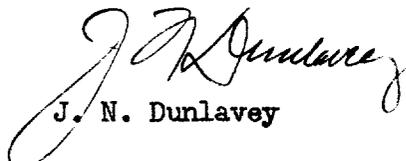
GENTLEMEN:

Comes now SKELLY OIL COMPANY, a Delaware corporation with offices in Tulsa, Oklahoma and Hobbs, New Mexico, hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox well location on a non-standard 320-acre unit lying partially within the horizontal limits of the Eumont Gas Pool, Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the sole owner of all oil and gas leases held on the 320 acres confined by the boundaries of SE $\frac{1}{4}$ and lots 9, 10, 15 and 16 of Section 2, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and concerns but a single royalty owner, namely, the State of New Mexico.
2. That the petitioner's Mexico "W" well No. 1 is located 660' from the South boundary and 660' from the East boundary of the lease and section and is completed entirely within the vertical limits of the Eumont Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the petitioner's lease is capable of production by virtue of its production history, offset production, and its structural position as indicated by contour lines on attached plat.
4. That petitioner's well was originally drilled to and completed in the Eunice-Monument Oil Pool prior to the effective date of Order No. R-520. After a diligent effort to complete the well as a commercial producer of oil from this pool, the well was abandoned in this zone, plugged back in conformance with existing Commission Rules and Regulations, and recompleted as a gas producer in the Yates section of the Eumont Gas Pool.
5. That all lands described above, and contained within the limits of the proposed proration unit, are contiguous and lie within the limits of a single legal subdivision (section) of the U. S. Public Land Survey.
6. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.
7. That a radioactive log, complete with well information and completion data, is hereto attached.
8. That one gas well can efficiently drain as much as 320 acres in the Eumont Gas Pool; therefore, the approval of this petition will prevent the drilling of an unnecessary well, thus preventing economic waste.

Wherefore, the petitioner requests that, in the interest of conservation and protection of correlative rights, the Commission grant an exception to Rule 5(a), Order No. R-520, after proper notice and hearing, by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted
SKELLY OIL COMPANY


J. N. Dunlavy