



SKELLY OIL COMPANY

TULSA, OKLAHOMA

COPY

P. O. Box 993
Midland, Texas
September 20, 1956

Re: PROPOSED UNIT
E2 Section 11 and W2
Section 12 - All in
Township 16 South,
Range 33 East,
Lea County, New Mexico

*Saunders
Unit*

Honorable E. S. Walker
Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico

Unit # 1173

Dear Sir:

We would like to propose the formation of the above unit comprised of 640 acres for the drilling of a hole to test two possible producing zones in the Pennsylvanian at approximately 11,000' and 12,500' respectively. The location of the test would be in the approximate center of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 hereof. Our proposals are based on subsurface control, as well as on seismograph shooting.

The acreage is owned wholly by the State of New Mexico, being subject to leases as follows:

1. State Lease #E-1156, dated January 10, 1947, covering W2 Section 12 (320 acres gross and net), together with other acreage.
2. State Lease #E-1241, dated March 10, 1947, covering NE $\frac{1}{4}$ Section 11 (160 acres gross and net), and other acreage.
3. State Lease #OG-211, dated September 10, 1956, covering SE $\frac{1}{4}$ Section 11 (160 acres gross and net), and other acreage.

All of these leases are now held by Skelly Oil Company, there being no overrides or oil payments encumbering the working interests.

This proposed unit lies immediately South of and adjacent to South Saunders Unit, operated by Humble, and it lies immediately



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PRODUCTION DEPARTMENT
J. S. FREEMAN, VICE PRESIDENT

TULSA 2, OKLAHOMA

October 19, 1956

file

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

Kindly consider this as an application for approval of the Sombrero Unit, to be operated by Skelly Oil Company, which unit is to be composed of the E/2 of Section 11 and the W/2 Section 12, Township 16 South, Range 33 East, Lea County, New Mexico.

This letter is filed in triplicate. Attached hereto is the Communitization in which Skelly Oil Company is the owner of all the working interests of all of the 640 acres composed of Tract 1, the NE/4 Section 11-16S-33E containing 160 acres; Tract 2, the W/2 Section 12-16S-33E containing 320 acres; and Tract 3, SE/4 Section 11-16S-33E containing 160 acres, all being State of New Mexico lands.

We would appreciate this matter being set for hearing in your November, 1956, hearing, which is set for Tuesday, November 13, as it is necessary to have approval prior to January, 1957.

Yours very truly,

(Signed) GEORGE W. SELINGER

George W. Selinger

GWS:zmr
cc-Mr. J. N. Dunlavy
Mr. W. L. Stewart

P.S. The following companies have offset acreage: Gulf, Phillips, Shell, Humble, Nabee.

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Hon. E. S. Walker
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West of and adjacent to the Seaman Unit, operated by Sinclair. It is our belief that in view of the present existing adjacent units, the unit plan of development would be desired in the continued development for the area.

Inasmuch as Skelly Oil Company would be the only working interest operator in the unit, and that the royalties are owned wholly by the State of New Mexico, we would respectfully request that you advise us as follows:

Whether or not you would approve this in principal for the unit plan of development.

Whether or not in view of the ownership of the royalties and working interests an Examiner Hearing, rather than a Commission Hearing, could be considered in this instance. Provided the matter could be considered in an Examiner Hearing, what would be the earliest possible date for the hearing, and where?

Whether or not you would agree to commencement immediately of actual drilling operations prior to approval by you of the unit and operating agreements. This, of course, would be subject to the agreements being acceptable to you.

Inasmuch as we will desire to commence the initial test immediately, it will be appreciated if you will favor us with an expression concerning this matter. Kindly address us at our above Midland, Texas address.

Yours very truly,
SKELLY OIL COMPANY


H. H. Kaderli,
District Manager.

HHK:VW