

BEFORE THE CORPORATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF SKELLY OIL COMPANY FOR A)
TEMPORARY ORDER IN THE OTERO)
GALLUP OIL POOL, RIO ARRIBA COUNTY,)
NEW MEXICO ESTABLISHING PROPER PRO-)
RATION UNITS AND WELL SPACING AND)
PROMULGATING SPECIAL RULES AND)
REGULATIONS IN RELATION THERETO.)

CASE NO. 1440

APPLICATION

Comes now Skelly Oil Company and respectively alleges and states as follows:

1. That heretofore this honorable Commission has defined for nomenclature purposes the Otero Gallup Oil Pool as being portions of Section 31-32, Township 25N, Range 5 West and portions of Section 5-6, Township 24 North, Range 5 West on which there are located oil wells producing from the Gallup formation, all operated by Applicant herein.

2. That on or about May 9, 1957 Applicant's Jicarilla "B" Well No. 2 producing from the Gallup formation from approximate perforation of 5980' to 6060' with a total depth of 7252' and a plug back total depth of 6221'.

3. That in said sections indicated above Applicant has completed its Jicarilla "B" Well Nos. 2-3-4-5-6 in the area indicated herein, and that in addition its Jicarilla "C" Well No. 16 located in the NW of the NW of Section 34-25N-5W is completed in said Gallup Pool.

4. That Applicant has heretofore drilled its wells on a density of one well to eighty acres and that it proposes to continue such development as it avers such program will efficiently and economically drain the Gallup Oil reservoir.

5. That Applicant has insufficient and inconclusive evidence to present to this Commission that such a program will efficiently and economically develop and drain eighty acres but that Applicant feels from its past experience that such is the case and during the interim of continued development in this area to this reservoir Applicant proposes to establish such a program on a temporary basis until such time as it has sufficient production and other data to properly and conclusively evaluate this reservoir and to that end desires a temporary spacing order of eighty acres for one year period.

6. That in the drilling of such wells a minimum distance of not closer than 660' from outside lease lines and a minimum of 330' from the lines of each quarter quarter section should be permitted.

7. That all wells heretofore drilled to this reservoir have been drilled in accordance with the hearing exceptions and hence, no locations are necessary.

8. That other special rules and regulations should be established including provisions for proper allowables and the necessary testing and reporting of gas-oil ratio and bottom hole pressure tests, and any other special rules and regulations as may be necessary in the premises.

9. That this application should be granted in the interest of prevention of waste, the protection of correlative rights, the prevention of the economic loss caused by the drilling of unnecessary wells and for the recovery of the greatest amount of oil and gas from the reservoir.

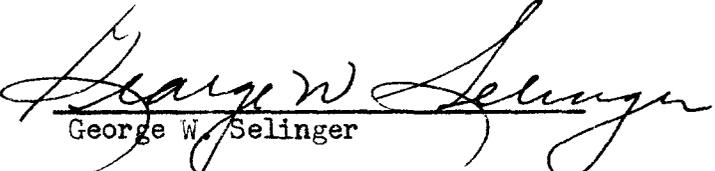
10. That copies of this Application have been sent to the Superior Oil Company, Post Office Box 3015, Los Angeles 54, California and Southern Union Gas Company, Burt Building, Dallas 1, Texas, who are the other interested parties in this reservoir to our best information.

WHEREFORE, Applicant prays that this matter be set for Hearing before the Commission, that Notice be given according to law and that upon hearing of this Application a temporary order be entered creating the Otero Gallup Oil Pool for the production of oil and gas from the Gallup common source of supply within the area herein described, or such other area as the Commission may deem necessary and proper, establishing an eighty acre proration unit and providing for the location of wells, providing for the proration and allocation of oil to such units, providing for the taking of such test as may be necessary and promulgating such other special rules and regulations as this Commission may deem proper and necessary.

Dated this 17 day of April, 1958.

Respectfully submitted,

SKELLY OIL COMPANY


George W. Selinger