

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 19, 1960

Mr. Charlie White
Box 787
Bishop Building
Santa Fe, New Mexico

Dear Mr. White:

On behalf of your client, Skelly Oil Company, we enclose herewith two copies of Order No. R-1579 in Case No. 1851 issued by the Oil Conservation Commission on January 18, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

Enclosures: (2)

ir/

C
O
P
Y

26
H. J. White
6-3-60

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1851
Order No. R-1579

APPLICATION OF SKELLY OIL COM-
PANY FOR A 30-DAY EXCEPTION TO
THE "NO-FLARE" PROVISION OF
ORDER NO. R-1427 FOR 2 WELLS IN
THE GALLEGOS-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 13, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of January, 1960, the Commission, a quorum being present, having considered the application and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant seeks a 30-day exception to the "no-flare" provision of Order No. R-1427 for 2 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.

(3) That inasmuch as the subject wells are eligible for a temporary administrative exception to the "no-flare" provision of Order No. R-1427, Case No. 1851 should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 1851 be and the same is hereby dismissed.

-2-

Case No. 1851

Order No. R-1579

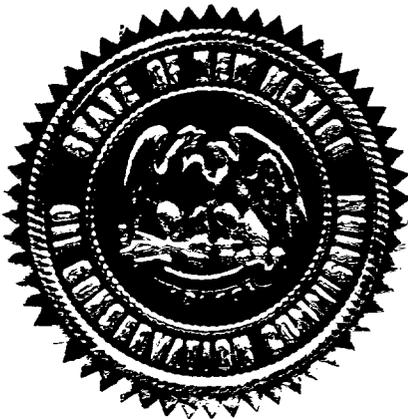
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1960

IN THE MATTER OF:)

Application of Skelly Oil Company)
for an exception to the "no-flare")
provision of Order R-1427.)

Case 1851

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1960

IN THE MATTER OF:)

Application of Skelly Oil Company for an)
exception to the "no-flare" provision of)
Order R-1427. Applicant, in the above-)
styled cause, seeks a 30-day exception)
to the "no-flare" provision of Order)
R-1427 for 24 wells in the Gallegos-)
Gallup Oil Pool, San Juan County, New)
Mexico.)

Case 1851

BEFORE: Honorable John Burroughs
Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PORTER: We will take up Case 1851.

MR. PAYNE: Application of Skelly Oil Company for an
exception to the "no-flare" provision of Order R-1427.

MR. SELINGER: With respect to Case 1851, for which
exception has been asked on 24 wells in the Gallegos-Gallup Oil
Pool, we desire to partially dismiss our application with respect
to 22 of them and renew our request for two, the Randell No. 1
and the Saunders No. 1, both of which are in the area indicated
by the previous witness as being in Sections 11 and 14, and having
no contract for which certificate is being filed with the Federal
Power Commission and is now pending, and one of which was a 7,000
foot, 7,000 feet of gas able to produce uneconomical in the

witness' opinion, the second well being a pump well producing 79,000 cubic feet.

I desire to ask for a 60 day exception to the Randell No. 1 and the Saunders No. 1 in Sections 11 and 14, Township 26 North, Range 11 West.

MR. PAYNE: Mr. Selinger, the case was not advertised to cover those two wells for a 60 day exception.

MR. SELINGER: Yes, they were.

MR. PAYNE: You asked for 24 wells and you asked for 30 day exception.

MR. SELINGER: That's right. We were assuming, we were assuming that El Paso would be in a position to service all 24 wells. We now find that they have serviced 22 and the other two will not be serviced within the next 30 days. That's the reason for our request that in view of our Federal Power Commission filing, plus the fact that the witness has indicated that one of the two wells is clearly uneconomical, we ask for a permanent exception to those two wells.

MR. PAYNE: Are you asking administrative exception?

MR. SELINGER: No, this is a hearing.

MR. PAYNE: It wasn't advertised for a 60 day exception.

MR. SELINGER: Well, we ask for the 30 day exception then.

MR. SETH: Are these wells contracted, Mr. Selinger?

MR. SELINGER: No, we're filing Federal Power Commission approval and we do not know when that will be. It is hard for us to give any recommendation to the Commission as to when we'll get Federal clearance.

MR. PORTER: Did I understand you to say that the Randell No. 1 produces 7,000 cubic feet per day, the Saunders No. 1, 79,000?

MR. SELINGER: Yes, each producing 6 barrels of oil a day, a mile and a half from the proposed extension beyond February 15th, as the El Paso witness indicated.

MR. PORTER: Anyone have any question of counsel or the witness? Mr. Payne.

MR. PAYNE: Mr. Selinger, on what date did you sign a gas contract with El Paso on each of these wells?

MR. SELINGER: We understand that no contract has been signed with them.

MR. PAYNE: Why is that?

MR. SELINGER: I presume because of the economic consideration given by the El Paso to the areas, this is an area on the extreme southeast edge of the field. The witness indicated that they're making a similar consideration of the southeast edge of the Bisti Field too.

MR. PAYNE: No --

MR. SELINGER: And they are outside of the, some of

4
them are outside of the contracted area and some are not.

MR. PAYNE: When did you file your application for Federal Power Commission approval?

MR. SELINGER: We are in the process of doing it now.

MR. PAYNE: Are you aware of the memorandum that the Commission issued in September of 1958 urging all operators to attempt to get their certificates from the Federal Power Commission at the earliest possible date?

MR. SELINGER: That's true.

MR. PAYNE: Do you feel that you have exercised due diligence when you've just recently filed your application for the Federal Power Commission approval?

MR. SELINGER: I would answer you this way, I don't think any operator can use enough due diligence in dealing with the Federal Power Commission.

MR. PAYNE: You filed in September, 1958?

MR. SELINGER: I'll answer you first this way, our first filing was made in 1958, for permanent, I believe El Paso is more in a position to explain than I am, for permanent certificate. The thing was kicked around for a long time and we filed in the early part or the middle part of '58, El Paso was doing its best with the Federal Power Commission. The Federal Power Commission required El Paso, not for permanent facilities, but for temporary facilities, that necessitated a year later for

Skelly Oil Company, as well as other producers, to go back and file a second Federal Power Commission certificate, which we did on August the 11th, 1959, and it was just cleared the later part of '59. So I can't see that anybody can use any sort of due diligence in dealing with the Federal Power Commission when they're five years behind on all their work.

MR. PAYNE: Isn't it true, Mr. Selinger, that one of the factors which delayed Federal Power Commission approval of the El Paso system was the fact that a number of operators had not filed for certificates and there was some question about how much gas reserves would be available?

MR. SELINGER: The question was whether upon the insistence of this Conservation Commission, a study was being made to determine the necessity of the formation of units and the satisfactory sale of gas for pressuring pumps and the sale had to necessarily wait until the outcome of the other.

MR. PAYNE: Are any of these 24 wells newly completed wells?

MR. SELINGER: The 22 we've dismissed, they are already connected there. The 2 that we're talking about, one is a dually completed to the Dakota and the other is a single completion. The dual completion having gone to water. The difficulty about the dually completed well is that the Dakota gas is a high pressure gas and we're talking about casinghead low pressure gas.

