

SKELLY OIL COMPANY

WEST JAL STRAWN GAS POOL

ECONOMICS

YEAR	ANNUAL			GROSS WORKING INTEREST INCOME			PRODUCTION TAXES		G.W.I.I. AFTER PRODUCTION TAXES	
	GROSS PRODUCTION		\$ / MCF	GROSS		COND. **	TOTAL	TOTAL ***	\$	\$
	GAS	COND. BBLs.		GAS	\$					
1962	0	0	0	0	0	0	0	0	0	0
1963	223	5000	0.13563	30200	11700	41900	3100	38800		
1964	1396	27600	0.13563	189300	64300	253600	18700	234900		
1965	1400	25400	0.14438	202100	59200	261300	18300	243000		
1966	1400	25000	0.14438	202100	58300	260400	18300	242100		
1967	1400	24000	0.14438	202100	55900	258000	18100	239900		
1968	1400	22000	0.14438	202100	51300	253400	17700	235700		
1969	1400	20000	0.14438	202100	46600	248700	17400	231300		
1970	1400	18000	0.15313	214400	41900	256300	17100	239200		
1971	1400	18000	0.15313	214400	41900	256300	17100	239200		
1972	1400	17000	0.15313	214400	39600	254000	16900	237100		
1973	1400	17000	0.15313	214400	39600	254000	16900	237100		
1974	1400	16000	0.15313	214400	37300	251700	16700	235000		
1975	1400	16000	0.16188	226600	37300	263900	16700	247200		
1976	1400	16000	0.16188	226600	37300	263900	16700	247200		
1977	1400	15000	0.16188	226600	35000	261600	16600	245000		
1978	1400	15000	0.16188	226600	35000	261600	16600	245000		
1979	1400	15000	0.16188	226600	35000	261600	16600	245000		
1980	1400	14000	0.17063	238900	32600	271500	16400	255100		
1981	1400	14000	0.17063	238900	32600	271500	16400	255100		
1982	1400	14000	0.17063	238900	32600	271500	16400	255100		
1983*	268	3700	0.17063	45700	8600	54300	3300	51000		
TOTAL	27087	357700	- - - -	4197400	833600	5031000	332000	4699000		

\* 2.33 Months

\*\* \$2.33/G.W.I. BBL.

\*\*\* \$0.01/MSCF and \$0.17/BBL.

JTC/bh

February 1965

BEFORE EXAMINER NOTED  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 10 H  
CASE NO. 2764

SKELLY OIL COMPANY

WEST JAL STRAWN GAS POOL

ECONOMICS - 320 ACRE SPACING

YEAR	G.W.I.I. AFTER PRODUCTION TAXES \$	DIRECT OPERATING EXPENSES ** \$	OPERATING INCOME \$	CAPITAL EXPENDITURES \$	CASH FLOW \$	DISCOUNTED CASH FLOW *** \$
1962	0	0	0	1517800	(1517800)	(1474200)
1963	38800	2800	36000		36000	33000
1964	234900	8400	226500	373600	(147100)	(127200)
1965	243000	12600	230400	747100	(516700)	(421400)
1966	242100	16800	225300		225300	173400
1967	239900	16800	223100		223100	161900
1968	235700	16800	218900		218900	149900
1969	231300	16800	214500		214500	138600
1970	239200	16800	222400		222400	135500
1971	239200	16800	222400		222400	127900
1972	237100	16800	220300		220300	119500
1973	237100	16800	220300		220300	112700
1974	235000	16800	218200		218200	105300
1975	247200	16800	230400		230400	104900
1976	247200	16800	230400		230400	99000
1977	245000	16800	228200		228200	92500
1978	245000	16800	228200		228200	87300
1979	245000	16800	228200		228200	82300
1980	255100	16800	238300		238300	81100
1981	255100	16800	238300		238300	76500
1982	255100	16800	238300		238300	72200
1983	51000	4700	46300		46300	13800
TOTAL	4699000	314100	4384900	2638500	1746400	(55500)

\* 2.33 Months

\*\* \$350.00/Well/Month - (4 Wells)

\*\*\* 6 Per Cent Per Annum

JTC/bh

February 1965

BEFORE EXAMINER USE  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 100  
CASE NO. 2764

SKELLY OIL COMPANY

WEST JAL. STRAWN GAS POOL

ECONOMICS - 640 ACRE SPACING

YEAR	G.W.I.I. AFTER PRODUCTION TAXES \$	DIRECT OPERATING EXPENSES ** \$	OPERATING INCOME \$	CAPITAL EXPENDITURES \$	CASH FLOW \$	DISCOUNTED CASH FLOW *** \$
1962	0	0	0	1,517,800	(1,517,800)	(1,474,200)
1963	38,800	2,800	36,000		36,000	33,000
1964	234,900	8,400	226,500		(147,100)	(127,200)
1965	243,000	8,400	234,600	373,600	234,600	191,300
1966	242,100	8,400	233,700		233,700	179,800
1967	239,900	8,400	231,500		231,500	168,000
1968	235,700	8,400	227,300		227,300	155,600
1969	231,300	8,400	222,900		222,900	144,000
1970	239,200	8,400	230,800		230,800	140,600
1971	239,200	8,400	230,800		230,800	132,700
1972	237,100	8,400	228,700		228,700	124,000
1973	237,100	8,400	228,700		228,700	117,000
1974	235,000	8,400	226,600		226,600	109,400
1975	247,200	8,400	238,800		238,800	108,700
1976	247,200	8,400	238,800		238,800	102,600
1977	245,000	8,400	236,600		236,600	95,900
1978	245,000	8,400	236,600		236,600	90,500
1979	245,000	8,400	236,600		236,600	85,400
1980	255,100	8,400	246,700		246,700	84,000
1981	255,100	8,400	246,700		246,700	79,200
1982	255,100	8,400	246,700		246,700	74,700
1983 *	51,000	2,300	48,700		48,700	14,500
TOTAL	4,699,000	164,700	4,534,300	1,891,400	2,642,900	629,500

\* 2.33 Months

\*\* \$350.00/Well/Month-(2 Wells)

\*\*\* 6 Per Cent Per Annum

JTC/bh

February 1965

BEFORE EXAMINER USE

OIL CONSERVATION COMMISSION

EXHIBIT NO. 108

CASE NO. 2764

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. 2764  
Order No. R-2439  
NOMENCLATURE

APPLICATION OF SKELLY OIL COMPANY  
FOR THE CREATION OF A STRAWN GAS  
POOL AND FOR TEMPORARY SPECIAL  
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 21, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Skelly Oil Company, seeks the creation of a new pool for Strawn production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That a new gas pool for Strawn production should be created and designated the West Jal-Strawn Gas Pool. This pool was discovered on January 22, 1963, by the West Jal Unit Well No. 1, located in Unit H of Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

(4) That temporary special rules and regulations establishing 640-acre spacing should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

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CASE No. 2764  
Order No. R-2439

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That the temporary special rules and regulations should be established for a two-year period and that during this two-year period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing in February, 1965, at which time the operators in the subject pool should appear and show cause why the West Jal-Strawn Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production is hereby created and designated the West Jal-Strawn Gas Pool, consisting of the following-described area:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPLM  
Section 20: All

(2) That Special Rules and Regulations for the West Jal-Strawn Gas Pool are hereby promulgated as follows, effective March 1, 1963.

SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST JAL-STRAWN GAS POOL

RULE 1. Each well completed or recompleted in the West Jal-Strawn Gas Pool or in the Strawn formation within one mile of the West Jal-Strawn Gas Pool, and not nearer to or within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the West Jal-Strawn Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the West Jal-Strawn Gas Pool shall be located no nearer than 1650 feet to the boundary of the spacing unit and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Strawn formation within the West Jal-Strawn Gas Pool or within one mile of the West Jal-Strawn Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator of any such well shall notify the Hobbs District Office in

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CASE No. 2764  
Order No. R-2439

writing of the name and location of the well on or before April 1, 1963.

(2) That any operator desiring to dedicate 640 acres to a well presently drilling or completed in the West Jal-Strawn Gas Pool shall file a new Form C-128 with the Commission on or before April 1, 1963.

(3) That this case shall be reopened at an examiner hearing in February, 1965, at which time the operators in the subject pool may appear and show cause why the West Jal-Strawn Gas Pool should not be developed on 160-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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



esr/

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. 2764  
Order No. R-2439-A

APPLICATION OF SKELLY OIL COMPANY  
FOR THE CREATION OF A STRAWN GAS  
POOL AND FOR TEMPORARY SPECIAL  
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 10, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 25th day of March, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 by Order No. R-2439, dated February 28, 1963, temporary Special Rules and Regulations were promulgated for the West Jal-Strawn Gas Pool, Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2439, this case was reopened to allow the operators in the subject pool to appear and show cause why the West Jal-Strawn Gas Pool should not be developed on 160-acre spacing units.

(4) That the evidence establishes that one well in the West Jal-Strawn Gas Pool can efficiently and economically drain and develop 640 acres.



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CASE No. 2764

Order No. R-2439-A

(5) That the Special Rules and Regulations promulgated by Order No. R-2439 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(6) That to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-2439 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the West Jal-Strawn Gas Pool promulgated by Order No. R-2439 are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*

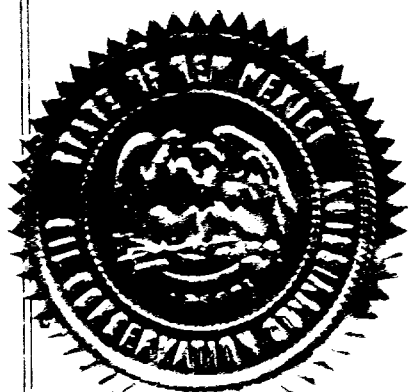
JACK M. CAMPBELL, Chairman

*Guyton B. Hays*

GUYTON B. HAYS, Member

*A. L. Porter, Jr.*

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



esr/