

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. 4949
Order No. R-1069-F

APPLICATION OF SKELLY OIL COMPANY
FOR THE AMENDMENT OF ORDER NO.
R-1069-B, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1973, 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 the applicant, Skelly Oil Company, is the owner-operator of the J. C. Daum Well No. 1 located in Unit I of Section 26, Township 25 North, Range 11 West, NMPM, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

(3) That the Bisti-Lower Gallup Oil Pool in the area of said well has been depleted by primary and secondary recovery techniques and is now capable of only marginal production.

(4) That applicant's J. C. Daum Well No. 1 has a gas-oil ratio in excess of 50,000 to 1, and that said well's allowable is restricted due to this high gas-oil ratio.

(5) That said well is located in an area of the Bisti-Lower Gallup Oil Pool where casing failures have occurred and that should such a failure occur in said well before said well is depleted, hydrocarbons could be wasted through non-production.

(6) That the applicant seeks the amendment to the special pool rules of the Bisti-Lower Gallup Oil Pool to include provisions for the classification of gas wells in said pool and the dedication of 320 acres thereto.

(7) That the applicant further seeks approval of a 320-acre proration unit consisting of the SE/4 of Section 26 and the NE/4 of Section 35, Township 25 North, Range 11 West, NMPM, to be dedicated to said J. C. Daum Well No. 1.

(8) That the evidence indicates that said well can efficiently and economically drain said 320 acre tract.

(9) That the resultant higher allowables should permit the applicant to deplete said well at an earlier date minimizing the risk of waste due to casing failure.

(10) That wells producing in the Bisti-Lower Gallup Oil Pool with gas-oil ratios in excess of 50,000 to 1 should be permitted to have dedicated thereto up to 320 acres and be assigned oil and casinghead gas allowables in proportion as the dedicated acreage relates to 80 acres; that approval of amendments to the special pool rules for the Bisti-Lower Gallup Oil Pool to provide for the same is in the interest of conservation, will prevent waste, and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the special pool rules for the Bisti-Lower Gallup Oil Pool are amended to include:

RULE 6. Any well in the Bisti-Lower Gallup Oil Pool with a gas-oil ratio of 50,000 cubic feet or more of gas per barrel of oil may have dedicated to it up to 320 acres.

RULE 7. That the acreage dedicated under Rule 6 above shall be all or part of a single governmental half section.

RULE 8. That acceptance of Commission Form C-102 by the Supervisor of the Aztec District office of the Commission shall constitute approval of the proration unit.

RULE 9. That wells in the Bisti-Lower Gallup Oil Pool shall be permitted to produce a casinghead gas allowable obtained by multiplying the top unit oil allowable for the pool by 2,000 and by a fraction, the numerator of which is the number of acres dedicated to the particular well and the denominator of which is 80.

IT IS FURTHER ORDERED:

(1) That the SE/4 of Section 26 and the NE/4 of Section 35, Township 25 North, Range 11 West, NMPM, is hereby approved as a 320-acre proration unit to be dedicated to applicant's J. C. Daum Well No. 1, located in Unit I of said Section 26 in said pool.

-3-

Case No. 4949

Order No. R-1069-F

(2) That the dedication shall be effective after the effective date of this order and upon the receipt of a proper Form C-102 by the Aztec District Office of the Commission.

(3) That the effective date of this order shall be June 1, 1973.

(4) That jurisdiction of this cause is hereby 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

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