

Case Number

4874

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

December 19, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Skelly Oil Company
for a dual completion and water
injection well, Eddy County, New
Mexico.

Case No. 4874

BEFORE: Elvis A. Utz,
Examiner.

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4874: Application of Skelly Oil
2 Company for a dual completion and water injection well,
3 Eddy County, New Mexico.

4 Do we have appearances in this case?

5 (No response)

6 MR. UTZ: Does anyone know whether Skelly is here
7 or not?

8 MR. LOPEZ: Mr. Examiner, by way of information
9 from Ida Rodriguez, she thought the case had been dismissed,
10 so I have it dismissed on my docket.

11 MR. UTZ: Apparently, it is dismissed, but I
12 sure have not been advised of that fact.

13 Case 4874 will be taken under advisement for
14 further information, and possibly will be dismissed.
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1 STATE OF NEW MEXICO)
 2) ss
 3 COUNTY OF BERNALILLO)

4 I, RICHARD E. MCCORMICK, a Certified Shorthand
 5 Reporter, in and for the County of Bernalillo, State of
 6 New Mexico, do hereby certify that the foregoing and attached
 7 Transcript of Hearing before the New Mexico Oil Conservation
 8 Commission was reported by me; and that the same is a true
 9 and correct record of the said proceedings to the best of
 10 my knowledge, skill and ability.

11 *Richard E. McCormick*
 12 CERTIFIED SHORTHAND REPORTER
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22 I do hereby certify that the foregoing is
 23 a complete record of the proceedings in
 24 the Examiner hearing of Case No. 487 ✓
 25 heard by me on Dec. 19, 1972.
Richard E. McCormick, Examiner
 New Mexico Oil Conservation Commission

dearnley, meier & mc cormick reporting service, inc.

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
 1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

January 4, 1973

Mr. George W. Selinger
Skelly Oil Company
Post Office Box 1650
Tulsa, Oklahoma 74102

Re: Case No. 4874
Order No. R-4458
Applicant:
Skelly Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other _____

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. 4874
Order No. R-4458

APPLICATION OF SKELLY OIL COMPANY
FOR A DUAL COMPLETION AND WATER
INJECTION WELL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 19,
1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of January, 1973, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in
the premises,

FINDS:

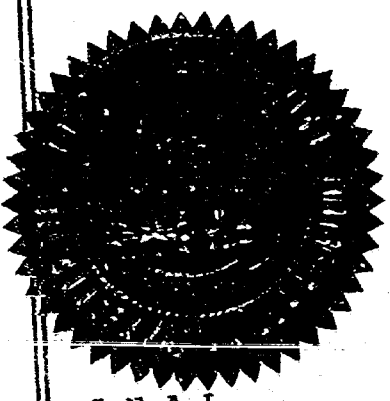
That the application was eligible for approval by adminis-
trative procedure rendering a hearing unnecessary.

IT IS THEREFORE ORDERED:

That Case No. 4874 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman

ALEX. JO. ARMISTO, Member

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

S E A L

dr/

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 19, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico for January, 1973.

CASE 4608: (Reopened) (Continued from November 14, 1972)

In the matter of Case 4608 being reopened pursuant to the provisions of Order No. R-4213 which order established special rules and regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4860: (Continued from the November 29, 1972 Examiner Hearing)

Application of Craig Polson for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well to test the Queen formation at an unorthodox oil well location 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.

CASE 4869: (Continued and Readvertised)

Application of Claude C. Kennedy for the amendment of Order No. R-4263, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4263 to prohibit the transfer of allowable to any well located closer than 1320 feet from the outer boundary of the Lone Pine Dakota "D" Unit Area, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

CASE 4874: Application of Skelly Oil Company for a dual completion and water injection well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Skelly Waterflood Unit Well No. 3 located in Unit D of Section 22, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Fren-Seven Rivers Pool and the injection of water into the Grayburg-Jackson Pool through parallel strings of tubing.

- CASE 4875: Application of ESH Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Lower San Andres formation in the perforated interval from 5144 feet to 5170 feet in its Hobbs State Well No. 5 located in Unit F of Section 29, Township 18 South, Range 38 East, Hobbs Field, Lea County, New Mexico.
- CASE 4876: Application of Gulf Oil Corporation for an unorthodox oil well location and amendment of Order No. R-2248, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its West Dollarhide Devonian Unit Well No. 118 at an unorthodox location 2540 feet from the South line and 1420 feet from the West line of Section 33, Township 24 South, Range 38 East, West Dollarhide-Devonian Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2248 to provide for administrative approval of additional production and injection wells in the aforesaid unit at unorthodox locations.
- CASE 4877: Application of Texas Pacific Oil Company, Inc. for two non-standard oil proration units and a non-standard location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its State "C" Well No. 1 located in Unit B and a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated to its State "C" Well No. 2 located in Unit F of Section 2 and an 80-acre standard proration unit comprising the E/2 NE/4 of Section 2 to be dedicated to its State "D" Well No. 1 at an unorthodox location in Unit A of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.
- CASE 4878: Application of Harding Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the E/2 SE/4 of Section 10, Township 17 South, Range 37 East, Lea County, New Mexico, to be dedicated to a Humble City Field extension well to be drilled at a standard location for said pools; also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4879: Application of Atlantic Richfield Company for gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard proration unit comprising the N/2 of Section 30, Township 23 South, Range 37 East, to be dedicated to its Eva Blinbry Wells Nos. 2 and 7 located in Units D and G, respectively, of said Section 30; a 320-acre non-standard proration unit comprising the E/2 of Section 26, Township 22 South, Range 36 East to be dedicated to its McDonald State Wells Nos. 8 and 9 located in

(Case 4879 continued from page 2)

Units P and G, respectively, of said Section 26, and a 640-acre standard gas proration unit comprising all of Section 15, same township, to be dedicated to its McDonald State Wells Nos. 13, 14, and 15 located in Units P, G, and L, respectively, of said Section 15, Jalmat Gas Pool, Lea County, New Mexico.

CASE 4880: Application of Jake L. Hamon for the amendment of Order No. R-638-C, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-638-C which established 150 barrels of oil per day as the maximum allowable for the South Knowles-Devonian Pool. Applicant proposes that the regular 80-acre depth bracket allowable be applied to said pool.

CASE 4831: Application of Anadarko Production Company for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two wells at unorthodox locations 1980 feet from the South line and 1310 feet from the West line of Section 9 and 1310 feet from the North line and 1980 feet from the East line of Section 16, both in Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.

Applicant further seeks the adoption of a procedure for administrative approval of additional production and injection wells in its Far West Loco Hills Sand Unit at unorthodox locations.

CASE 4882: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through the following five wells in the Cato-San Andres Pool, Chaves County, New Mexico: Amoco Federal Wells Nos. 4, 6, 7, and 8 in Units G, O, E, and M, respectively, of Section 33 and Hodges Federal B Well No. 4 in Unit M of Section 34, all in Township 8 South, Range 30 East.

CASE 4883: Application of El Paso Natural Gas Company for non-standard gas spacing units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following non-standard gas spacing units adjacent to the Blanco-Pictured Cliffs Pool in Township 31 North, Range 9 West, San Juan County, New Mexico:

A 145.6-acre unit comprising lots 9 and 10 and 15 through 18 of Section 31;

A 153.5-acre unit comprising lots 14 through 17 of Section 30 and lots 7 and 8 of Section 31;

A 156.5-acre unit comprising lots 17 and 18 of Section 19 and lots 6 through 9 of Section 30;

A 152.6-acre unit comprising lots 7 through 10 and 15 and 16 of Section 19.

CASE 4853: (Continued and Readvertised)

Application of El Paso Natural Gas Company for amendment of gas well testing procedures, San Juan Basin, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the gas well testing procedures for the San Juan Basin, New Mexico, promulgated by Order No. R-333-F, as amended, to remove the requirement for annual deliverability and shut-in pressure tests for marginal wells.

Applicant further requests the Commission to consider:

1. Other means of avoiding or minimizing the loss of pipeline availability attributable to the period wells in prorated pools are shut in in order to conduct the annually required deliverability and shut-in pressure tests;
2. Exempting wells in non-prorated pools from the annual deliverability and shut-in pressure requirements; and,
3. Exempting all wells in the San Juan Basin from the requirement for annual shut-in pressure tests as provided in the General Rules and Regulations.

CASE 4884: Application of Colorado Plateau Geological Services, Inc., for an extension of Order No. R-4227, McKinley County, New Mexico. Applicant, in the above-styled cause, as managing agent for oil and gas for the Henry Birdseye Estate, seeks a one-year extension to certain provisions of Order No. R-4227 which, as amended by Order No. R-4227-A, required that certain of the Birdseye wells in the Chaco Wash Mesaverde Oil Pool be placed on active production or water injection by December 31, 1972, or be plugged and abandoned. Applicant, or United States Fidelity and Guaranty Company, or any other interested party will be permitted to show cause why the effective date of the aforesaid order should not be enforced.

CASE 4885: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John Lemley and Juanita Franks and Aetna Casualty and Surety Company and all other interested parties to appear and show cause why the Lemley and Franks Greathouse Well No. 1, located in Unit F of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.



Houston's Traditional Host

File
Case 4874

Sen:

On Oct 16, 1972 OCC issued
Order R-4419 as the result of
a hearing on the Skelly Grayburg
Jackson Unit #3 well. It provided
that additional wells could be granted
permission to dual upper oil and
lower SWD administratively. We
recently filed for administrative relief
with all the info required. Initial
of administrative relief you sit.
The matter for Dec 19th hearing.
We would like administrative
relief & forego expense & trouble
of a hearing

George W. Selinger
Skelly Oil Co.

MAIN AT TEXAS • P.O. BOX 53028 HOUSTON, TEXAS 77052 • (713) 227-2111



OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

November 29, 1972

Case 4874

C
O
P
Y

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. C. J. Love

DOCKET MAILED

12-6-72

Gentlemen:

Your application for dual completion and water injection in your Skelly Unit Grayburg Jackson Waterflood Well No. 3 has been set for hearing on December 19, 1972.

You will be receiving a copy of the docket for this hearing in a few days.

Very truly yours,

DANIEL S. NUTTER
Chief Engineer

DSN/dr

Case 4874

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 6, 1972

Mr. George W. Selinger
Skelly Oil Company
P. O. Box 1650
Tulsa, Oklahoma 74102

Dear Mr. Selinger:

Thank you for calling our attention to the provisions of Order No. R-4419 which authorized administrative approval of dual completions in your Grayburg-Jackson Skelly Unit Waterflood project for injection of water into the Grayburg-Jackson Pool and production of oil from the Fren-Seven Rivers Pool.

The application for such dual completion of Unit Well No. 3 contained no reference to said Order No. R-4419 nor to the Fren-Seven Rivers Pool, in fact, and was therefore set for hearing as the result of an oversight on our part.

The application is being processed administratively and will be dismissed when it comes up for hearing.

Please make reference to the applicable Commission order in future applications for administrative approval, particularly when the order is unique and may be easily overlooked.

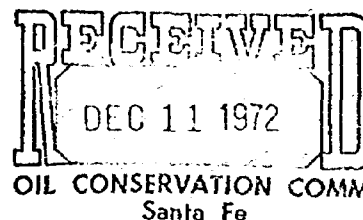
Very truly yours,

DANIEL S. NUTTER
Chief Engineer

DSN'dr

cc: Skelly Oil Co.
P. O. Box 1351
Midland, Texas 79701

Attention: Mr. C. J. Love



SKELLY OIL COMPANY

P. O. BOX 1650

TULSA, OKLAHOMA 74102

December 6, 1972

LAW DEPARTMENT
GEORGE W. SELINGER
SENIOR ATTORNEY

Re: Grayburg-Jackson Skelly Unit
Grayburg-Jackson Pool
Eddy County, New Mexico

Mr. D. S. Nutter
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Nutter:

In furtherance of our discussion in Houston at the I.O.C.C. and as I previously advised you at the hearing held October 4, 1972 covering our Unit Well No. 3 which resulted in Order No. R-4419 dated October 16, 1972, please refer to Finding 4 of this Order which reads that applicant seeks a procedure whereby a waterflood project may be expanded without the necessity of notice and hearing, and in Order paragraph (3) which provides that the Secretary-Director of the Commission may approve expansion to include such additional wells, which wells may be approved as dual completion for injection into the Grayburg-Jackson Pool and production from the Fren-Seven Rivers Pool.

Since such administrative approval is permitted by the above Order, the requested filing on our Unit Well No. 114 which has now been set for hearing on December 19, 1972 is unnecessary and we, therefore, request administrative approval and the cancellation of the December 19 hearing.

yours very truly,

GWS:br

*file
Case 4874*

DRAFT

dr/

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. 4874

Order No. R- 4458

APPLICATION OF SKELLY OIL COMPANY
FOR A DUAL COMPLETION AND WATER
INJECTION WELL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 19, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this January day of December, 1973, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

~~That the applicant's request for dismissal should be
granted.~~

IT IS THEREFORE ORDERED:

That Case No. 4874 is hereby dismissed.

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

*That the application was eligible for approval
by administrative procedure rendering a hearing
unnecessary.*

CASE 4875: APPLICATION OF ESH
CORPORATION FOR SALT WATER
DISPOSAL, LEA COUNTY, NEW MEXICO.

1-17-53