

CASE 5022: Application of SKELLY
OIL FOR AN EXCEPTION TO RULE 104,
LEA COUNTY, NEW MEXICO.

CASE No.

5022

Application,

Transcripts,

Small Exhibits

ETC.

Unit A
Sec 5

667 670
L1 660 500
L23

Unit N
Sec 32

J4 J17
1980-9 21300
660 660

Unit O
Sec 32

J2 J23
0 1180 0 1830
660 660

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, July 11, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Skelly Oil
Company for an exception
to Rule 104, Lea County,
New Mexico.

Case Number 5022

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & associates

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

1 MR. NUTTER: The Hearing will come to order, please.
2 We will call next Case Number 5022, the application of
3 Skelly Oil Company for an exception to Rule 104, Lea
4 County, New Mexico.

5 MR. BLODGET: We have one witness and two exhibits.

6 JOHN L. MOSELEY,

7 was called as a witness, and after being duly sworn according
8 to law, testified as follows:

9 MR. BLODGET: I am Chester Blodget representing
10 Skelly Oil Company, and Mr. White has previously entered
11 his appearance as local counsel. I will hand you a copy
12 of that entry.

13 DIRECT EXAMINATION

14 BY MR. BLODGET:

15 Q Would you state your name, your occupation, and who you
16 work for?

17 A John L. Moseley, Skelly Oil Company, Petroleum Engineer.

18 Q Have you previously testified before this Commission?

19 A Yes, I have.

20 MR. BLODGET: Is the witness qualified?

21 MR. NUTTER: The witness' qualifications are a matter
22 of record.

23 Q Are you familiar with what Skelly seeks by this application?

24 A Yes. We seek an exception to Rule 104 and authority to
25 produce the Mexico Wells Number 1 and 23 located less than

dearnley, meier & associates

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330 feet from each other in Unit A of Section 5, Township 25 South, Range 38 East; and also the Mexico J Wells Number 2 and 23 located less than 330 feet from each other in Unit O of Section 32, Township 24 South, Range 38 East; and also Mexico J Wells Number 4 and 17 located less than 330 feet from each other in Unit K of said Section 32, all of which are in the Dollarhide-Fusselman Pool, Lea County, New Mexico, each 40-acre unit being limited to one top unit allowable.

Q I call your attention to what has been marked Skelly Exhibits 1 and 2 in this cause. Were these exhibits prepared by you or under your supervision?

A Yes, they were.

Q What does Exhibit Number 1 show?

A Exhibit Number 1 is a plat showing all of the wells completed in the Dollarhide-Fusselman Pool, along with two wells marked in red that are presently completed in the Dollarhide-Ellenburger Pool. We are asking for an exception to Rule 104 pertaining to the wells as shown. The Mexico "J" 2 and 23 which are located as shown on the exhibit with the footages shown, the Mexico "J" 4 and 17 located as shown, and the Mexico "L" 1 and 23 with the footage as shown on the plat, each of these wells, I might add are, well, the Mexico "J" 2 is 150 feet west of the "J" 23. The same is true of the "J" 4 and 17. And the

1 "L" 1 and 23 is 160 feet West, or the Number 1 is 160 feet
2 West of Number 23.

3 Q Now, have any of these three wells that you propose to plug
4 back to the Fusselman already been plugged back to the
5 Fusselman formation?

6 A Yes, they have. As shown on the plat, Number "J" 2 has
7 already been recompleted in the Dollarhide-Fusselman zone.
8 Of course, the "J" 23 is a Fusselman well, has been since
9 initial completion. And we plan to recomplete the "J"
10 Number 4, which is presently an Ellenburger, into the
11 Fusselman in the near future, the same being true of the
12 "L" 1 which is down in Section 5.

13 Q Now, what is the purpose of plugging these wells back to
14 Fusselman at this time?

15 A We have found that in the Fusselman Pool, which is as much
16 as 1,000 feet in vertical extent and approaches that
17 thickness, it's primarily dolomite, primarily a fractured
18 secondary porosity, very active water drive. We have had
19 difficulty in some instances over zones that have
20 watered out, and we feel that by recompleting these
21 twin wells, as shown, we can recover more ultimate oil and
22 as a result of this maximize our ultimate recovery and at
23 a minimum cost.

24 Q Do you feel that by recompleting the subject wells at
25 the Fusselman, that you would thereby recover oil that

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1 would not otherwise be recoverable and consequently
2 prevent waste?

3 A Yes, sir. We do, very definitely.

4 Q I call your attention to Skelly Exhibit Number 2. Would
5 you identify that, please, and tell what it shows?

6 A Yes. Exhibit Number 2 shows our Mexico "J" Number 2, a
7 portion of the well log from that well, electric log, and
8 also the Mexico "J" 23 which is 150 feet East of the
9 "J" 2.

10 It also shows the present completion interval,
11 present perforations in the well shown in red and the
12 latest test on the wells. The "J" 2, after recompletion,
13 tested 43 barrels of oil per day and 503 barrels of water
14 per day. That was in May from the perforations as shown.

15 The "J" 23 tested 16 barrels of oil per day and 58
16 barrels of water per day from the perforations as shown
17 on the plat. Both tests were in May of this year.

18 MR. BLODGET: We offer Exhibits 1 and 2 into evidence.

19 MR. NUTTER: Skelly Exhibits 1 and 2 will be admitted
20 into evidence.

21 MR. BLODGET: And we pass the witness.

22 CROSS-EXAMINATION

23 BY MR. NUTTER:

24 Q Mr. Moseley, have the wells reached their economic limit
25 in the Ellenburger formation?

dearnley, meier & associates

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1 A Yes, they have. I should have pointed that out previously.
2 The two Ellenburger wells in which we propose to recomplete
3 the "J" 4 and the "L" 1 are presently shut-in and
4 watered out in the Ellenburger.

5 Q I see. So this is simply a watering instead of abandoning
6 the wells completely, drilling them in the other formation?

7 A Yes, sir.

8 Q And trying to recover some other oil there?

9 A Yes, sir. That's correct.

10 Q With no increasing allowable to be assigned to the units?

11 A Right, maximum unit allowable.

12 MR. NUTTER: Are there any further questions of
13 Mr. Moseley? He may be excused. Do you have anything
14 further, Mr. Blodget?

15 MR. BLODGET: No, sir.

16 MR. NUTTER: Does anyone have anything further to
17 offer in Case 5122? We will take the Case under
18 advisement.

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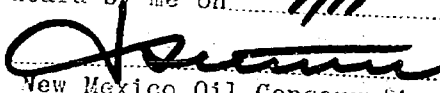
dearnley, meier & associates

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1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)

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

11 
12 CERTIFIED SHORTHAND REPORTER
13
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5022.
heard by me on 7/11, 1973.
 Examiner
New Mexico Oil Conservation Commission

dearnley, meier & associates

209 NIMS BLDG. • P.O. BOX 1092 • PHONE 243-6651 • ALBUQUERQUE, NEW MEXICO 87103
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I N D E X

WITNESS

PAGE

JOHN L. MOSELEY

Direct Examination by Mr. Blodget

3

Cross-Examination by Mr. Nutter

6

E X H I B I T S

OFFERED

ADMITTED

Applicant's Exhibit #1

6

6

Applicant's Exhibit #2

6

6



OIL CONSERVATION COMMISSION

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

**GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

July 24, 1973

Mr. Chester E. Blodget
Skelly Oil Company
Post Office Box 1650
Tulsa, Oklahoma 74102

Re: Case No. 5022
Order No. R-4602
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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____
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. 5022
Order No. R-4602

APPLICATION OF SKELLY OIL COMPANY
FOR AN EXCEPTION TO RULE 104,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 11, 1973,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of July, 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
operator of three proration units in the West Dollarhide-
Fusselman Pool, being the SE/4 SW/4 and the SW/4 SE/4 of
Section 32, Township 24 South, Range 38 East, and the NE/4 NE/4
of Section 5, Township 25 South, Range 38 East, NMPM, Lea County,
New Mexico.

(3) That each of the aforesaid proration units has
completed thereon a well capable of producing from the West
Dollarhide-Fusselman Pool, being applicant's Mexico "J" Wells
Nos. 17 and 23, and Mexico "L" No. 23, respectively.

(4) That each of the aforesaid proration units also has
thereon a well completed in the West Dollarhide-Ellenburger Pool,
being applicant's Mexico "J" Wells Nos. 4 and 2, and Mexico "L"
No. 1, respectively.

(5) That the Ellenburger zone in each of the wells described
in Finding No. (4) above has been depleted, and the applicant
proposes to recomplete said wells in the Fusselman zone, thus
having two Fusselman wells on each of the aforesaid proration
units, each being closer than 330 feet to the other.

-2-

Case No. 5022
Order No. R-4602

(6) That the SE/4 SW/4 and the SW/4 SE/4 of Section 32, Township 24 South, Range 38 East, and the NE/4 NE/4 of Section 5, Township 25 South, Range 38 East, NMPM, can each be efficiently and economically drained by two wells completed in the West Dollarhide-Fusselman Pool.

(7) That production from two wells in the West Dollarhide-Fusselman Pool on each of the aforesaid proration units will neither cause waste nor violate correlative rights provided said production is limited to one top unit allowable for the pool on each of said proration units.

(8) That the application of Skelly Oil Company in the instant case should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized, as an exception to Rule 104 of the Commission Rules and Regulations, to complete its Mexico "J" Wells Nos. 4 and 17, located 660 feet from the South line and 1980 feet from the West line, and 660 feet from the South line and 2130 feet from the West line, respectively, and its Mexico "J" Wells Nos. 2 and 23, located 660 feet from the South line and 1980 feet from the East line, and 660 feet from the South line and 1830 feet from the East line, respectively, all in Section 32, Township 24 South, Range 38 East, NMPM, and its Mexico "L" Wells Nos. 1 and 23, located 667 feet from the North line and 660 feet from the East line, and 670 feet from the North line and 500 feet from the East line, respectively, of Section 5, Township 25 South, Range 38 East, NMPM, to produce from the West Dollarhide-Fusselman Pool, Lea County, New Mexico.

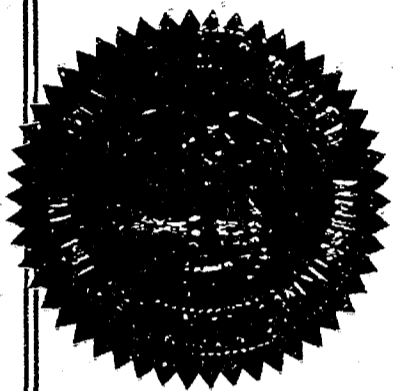
(2) That the SE/4 SW/4 of said Section 32, having located thereon said Wells Nos. 4 and 17, and the SW/4 SE/4 of said Section 32, having located thereon said Wells Nos. 2 and 23, and the NE/4 NE/4 of said Section 5, having located thereon said Wells Nos. 1 and 23, shall each be limited to one top unit allowable for the West Dollarhide-Fusselman Pool.

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

-3-
Case No. 5022
Order No. R-4602

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1973

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

The following cases will be heard before Daniel S. Nuttner, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 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 August, 1973.

CASE 4749: (Reopened) (Continued from the June 6, 1973, Examiner Hearing)

In the matter of Case No. 4749 being reopened pursuant to the provisions of Order No. R-4338, which order established special rules and regulations for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should be developed on other than 40-acre units.

CASE 5019: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 14, Township 20 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled in an undesignated Morrow gas pool at a standard location in Unit K of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5020: Application of Belco Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Salt Lake-Morrow Gas Pool, including a provision for 320-acre drilling and proration units. In the absence of objection, this pool will be placed on 320-acre spacing rather than the present 160-acre spacing.

CASE 5021: Application of Mobil Oil Corporation for an unorthodox oil well location and special pool allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed New Mexico "B" Well No. 9 at an unorthodox location 940 feet from the North line and 1510 feet from the East line of Section 27, Township 10 South, Range 32 East, Mescalero-Devonian Pool,

(Case 5021 continued from page 1)

Lea County, New Mexico. Applicant further seeks the assignment of a special depth bracket allowable for said pool of 604 barrels of oil per day.

CASE 5022: Application of Skelly Oil Company for an exception to Rule 104, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Rule 104, authority to produce its Mexico "L" Wells Nos. 1 and 23 located less than 330 feet from each other in Unit A of Section 5, Township 25 South, Range 38 East, and its Mexico "J" Wells Nos. 2 and 23 located less than 330 feet from each other in Unit O in Section 32, Township 24 South, Range 38 East, and its Mexico "J" Wells Nos. 4 and 17 located less than 330 feet from each other in Unit N of said Section 32, all in the Dollarhide-Fusselman Pool, Lea County, New Mexico, each 40-acre unit being limited to one top unit allowable.

CASE 5023: Application of Skelly Oil Company for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Upper and Lower San Andres formations through perforations in the intervals from 4207 feet to 4418 feet and from 4676 to 4849 feet in its Hobbs "T" Well No. 11 located in Unit P of Section 33, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 5024: Application of Midwest Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cottonwood Spring Unit Area comprising 3838 acres, more or less, of federal and fee lands in Township 25 South, Range 26 East, Eddy County, New Mexico.

CASE 5025: Application of The Superior Oil Company for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Upper Seven Rivers gas and Lower Seven Rivers oil in the wellbore of its State "12" Well No. 1 located in Unit L of Section 12, Township 21 South, Range 35 East, Eumont Pool, Lea County, New Mexico. Said well was authorized as a gas-oil dual completion in the Eumont Pool by Commission Order DC-142.

CASE 5026: Application of The Superior Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow, Atoka, Strawn and Canyon formations underlying the N/2 of Section 7, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 150 percent charge for risk involved in drilling said well.

CASE 5027: Application of Dalport Oil Corporation for the amendment of Order No. R-4553, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4553 to provide that the well to be drilled on the proration unit pooled by said order shall be located in Unit G of Section 17, Township 12 South, Range 31 East, Chaves County, New Mexico, rather than Unit J of said Section 17. In the absence of objection, Order No. R-4553 will be amended as above.

CASE 5015: (Continued and Readvertised)

Application of Michael P. Grace II and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests down to and including the Pennsylvanian formation underlying Section 16, Township 24 South, Range 26 East, adjacent to the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, to form a standard 640-acre unit for said pool, to be dedicated to a well to be drilled at an orthodox location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5010: (Continued from the June 27, 1973, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Pennsylvanian formation underlying the N/2 of Section 18, Township 18 South, Range 26 East adjacent to the West Atoka Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North line and 660 feet from the West line of said Section 18, the unorthodox location of which was previously approved by Commission Order No. R-4508. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5012: (Continued from the June 27, 1973, Examiner Hearing)

Application of Gandy Construction for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 11, or the SW/4 of Section 12, Township 10 South, Range 35 East, Lea County, New Mexico.

BEFORE THE NEW MEXICO
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
SKELLY OIL COMPANY FOR AN EXCEPTION
TO STATEWIDE RULE 104, SO AS TO
ENABLE PRODUCTION OF THE MEXICO "K"
WELL NO. 2 AND WELL NO. 23 FROM THE
SAME 40 ACRE TRACT, THE PRODUCTION
FROM THE MEXICO "L" WELL NO. 1 AND
WELL NO. 23 FROM A 40 ACRE TRACT,
AND PRODUCTION FROM THE MEXICO "J"
WELL NO. 4 AND WELL NO. 17 FROM A
40 ACRE TRACT, ALL IN THE DOLLARHIDE-
FUSSELMAN FIELD, LEA COUNTY, NEW MEXICO

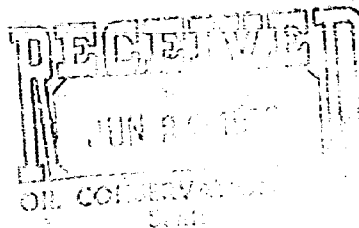
Case No. 5022

ENTRY OF APPEARANCE

Comes now L. C. White of White, Koch, Kelly & McCarthy,
P. O. Box 787, Santa Fe, New Mexico, and herewith enters their
appearance as local counsel for and on behalf of the applicant
Skelly Oil Company in the above entitled matter.

WHITE, KOCH, KELLY & MCCARTHY

By *L. C. White*
Attorneys for Skelly Oil Company



DOCKET MAILED

Date 6-28-67

WHITE,
KOCH, KELLY
&
McCARTHY

June 18, 1973

Case 5022 + 5023

NEW MEXICO STATE OIL CONSERVATION COMMISSION
State Land Office
Santa Fe, New Mexico 87501

Re: Application of Skelly Oil Company for an
Exception to Statewide Rule 104 and Applica-
tion of Skelly Oil Company for a Waterflood
Project in Roosevelt County, New Mexico

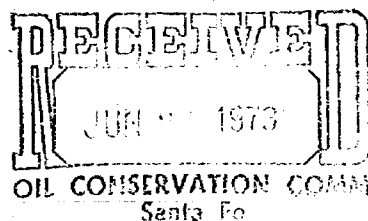
Gentlemen:

I have enclosed an original Entry of Appearance
in both of the above-captioned matters on behalf of
Skelly Oil Company.

Sincerely,


L. C. WHITE

LCW:m
enclosures as indicated



L.C. White
Sumner S. Koch
William Booker Kelly
John F. McCarthy, Jr.
Kenneth Bateman
Benjamin Phillips
Ronald M. Friedman

Attorneys and Counselors at Law

Otero St., P.O. Box 787, (505)982-4374, Santa Fe, N.M. 87501 — P.O. Drawer E, (505)758-4338, Taos, N.M. 87571



SKELLY OIL COMPANY

P. O. BOX 1650
TULSA, OKLAHOMA 74102

Case 5022

LAW DEPARTMENT
CHESTER E. BLODGET
SENIOR ATTORNEY

June 13, 1973

Re: Application For an Exception to
Statewide Rule 104, Mexico "J"
Well Nos. 2 and 23, Mexico "L"
Well Nos. 1 and 23, and Mexico
"J" Well Nos. 4 and 17,
Dollarhide-Fusselman Field,
Lea County, New Mexico.

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We are enclosing herewith the original and two copies of
the above referenced application for an exception to
Statewide Rule 104, Paragraph C., Subparagraph 1, with a
resultant allowable not greater than one 40-acre allowable.

We would appreciate your setting this matter down for
hearing on the July Examiner Docket, which we understand
will be July 11, 1973.

Yours very truly,

Chester E. Blodget
Chester E. Blodget

CEB:br
Encl.

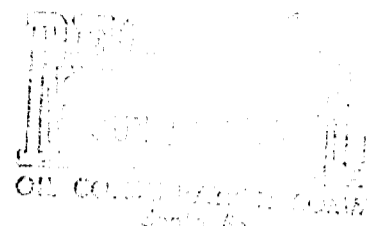
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JUL 16 1973
OIL CONSERVATION COMMISSION
SANTA FE

DOCKET MAILED
Date 6-28-73

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
SKELLY OIL COMPANY FOR AN EXCEPTION
TO STATEWIDE RULE 104, SO AS TO
ENABLE PRODUCTION OF THE MEXICO "J"
WELL NO. 2 AND WELL NO. 23 FROM THE
SAME 40-ACRE TRACT, THE PRODUCTION
FROM THE MEXICO "L" WELL NO. 1 AND
WELL NO. 23 FROM A 40-ACRE TRACT,
AND PRODUCTION FROM THE MEXICO "J"
WELL NO. 4 AND WELL NO. 17 FROM A
40-ACRE TRACT, ALL IN THE DOLLARHIDE-
FUSSELMAN FIELD, LEA COUNTY, NEW MEXICO.

CASE NO. 5-022



A P P L I C A T I O N

Comes now Skelly Oil Company and alleges and states:

1. That it is the operator of the Mexico "J" lease, described as the South Half (S/2) of Section 32, Township 24 South, Range 38 East, Lea County, New Mexico; and the Mexico "L" lease, described as the North Half (N/2) of Section 5, Township 25 South, Range 38 East, Lea County, New Mexico.

2. That it has completed its Mexico "J" Well No. 23 in the Fusselman zone in the Dollarhide-Fusselman Field, and that said well is located 660' from the south line and 1830' from the east line of Section 32, Township 24 South, Range 38 East, Lea County, New Mexico. "O" 32

3. That it has plugged back its Mexico "J" Well No. 2 on said lease, and has completed same in the Fusselman zone. The location of said Well No. 2 is 660' from the south line and 1980' from the east line of said Section 32. "O" 32

4. That it has completed its Mexico "L" Well No. 23 in the Fusselman zone, and said well being located 500' from the east line and 670' from the north line of Section 5, Township 25 South, Range 38 East, Lea County, New Mexico. "A" 5

5. That it proposes to plug back its Mexico "L" Well No. 1 and recompleate same in the Fusselman zone, and that the location of said Well No. 1 is 660' from the east line and 667' from the north line of said Section 5. "A" 5

6. That it has completed its Mexico "J" Well No. 17 in the Fusselman zone, and that said well is located 660' from the south line and 2130' from the west line of Section 32, Township 24 South, Range 38 East, Lea County, New Mexico. "N" 32

7. That it proposes to plug back its Mexico "J" Well No. 4 and recompleate same in the Fusselman zone, and that the location of said Well No. 4 is 660' from the south line and 1980' from the west line of said Section 32. "N" 32

8. That Statewide Rule 104, Paragraph C., Subparagraph 1, requires that a well be 330' from another well in the same pool or zone. That applicants Mexico "J" Well No. 2 and Well No. 23 will be approximately 150' from each other, that the Mexico "L" Well No. 1 and Well No. 23 will be approximately 160' from each other, and that the Mexico "J" Well No. 4 and Well No. 17 will be approximately 150' from each other; therefore, an exception to the aforementioned rule is necessary to produce both wells on each 40-acre tract in said pool.

9. That Applicant proposes that its Mexico "J" Well No. 2 and Well No. 23 be allowed to produce a maximum of one 40-acre unit allowable; that its Mexico "L" Well No. 1 and Well No. 23 be allowed to produce a maximum of one 40-acre unit allowable; and that its Mexico "J" Well No. 4 and Well No. 17 be allowed to produce a maximum of one 40-acre unit allowable.

10. That the granting of this application will avoid waste,

allow the recovery of oil which would not otherwise be recovered, and would not violate correlative rights.

WHEREFORE, PREMISES CONSIDERED, Applicant prays that this Commission set this matter down for hearing, that notice thereof be given as required by law, and that at the conclusion of said hearing based on the evidence adduced enter its order allowing Skelly Oil Company to produce its Mexico "J" Well No. 2 and Well No. 23 on one 40-acre tract; its Mexico "L" Well No. 1 and Well No. 23 on one 40-acre tract; and its Mexico "J" Well No. 4 and Well No. 17 on another 40-acre tract, all producing from the Fusselman formation as an exception to the applicable Statewide Rule, that the combined production be a maximum of a single 40-acre unit allowable for the two wells in each 40-acre unit, and for such other orders, rules and regulations as may be necessary in the premises.

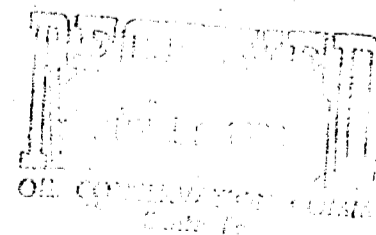
Respectfully submitted,

SKELLY OIL COMPANY

By *Chester E. Blodget*
Chester E. Blodget
Attorney

Of Counsel:

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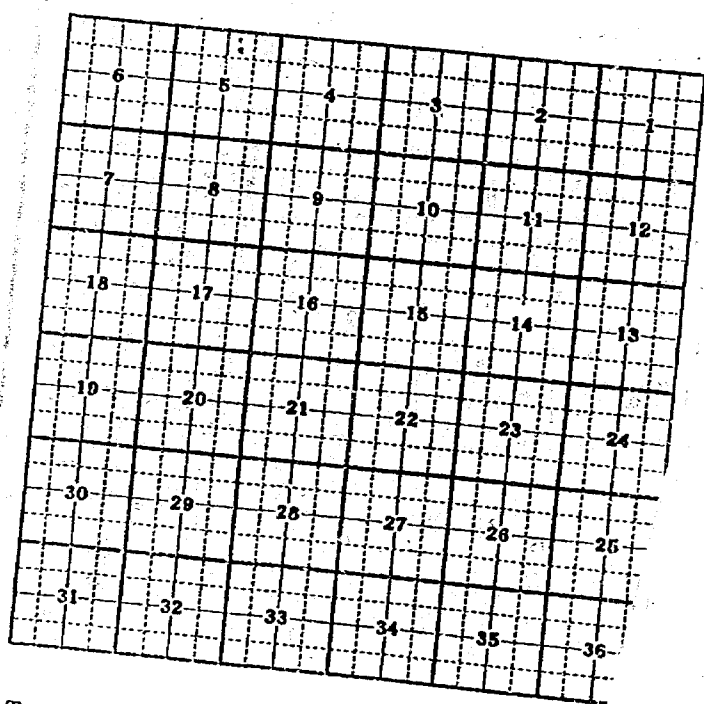


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DRAFT

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:

APPLICATION OF SKELLY OIL COMPANY
FOR AN EXCEPTION TO RULE 104,
LEA COUNTY, NEW MEXICO

CASE NO. 5022

Order No. R-4602

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 11, 1973,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of , 19 , 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
operator of three proration units in the West Dollar-
hide-Fusselman Pool, being the SE/4 SW/4 and the SW/4 SE/4
of Section 32, Township 24 South, Range 38 East, and
the NE/4 NE/4 of Section 5, Township 25 South, Range
38 East, NMPM, Lea County, New Mexico.

(3) That each of the aforesaid proration
units has completed thereon a well capable of
producing from the West Dollarhide-Fusselman Pool,
being applicants Mexico "J" Wells Nos. 17 and 23,
and Mexico "L" No. 23, ~~respectfully~~ respectively.

(4) That each of the aforesaid proration units also has ~~completed~~ thereon a well completed in the West Dollarhide-Ellenburger Pool, being ~~the~~ applicant's Mexico "J" Wells Nos. 4 and 2, and Mexico "L" No. 1, respectively.

(5) That the Ellenburger zone in each of the wells described in Finding No(4) above has been depleted, and the applicant proposes to recomplete said wells in the Fusselman zone, thus having two Fusselman wells on each of the aforesaid proration units, each being closer than 330 feet to the other.

(6) That the SE/4 SW/4 and the SW/4 SE/4 of Section 32, Township 24 South, Range 38 East, and the NE/4 NE/4 of Section 5, Township 25 South, Range 38 East, N1/4PM, can ^{each} be efficiently and economically drained by two wells completed in the West Dollarhide-Fusselman Pool.

(7) That production from two wells in the West Dollarhide-Fusselman Pool on each of the aforesaid proration units will neither cause waste nor violate correlative rights provided said production is limited to one top unit allowable for the pool on each of said proration units.

(8) That the application of Skelly Oil Company in the instant case should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized, ~~to complete~~ as an exception to Rule 104 of the Commission Rules and Regulations, to complete its Mexico "J" Wells Nos. 4 and 17, located 660 feet from the South line and 1980 feet from the West line, and 660 feet from the South line and 2130 feet from the West line, respectively, and its Mexico "J" Wells Nos. 2 and 23, located 660 feet from the South line and 1980 feet from the East line, and 660 feet from the South line and 1830 feet from the East line, respectively, all in Section 32, Township 24 South, Range 38 East, NMPM, and its Mexico "L" Wells Nos. 1 and 23, located 667 feet from the North line and 660 feet from the East line, and 670 feet from the North line and 500 feet from the East line, respectively, of Section 5, Township 25 South, Range 38 East, NMPM, ~~Lea County, New Mexico~~, to produce from the West Dollarhide - Fusselman Pool, Lea County, New Mexico.

(2) That the SE/4 SW/4 of ~~Sec~~ said Section 32, having located thereon said Wells Nos. 4 and 17, and the SW/4 SE/4 of said Section 32, having located thereon said Wells Nos. 2 and 23, and the NE/4 NE/4 of said Section 5, having located thereon said Wells Nos. 1 and 23, shall each be limited to one top unit allowable for the West Dollarhide - Fusselman Pool.

(3) That jurisdiction, etc.