

Casa No.

1250

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 31, 1957

C
O
P
Y

**Mr. George Salinger
Shelly Oil Company
P.O. Box 1450
Tulsa, Oklahoma**

Dear Sir:

**We enclose a copy of Order R-1006 issued May 29, 1957, by
the Oil Conservation Commission in Case 1250, which was heard
on May 8th at Santa Fe.**

Very truly yours,

**A. L. Porter, Jr.
Secretary - Director**

**bp
Encs.**

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

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

**CASE NO. 1266
Order No. 2-1006**

**APPLICATION OF SKELLY OIL COMPANY
FOR PERMISSION TO PRODUCE A MAXIMUM
OF 16 WELLS ON THE SAME BASIC LEASE
IN THE GRAYBURG-JACKSON POOL OF EDDY
COUNTY, NEW MEXICO INTO A COMMON TANK
BATTERY.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 8, 1957, at Santa Fe, New Mexico, before Warren V. Hankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd day of May, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren V. Hankin, 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 is the owner of a federal oil and gas lease known as the Dev "B" which includes Sections 21, 22, and 33, Township 17 South, Range 31 East, NMPN, Eddy County, New Mexico.

(3) That at the present time the applicant has completed a total of nine producing oil wells in said Sections 21 and 22 in the Grayburg-Jackson Pool which are being produced into a common tank battery located in the NW/4 of said Section 21.

(4) That the applicant seeks authority in the subject application to produce a maximum of sixteen (16) Grayburg-Jackson oil wells into the above-described common tank battery.

(5) That the said tank battery has ample storage capacity to accommodate the wells in question.

-2-
Case No. 1280
Order No. R-1006

(6) That the applicant should be required to install adequate testing facilities whereby periodic production tests can be obtained on all wells producing into the common tank battery.

(7) That approval of subject application will not cause waste nor impair correlative rights.

(8) That it would create an economic hardship if the applicant were required to erect an additional tank battery on the above-described lease.

IT IS THEREFORE ORDERED:

That the applicant, Skelly Oil Company, be and the same is hereby authorized to produce a maximum of sixteen (16) oil wells completed in the Grayburg-Jackson Pool on its Dow "B" Lease in Sections 21 and 22, Township 17 South, Range 31 East, HEMPH, Eddy County, New Mexico, into a common tank battery located in the NW/4 of said Section 21.

PROVIDED HOWEVER, That the applicant shall install adequate testing facilities whereby periodic production tests can be obtained on all wells producing into the above-described common tank battery.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

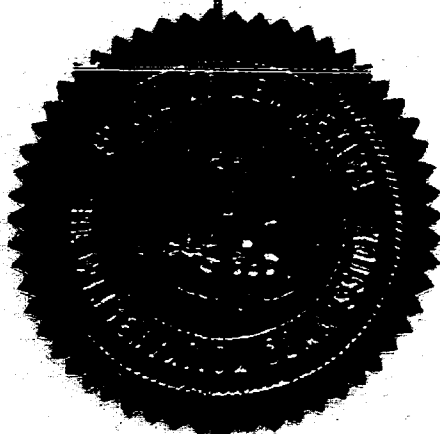
E. L. Mechem

EDWIN L. MECHEM, Chairman

M. E. Moran

MURRAY E. MORAN, Member

A. L. Fortner, Jr.
A. L. FORTNER, Jr., Member & Secretary



D O C K E T: EXAMINER HEARING MAY 8, 1957

New Mexico Oil Conservation Commission 9:00 a.m., Santa Fe, New Mexico

Oil Conservation Commission Office, Room 109, Santa Fe, New Mexico

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1250: Application of Skelly Oil Company for permission to produce a maximum of sixteen wells in the Grayburg-Jackson Pool, Eddy County, New Mexico, into a common tank battery in exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting permission to produce a maximum of sixteen oil wells on its Dow "B" Lease in Sections 21 and 28, Township 17 South, Range 31 East, Grayburg-Jackson Pool, into a common tank battery. All of said wells are located on the same basic lease.

CASE 1251: Application of Amerada Petroleum Corporation for a 320-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, in exception to Rule 5 (a) of the Special Rules and Regulations for said pool. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 Section 36, Township 19 South, Range 36 East, and the NW/4 Section 1, Township 20 South, Range 36 East, Lea County, New Mexico. Said unit to be dedicated to applicant's State "F" No. 1 Well located 660 feet from the South and West lines of said Section 36.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Case 1250 Date 5/10/57
before WWM
Hearing Date 9 AM on 5/8/57 @ SF

My recommendations for an order in the above numbered cases are as follows:

Approve Exc to Rule 309(a)

- ① Now have 8 wells
- ② but allow up to 16
- ③ same basic federal lease
- ④ same pool
- ⑤ adequate test & tankage facilities for 16 wells.
- ⑥ no objections

Waverly Mankin
Staff Member
Examiner



OFFICE 800

1957 APR 12 PM 1:28
SKELLY OIL COMPANY

Box 38, Hobbs, New Mexico

April 17, 1957

Case # 1250
Sent copy? Docket
to: ① Dunlavy
② Mr. Selinger

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

In our recent application for an exception to Rule 309 we applied for administrative approval for an order to permit the production of more than eight wells into a common battery.

After investigating further, it becomes apparent that a hearing will be required for this matter. Since a hearing is necessary, we request our application to read, "That Skelly Oil Company requests a hearing for an exception to Rule 309 whereby the applicant may produce up to 16 wells in Sections 21, & 28-T17S-R31E into a common battery".

Therefore, we request that our application be changed to include the above and that a hearing be granted for this matter.

Yours very truly,

SKELLY OIL COMPANY

J. N. Dunlavy
J. N. Dunlavy,
District Superintendent.

JND/JDR/e

must be
set for
hearing

4/10/57

Pete, I don't
think we've
got provision
for such an
exception as this
except by
hearing -
Lam



MAIN OFFICE OGC

107 APR 11 AM '57

SKELLY OIL COMPANY

Case #1250

Box 38, Hobbs, New Mexico

April 10, 1957

RE: APPLICATION OF SKELLY OIL COMPANY FOR ADMINISTRATIVE APPROVAL TO PRODUCE MORE THAN EIGHT WELLS INTO A COMMON TANK BATTERY IN EXCEPTION TO RULE 309 (a).

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

With this letter, Skelly Oil Company is petitioning the Secretary of the New Mexico Oil Conservation Commission for an exception to Rule 309 (a) whereby more than eight wells can produce into a common tank battery, and in support thereof does state:

1. That the applicant is the owner of an oil and gas lease known as the Dow "B" which includes Sections 21, 28, and 33-17S-31E, Eddy County, New Mexico.
2. That a total of eight wells, Dow "B" Nos. 2, 3, 4, 5, 6, and 7 in Section 21 and Nos. 1 and 11 in Section 28 are producing oil wells completed in the Grayburg-Jackson Oil Pool and are producing into a common tank battery.
3. That the applicant recently completed its Dow "B" No. 22 located in SW/4 SW/4 Section 21-17S-31E in the Grayburg-Jackson Oil Pool.
4. That the present eight wells are producing a total of around 50 BOPD, and although the recently completed Dow "B" #22 potentialled for 288 BOPD, it is anticipated that the decline will be rapid.
5. That erecting a tank battery for the Dow "B" #22 would be unnecessary and create an economic hardship on the operator.
6. That adequate testing equipment will be installed whereby periodic production tests can be obtained on all wells producing into the battery.

New Mexico Oil Conservation Commission -2-
Santa Fe, New Mexico

April 10, 1957

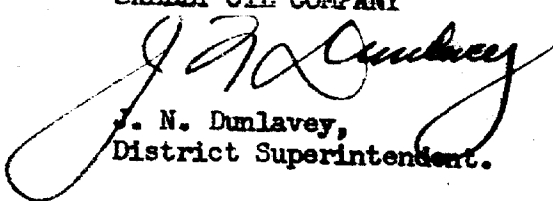
7. That offset operators have been notified by registered mail with a copy of this application.
8. That a plat showing the well locations, tank battery location, and offset ownership is attached.

Therefore, in the interest of conservation and to prevent undue economic hardship on the operator, Skelly Oil Company requests that the Secretary of the New Mexico Oil Conservation Commission grant an exception to Rule 309 (a) whereby the petitioner may produce more than eight unit wells into a common battery.

I hereby certify that the information given above is true and complete to the best of my knowledge.

Respectfully submitted,

SKELLY OIL COMPANY


J. N. Dunlavey,
District Superintendent.

JND/JDR/e

SWORN AND SUBSCRIBED to before me this 11th day of April, 1957.


Notary Republic My Commission Expires Aug. 19, 1960

cc: Kersey & Co.
Box 305
Artesia, New Mexico

Murchison & Closuit
1019 Fort Worth National Bank Bldg.
Fort Worth, Texas

Mr. George W. Selinger
Tulsa, Oklahoma

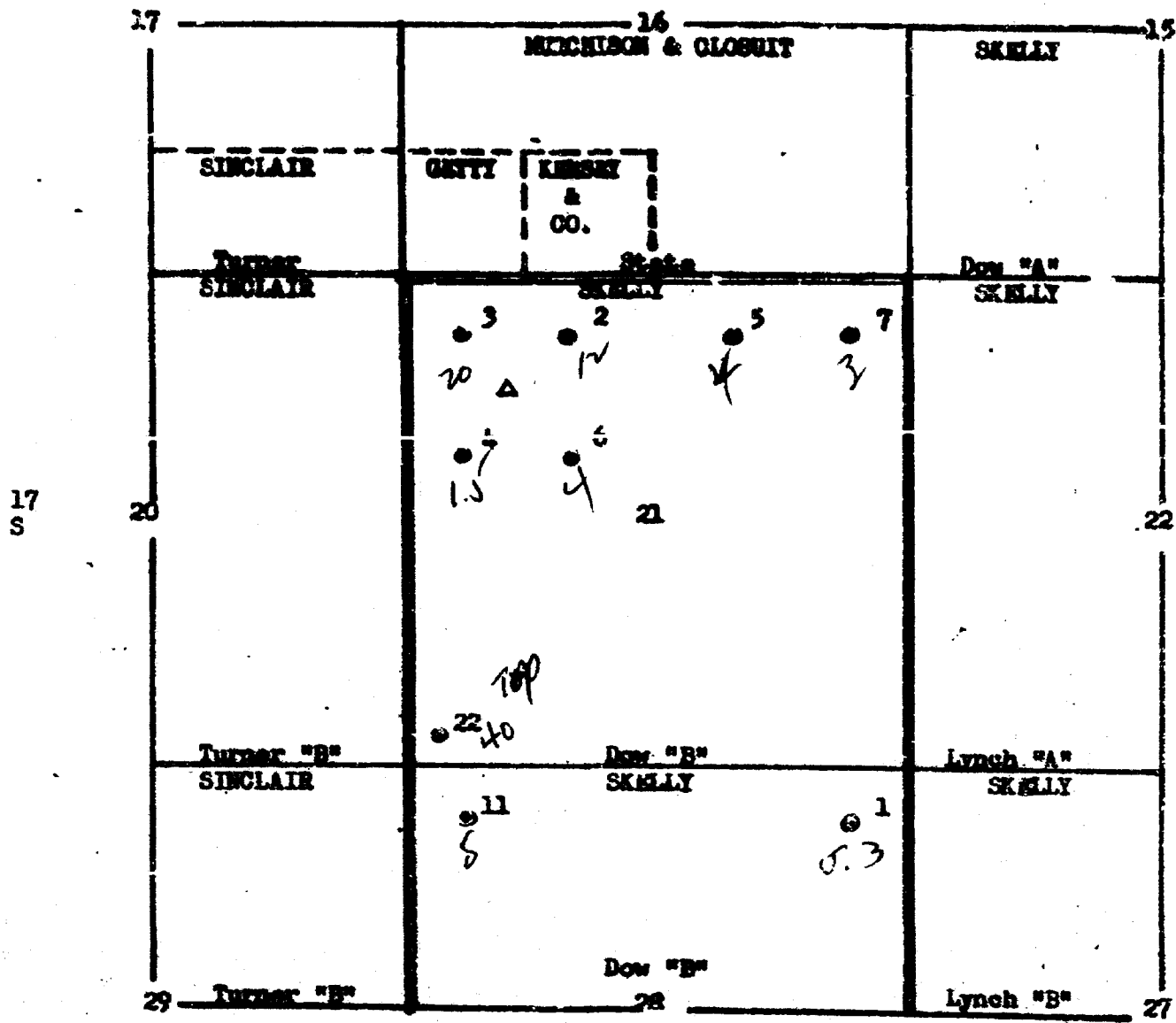
Sinclair Oil & Gas Co.
520 E. Broadway
Hobbs, New Mexico

Getty Oil Company
% Tide Water Oil Co.
Box 547
Hobbs, New Mexico

U. S. G. S.
Box 187
Artesia, New Mexico

SKELLY OIL COMPANY
DOW "B" LEASE

31E



- △ Tank Battery
- Subject Wells

Scale 3" = 1 mile

SKELLY OIL COMPANY
DOW "B" LEASE

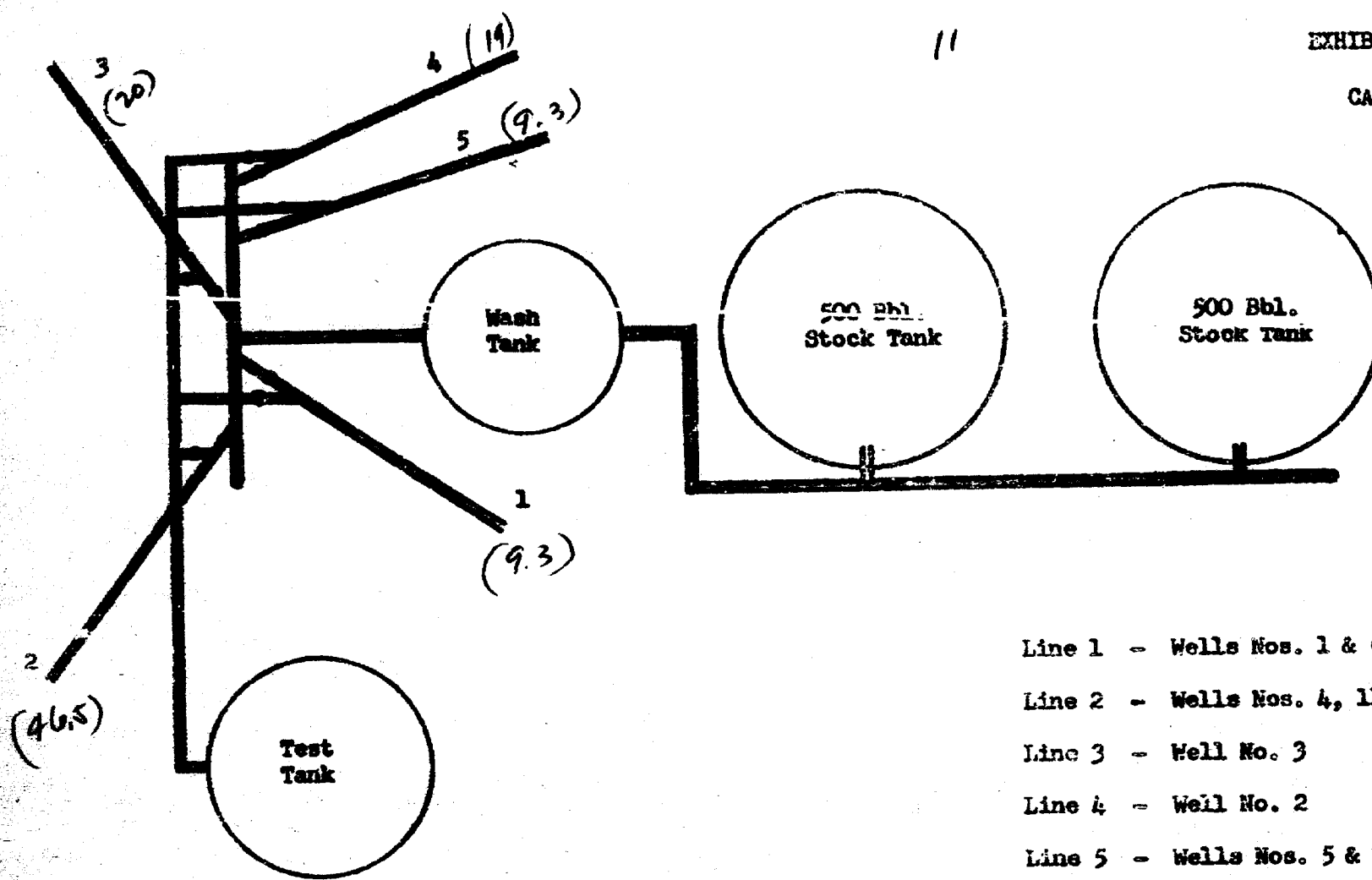
PROPOSED TEST HOOKUP

EXHIBIT NO.

2

CASE NO.

1250



- Line 1 - Wells Nos. 1 & 6
- Line 2 - Wells Nos. 4, 11 & 22
- Line 3 - Well No. 3
- Line 4 - Well No. 2
- Line 5 - Wells Nos. 5 & 7

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
1250 EXHIBIT No. 2
CASE Opp

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 8, 1957

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IN THE MATTER OF: *
*
CASE NO. 1250 *
*

TRANSCRIPT OF PROCEEDINGS

NEW MEXICO OIL CONSERVATION COMMISSION

Oil Commission Office, Room 109Santa Fe, N. M., NEW MEXICOREGISTERHEARING DATE EXAMINER May 8, 1957 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
<i>George W. Selinger</i> <i>J. W. Ramey</i>	<i>Sheely & Co</i>	<i>Tulsa Okla</i> <i>Hobbs</i>
<i>J. J. Gendreau</i> <i>W. B. Abbott</i>	<i>Amerada Pet Corp.</i>	<i>Hobbs</i> <i>Monument, N. Mex.</i>

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 8, 1957

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IN THE MATTER OF:

The application of Skelly Oil Company for permission to produce a maximum of sixteen wells in the Grayburg-Jackson Pool, Eddy County, New Mexico, into a common tank battery in exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting permission to produce a maximum of sixteen oil wells on its Dow "B" Lease in Sections 21 and 28, Township 17 South, Range 31 East, Grayburg-Jackson Pool, into a common tank battery. All of said wells are located on the same basic lease.

CASE NO. 1250

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BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The meeting will come to order. The first case on the docket today is Case 1250. Application of Skelly Oil Company for permission to produce a maximum of 16 wells in Grayburg-Jackson Pool, Eddy County, New Mexico into a common tank battery in exception to Rule 309 of the Commission's Rules and Regulations.

MR. SELINGER: For the applicant, Skelly Oil Company, is Joe Ramey, J. N. Duneleavy and George W. Selinger, we have one witness.

MR. MANKIN: Would you stand to be sworn?

THE WITNESS HAVING FIRST BEEN DULY SWORN IN, TESTIFIED AS FOLLOWS:

MR. RAMEY: J. D. Ramey.

MR. SELINGER: And you are with Skelly Oil Company?

MR. RAMEY: Yes sir.

Q. In what capacity?

A. District Petroleum Engineer.

Q. Where are you located, Mr. Ramey?

A. Hobbs, New Mexico

Q. Are you familiar with Skelly Oil Company's operations in Eddy County, more specifically Section 21 and 28, Township 17 South, Range 31 East, Eddy County?

A. Yes, I am.

Q. How many wells in the Grayburg-Jackson formation does Skelly operate on the Dow "B" Lease?

A. We have at the present 9 wells.

Q. I'll hand you what has been marked as Exhibit 1 and ask you to state what that is and if you prepared it.

A. Exhibit 1 is a plat of the area in question showing lease ownership, Grayburg-Jackson well locations, possible future drilling locations, present flow lines and tank battery locations.

Q. As I understand from the plat of the area which you had made up, shows the well, the tank battery location, possible future locations, in the present flow lines and who the off-sets are, is that correct?

A. Yes, sir.

Q. And now originally this application was filed for administrative approval and copy of the application was sent to all of the offsets, is that correct?

A. That is right.

Q. I'll hand you what has been marked as Exhibit 2 and ask you to state if you prepared this Exhibit and what it purports to show.

A. I have prepared the Exhibits and Exhibit No. 2 is a simple sketch of the proposed testing facilities for this tank battery. The hook up is actually just a simple header system whereby production from any flow line can be diverted into the test tank.

Q. The lease storage on this tract consists of two 500 barrel stock tanks, is that correct?

A. That is correct.

Q. Now is the lease, the Dow "B" Lease in Section 21 and 28, one common base lease?

A. Yes, it is.

Q. Will you tell the Examiner whether or not all of the wells are top allowable wells or marginal wells, or some are top and some are marginal?

A. Well No. 22 is at present a top allowable well and the rest of the wells are classified as marginal.

Q. In other words, there are at the present time nine wells, eight of which are marginal and only one top allowable?

A. That is correct.

Q. Now will you enumerate the marginal wells and their capabilities, their present allowables and their marginal allowables?

A. Well No. 1, producing about 5.3 barrels per day. No. 2, 12 barrels per day, No. 3—

Q. Wait a minute--go a little slower-- No. 1, 5.3, No. 2, 12 barrels—

A. No. 3, 20 barrels, No. 4, $1\frac{1}{2}$ barrels, No. 5, 4 barrels, No. 6, 4 barrels, No. 7, 3 barrels, No. 11, 5 barrels and No. 22, top allowable, 40 barrels.

Q. Which of the wells are pumping and which are flowing?

A. Well No. 22 is flowing, the rest of the wells are pumping.

Q. Now under—do you have reason to believe from the present information and past knowledge of this field as to the possibility of 22 being a top allowable for a lengthy period of time?

A. I do not think it will be a top allowable for any great length of time.

Q. Why?

A. It is old area and it is offset by a well that was completed in 1946 and its in a solution drive gas field and everything points to rapid decline.

Q. On Exhibit 2 which you prepared you have indicated the lines that you hooked up by the numbers lines 1, 2, 3, 4 and 5, you've indicated the wells that go into each of those lines, is that correct?

A. That is correct.

Q. I'm directing your attention to line 2 which contains the only top allowable well 22, together with Well 4 and 11, as I believe you testified No. 4 produces only 1.5, No. 11 produces 5 barrels, so that there wouldn't be any way of over producing the top allowable Well No. 22 because the total amount of allowable for line 2 would be 46½ barrels. Is that correct?

A. That is correct.

Q. And that would be the total production from all three wells?

A. Yes.

Q. Then, therefore, you are requesting the exception for a common tank battery in excess of one well and in excess of 8 wells to a maximum of 16 wells which might be drilled on these two sections of a common lease for a number of reasons, one being economic?

A. That is correct.

Q. Would another be to reduce the capital investment on the marginal wells on all these wells?

A. That is correct.

Q. And third will it facilitate your operations in the field for proration purposes and other producing purposes?

A. That is correct.

MR. SELINGER: We offer in evidence Exhibit 1 and 2.

MR. MANKIN: Is there objections to entering Exhibits 1 and 2?
If not, they would be so entered?

MR. SELINGER: I believe thats all.

MR. MANKIN: I have one question, Mr. Ramey, does this thousand barrels of storage which you have shown on Exhibit 2, that would be under the present number of wells approximately how many days of storage?

MR. RAMEY: It would be almost 11 days.

MR. MANKIN: With the full development of 16 wells, it would be—
of course I realize there would be an estimate of—do you feel that this thousand barrels of storage would be adequate?

MR. RAMEY: If the remainder of the wells came into top allowable, we would probably have to add tankage to the battery.

MR. MANKIN: Is there further question of the witness, Mr. Nutter?

MR. NUTTER: Mr. Ramey, referring to your Exhibit No. 2, is provision made here for the individual testing of each well?

MR. RAMEY: Yes most of these wells are pumped every other day and can be pumped on alternate days for testing purposes.

MR. NUTTER: So that in the case of, for instance, line number 2, where you have three wells coming in—common line, two wells could be shut in—production tests gained on them?

MR. RAMEY: Yes.

MR. NUTTER: Now in the event that all 16 locations are made into producing wells, would adequate facilities be made for individually testing each well?

MR. RAMEY: Yes there would.

MR. NUTTER: Thats all.

MR. MANKIN: I have one other question, Mr. Ramey. Is this a fee or patented lease?

MR. RAMEY: It is a federal lease.

MR. MANKIN: Federal lease?

MR. SELINGER: I might add Mr. Examiner that approval has been secured from the U. S. G. S., and they have so advised Mr. Porter of their approval or proposal.

MR. MANKIN: Is there any questions of the witness? If there is no other questions, the witness may be excused. Are there any other statements to be made in this case? If there is nothing further, we will take the case under advisement.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE)

I, Ola M. Garcia, do hereby certify that the foregoing
and attached transcript of proceedings before the New Mexico Oil
Commission Examiner at Santa Fe, New Mexico, is a true and correct
record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 21st day of
May, 1957.

Ola M. Garcia

I do hereby certify that the foregoing is
a complete report of the proceedings in
the Examiner's hearing of Case No. 1250
heard by me on May 8, 1957.
W. J. [Signature], Examiner
New Mexico Oil Conservation Commission

SKELLY OIL COMPANY
DOW "B" LEASE

Sections 21 & 28
Township 17 South, Range 31 East
Eddy County, New Mexico

BEFORE THE
OIL CONS. COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
1250
April

Exhibit No. 1

Case No. 1250

