

CASE 2283: Application of SKELLY  
for an exception to RULE 303 (a)  
— Lea County, New Mexico.

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Case No.

2283

Application, Transcript,  
Small Exhibits, Etc.

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

*State of New Mexico*  
**Oil Conservation Commission**



LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER

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

P. O. BOX 871  
SANTA FE

June 14, 1961

Mr. Charlie White  
Gilbert, White & Gilbert  
P. O. Box 787  
Santa Fe, New Mexico

Re: CASE NO. 2283  
ORDER NO. R-1996  
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

ir/

Carbon copy of order also sent to:

Hobbs OCC X  
Artesia OCC         
Aztec OCC       

OTHER Mr. George Selinger

**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. 2283  
ORDER No. R-1996**

**APPLICATION OF SHELLEY OIL COMPANY  
FOR AN EXCEPTION TO RULE 303 (a),  
LEA COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on May 24, 1961, 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 14th day of June, 1961, 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,

**FINDINGS:**

(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, Shelly Oil Company, is the owner and operator of the Mexico "F" Lease, comprising Lots 1, 2, 3, and 4, the SW/4 NE/4 and the SW/4 NW/4 of Section 2, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the Denton (Devonian) Pool production and the Denton-Wolfcamp Pool production on the above-described Mexico "F" Lease, and to allocate the production to each well in each pool on the basis of periodic well tests.

(4) That inasmuch as all wells on the subject lease are marginal in both pools, approval of the subject application will neither cause waste nor impair correlative rights.

**IT IS THEREFORE ORDERED:**

That the applicant, Shelly Oil Company, is hereby authorized to commingle the Denton (Devonian) Pool production and the Denton-Wolfcamp Pool production on its Mexico "F" Lease, comprising

-2-  
CASE No. 2283  
Order No. R-1996

Lots 1, 2, 3, and 4, the SW/4 NE/4 and the SW/4 NW/4 of Section 2,  
Township 15 South, Range 37 East, NMPN, Lea County, New Mexico.

PROVIDED HOWEVER, That production shall be allocated to each  
well in each pool on the basis of quarterly well tests.

PROVIDED FURTHER, That in the event any well on the subject  
lease becomes capable of producing top allowable in either pool,  
the applicant shall notify the Santa Fe office of the Commission  
of such fact.

IT IS FURTHER ORDERED:

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 herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



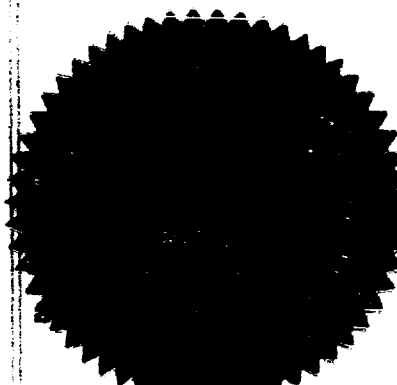
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



END/

Case 2283

Heard 5-24-61

Rec. 6-6-61

1. Grant Skelly's request for commingling the Denton + Dev. and Denton - W.C. on their Mexico "P" lease without metering.
2. There would seem to be little danger in this procedure since the top Dev. wells make only 75% of the current allowable and the G wells in the Dev. can produce only 66% of the top Allow.
3. Provide for quarterly well tests to be reported on C-26. in the Dev.
4. Usual Commingling provisions.

Thos. A. R.

No. 15-61

DOCKET: EXAMINER HEARING - WEDNESDAY, MAY 24, 1961

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

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The following cases will be heard before Elvis A. Utz, examiner, or Daniel S. Nutter, as alternate examiner:

CASES 2291 through 2296 will not be heard before 1:30 p.m.

CASE 2280: Application of Continental Oil Company for a non-standard gas proration unit and for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 E/2, SW/4 SE/4 and the SE/4 SW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lockhart A-17 Well No. 2, at an unorthodox location 1980 feet from the South line and 660 feet from the East line of said Section 17.

CASE 2281: Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Maljamar Pool production from all wells presently completed or hereafter drilled on its Taylor Lease, comprising the SW/4 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico, and on its Federal Miller BX Lease, comprising the E/2 of said Section 14, after separately metering the production from each lease.

CASE 2282: Application of Continental Oil Company for an amendment of Order No. R-1602. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1602 changing the effective date thereof and making the provisions of said order effective as of March 1, 1960.

CASE 2283: Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Denton (Devonian) Pool production and the Denton-Wolfcamp Pool production on its Mexico "F" Lease comprising Lots 1, 2, 3, and 4, the SW/4 NE/4 and the SW/4 NW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2284:

Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Hare and Drinkard Pools with the distillate production from the Blinebry and Tubb Gas Pools on its E. A. Sticher Lease, consisting of the N/2 SW/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2285:

Application of Texaco Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Tubb Gas Pool for its A. H. Blinebry NCT-1 Well No. 8, located 1980 feet from the North line and 330 feet from the West line of Section 33, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 2286:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

CASE 2287:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from five separate fee leases, all located in Section 18, Township 29 North, Range 13 West, San Juan County, New Mexico.



CASE 2288:

Application of Southwest Production Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard gas proration units in the Basin-Dakota Gas Pool, San Juan County, New Mexico, described as follows:

(1) W/2 of Section 7, Township 30 North, Range 11 West, except the 3.39-acre tract therein owned by Harold M. Brimhall and Maleta Y. Brimhall, comprising the sum total approximately 327.01 acres.

(2) E/2 of Section 7, Township 30 North, Range 11 West, except the S/2 SW/4 SE/4; comprising in sum total approximately 300 acres.

CASE 2289:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units in and adjacent to the Cha Cha-Gallup Oil Pool:

(1) Lot 1 and the S/2 SE/4 of Section 7, Township 28 North, Range 13 West;

(2) Lot 5 and the SE/4 SW/4 of said Section 7; and

(3) Lots 2, 3 and 4 of said Section 7, and 40.81 acres located between said Section 7 and Section 36, Township 29 North, Range 14 West;

all in San Juan County, New Mexico.

CASE 2290:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units and for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units adjacent to the Totah-Gallup Oil Pool in Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico:

(1) Lots 1 and 2 and the SE/4 SE/4, comprising 97.78 acres, to be dedicated to a well at a non-standard location 263 feet from the North line and 700 feet from the East line of said Section 11.

CASE 2290: (Cont.)

- (2) Lots 3 and 4 and the SW/4 SW/4, comprising 97.58 acres.
- (3) SW/4 SE/4 and the SE/4 SW/4, comprising 80 acres.

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The following cases will not be heard before 1:30 p.m.

CASE 2291:

Application of Pan American Petroleum Corporation for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle, prior to measurement, the Paddock, Brunson and Wantz-Abo pool production from all wells on its Hugh Corrigan Lease, comprising the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each well in each pool on the basis of periodic well tests.

CASE 2292:

Application of Humble Oil & Refining Company for permission to take interference tests and transfer allowables in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribe "L" Well No. 4, located in the SW/4 SE/4 of Section 26, Township 29 North, Range 14 West, and transferring its allowable to other wells on the same basic lease in such a manner that no well will produce more than 125% of its monthly allowable.

CASE 2293:

Application of Great Western Drilling Company for approval of the Grain Queen Unit Agreement, for permission to institute a waterflood project therein, for special rules governing said waterflood project including a provision for special allowables, and for permission to commingle the production from all leases in said unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Grain Queen Unit Agreement, which unit embraces 200 acres of State and fee lands in Township 13 South, Range 32 East, Lea County, New Mexico, described as follows:

CASE 2293: (Cont.)

Section 5: SE/4 NW/4, NE/4 SW/4 and the S/2 SW/4  
Section 8: NE/4 NW/4

Applicant further seeks permission to institute a waterflood project in said Grain Queen Unit Area and seeks the promulgation of special rules governing said project including a provision for special allowables. Applicant further seeks permission to commingle the unitized substances produced from all leases in said Grain Queen Unit Area without separate measurement in tanks on each individual lease.

CASE 2294:

Application of El Paso Natural Gas Company for authorization to conduct maximum pressure build-up tests. Applicant, in the above-styled cause, seeks authorization to conduct maximum pressure build-up tests in the Blanco-Mesaverde Gas Pool, the Aztec-Pictured Cliffs Gas Pool, the Ballard-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool, and the South Blanco-Pictured Cliffs Gas Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant further seeks establishment of special rules governing said tests including a provision authorizing the non-cancellation and/or transfer of allowables from wells to be shut-in in each pool and including a provision allowing substitute tests by administrative approval.

CASE 2295:

Application of Consolidated Oil & Gas, Inc. for a dual completion, a non-standard gas proration unit and for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 325.23-acre non-standard gas proration unit in the Basin-Dakota Gas Pool and in the Blanco-Mesaverde Gas Pool consisting of the S/2 of Section 34, Township 32 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to its Robinson Brothers Well No. 1, proposed to be dually completed in said pools at an unorthodox gas well location for said pools at a point 1235 feet from the South line and 760 feet from the East line of said Section 34.

CASE 2296:

Application of Consolidated Oil & Gas Inc., for an order force-pooling a standard 320-acre proration unit in the Basin-Dakota Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool in the E/2 of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, to form a standard 320-acre gas proration unit.

Re: APPLICATION OF SKELLY OIL  
COMPANY FOR AN EXCEPTION TO  
RULE 303 TO PERMIT COMINGLING  
OF CRUDES FROM THE DENTON  
(DEVONIAN) OIL POOL AND DENTON  
WOLF CAMP OIL POOL ON APPLI-  
CANT'S MEXICO "F" LEASE.

TO: THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

Comes now the applicant, Skelly Oil Company, and respectfully alleges and states as follows:

1. That it is the owner and operator of its Mexico "F" lease, which consists of lots 1, 2, 3, & 4, SW/4 NE/4 and SW/4 NW/4 Section 2, Township 15 South, Range 37 East.

2. That there is no diversity of royalty ownership underlying the above described lease.

3. That the applicant has six wells No. 1, 2, 3, 4, 5, and 10 completed in the Denton (Devonian) oil pool, six wells No. 6, 7, 8, 9, 11, and 12 completed in the Denton Wolfcamp oil pool.

4. That applicant proposes to commingle production from wells No. 6, 7, 8, 9, 11, and 12, which are capable of producing approximately 155 BOPD from the Denton Wolfcamp oil pool into common tankage with wells No. 1, 2, 3, 4, 5, and 10, which are capable of producing approximately 800 BOPD from the Denton (Devonian) oil pool.

5. That adequate testing facilities will be installed to enable accurate well testing, thereby, enabling accurate production records by pools to be maintained.

6. Attached hereto marked EXHIBIT "A" and made a part hereof by reference is a plat which shows the location of applicant's Mexico "F" lease well locations, flow lines, and tank battery locations, and offset operators.

7. That attached hereto marked EXHIBIT "B" and made a part hereof by reference is a diagrammatic sketch, which shows the proposed method of testing and storage of the production produced.

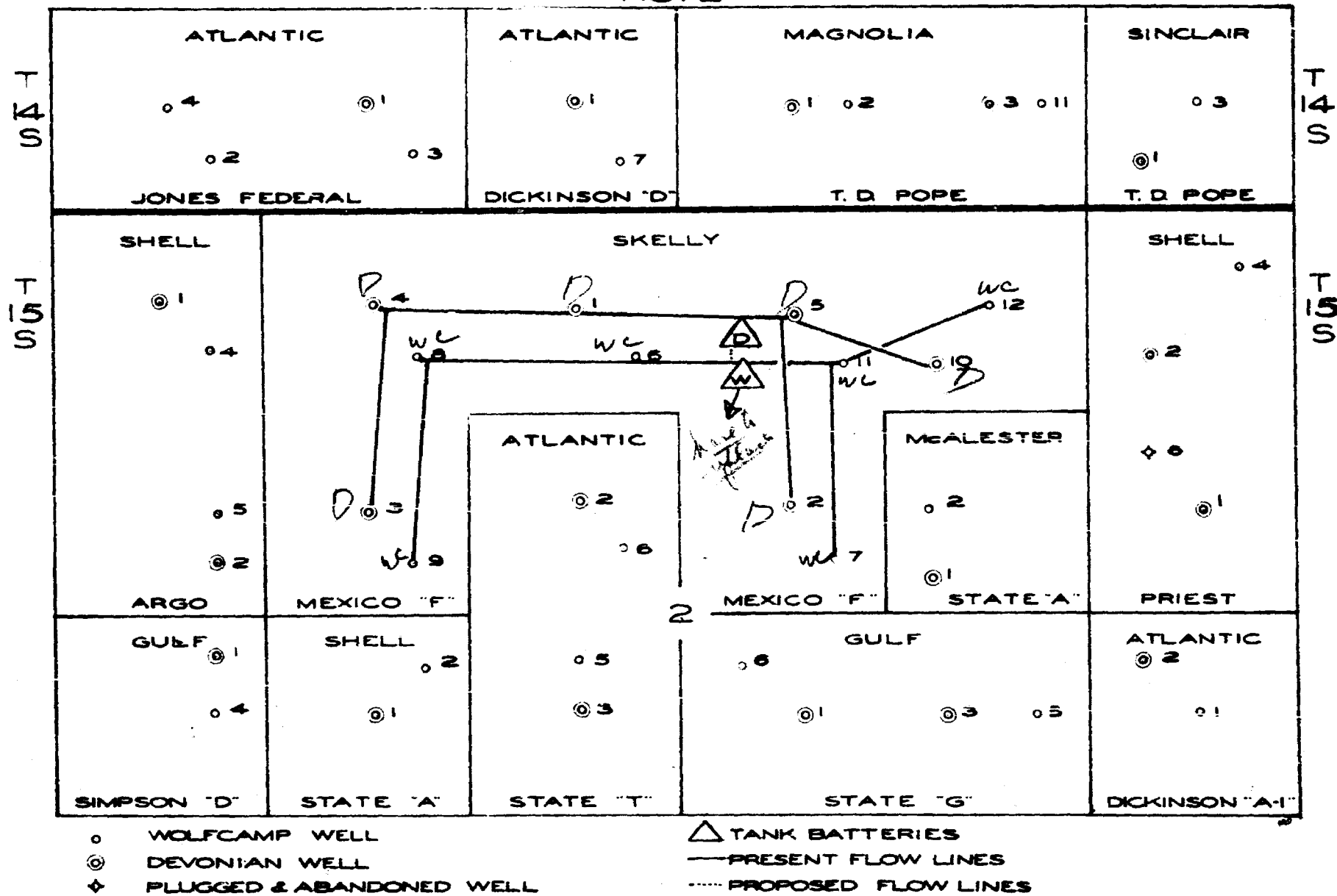
WHEREFORE, applicant prays that this application be set for hearing, that notice be given as required by law, and that upon the evidence adduced the Commission issue an order permitting applicant to commingle its production from the Denton Wolfcamp and Denton (Devonian) oil pools underlying its Mexico "F" lease, Lea County, New Mexico, as more fully set out in this application.

SKELLY OIL COMPANY

# SKELLY OIL COMPANY

EXHIBIT 1

R37E



Map 2283

SKELLY OIL COMPANY  
MEXICO "F" LEASE  
SECTION 2-T188-R37E.

EXHIBIT 2

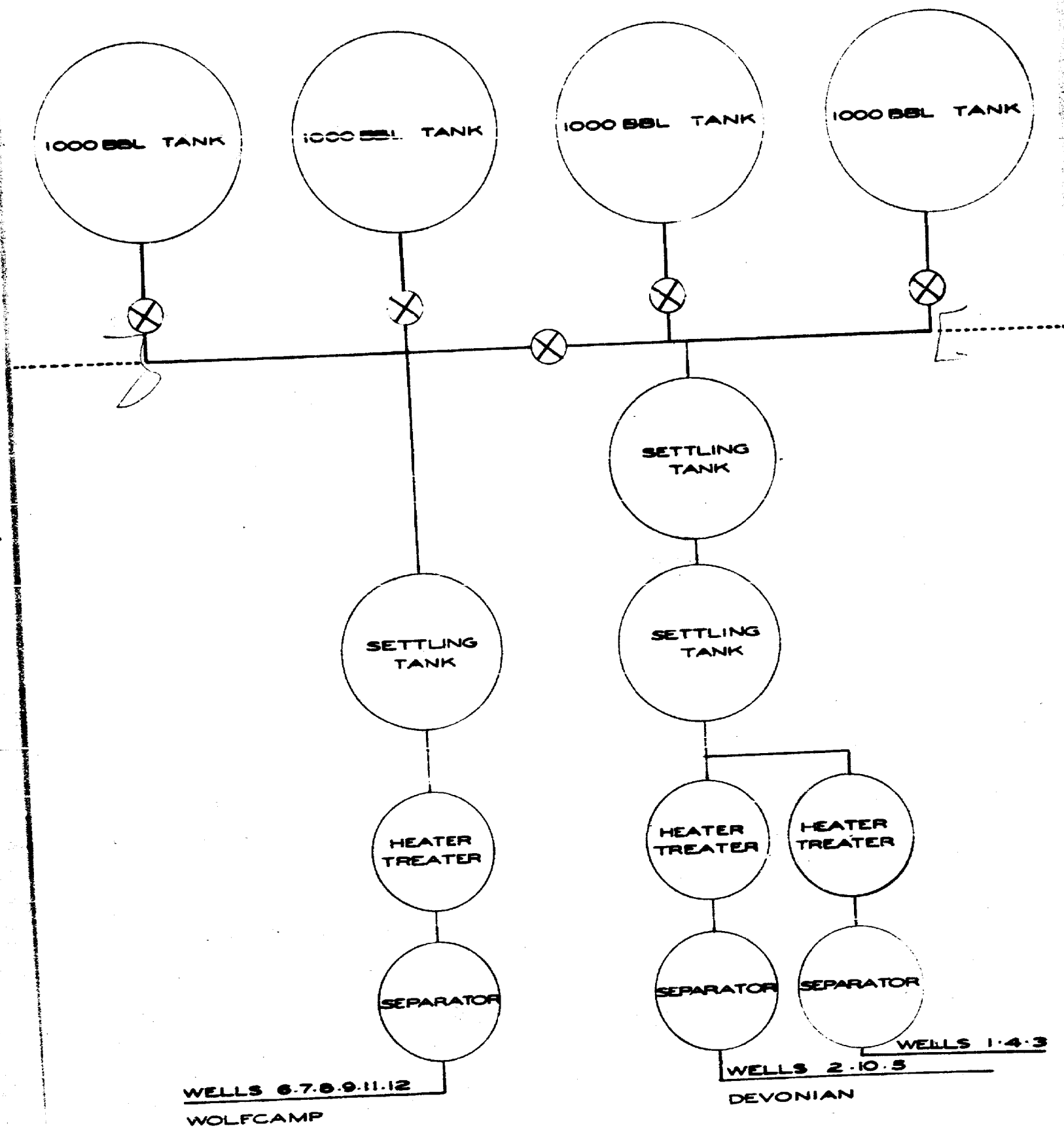
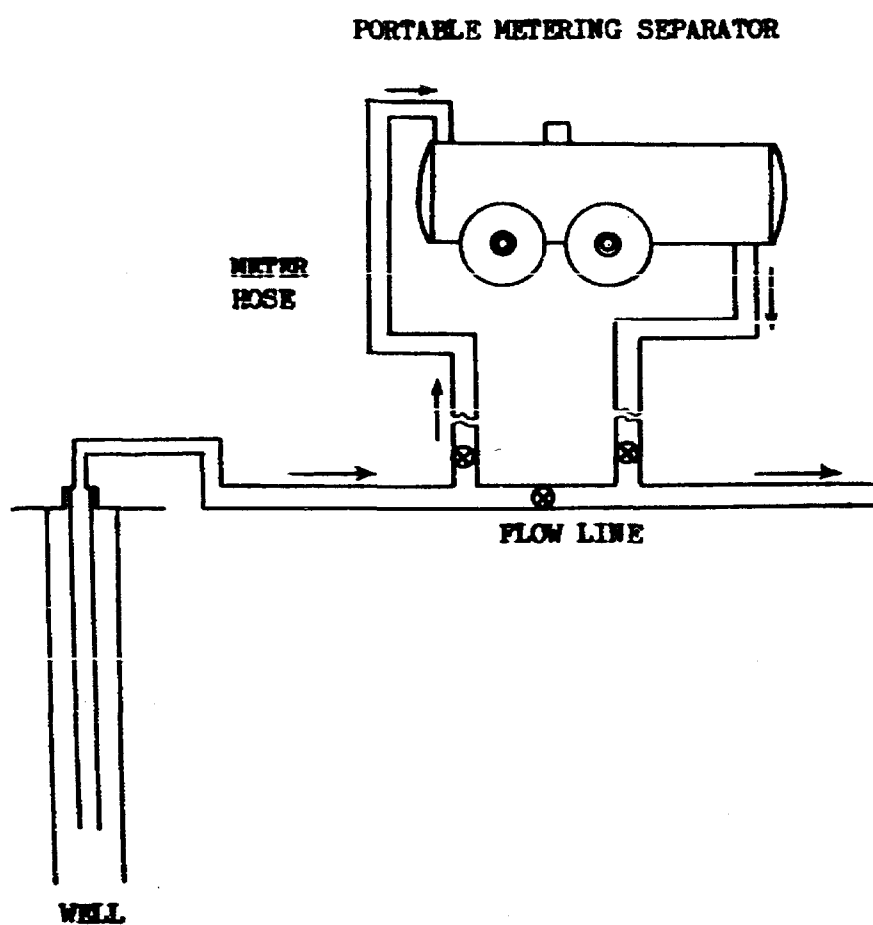


EXHIBIT 3

PROPOSED WELL TEST FACILITIES



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2283

TRANSCRIPT OF HEARING



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-4491

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2283 Application of Skelly Oil Company for an excep-  
tion to Rule 303 (a), Lea County, New Mexico. :  
Applicant, in the above-styled cause, seeks :  
permission to commingle the Denton (Devonian) :  
Pool production and the Denton-Wolfcamp Pool :  
production on its Mexico "F" Lease comprising :  
Lots 1, 2, 3, and 4, the SW/4 NE/4 and the :  
SW/4 NW/4 of Section 2, Township 15 South, :  
Range 37 East, Lea County, New Mexico, and to :  
allocate the production to each well in each :  
pool on the basis of periodic well tests. :  
:

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: We'll call Case No. 2283.

MR. MORRIS: Application of Skelly Oil Company for an  
exception to Rule 303 (a) Lea County, New Mexico.

MR. WHITE: Charles White of Gilbert, White & Gilbert,  
Santa Fe, New Mexico, appearing on behalf of the Applicant. I also  
have an associate with me, George Salinger from Tulsa, Oklahoma.  
We have one witness to be sworn.

(Witness sworn.)

MR. UTZ: Are there other appearances in this case?



You may proceed.

ARTHUR RAY BAUMGARDNER,

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your name for the record.

A Arthur Ray Baumgardner.

Q By whom are you employed and in what capacity?

A Skelly Oil Company as Petroleum Engineer, Hobbs District.

Q Have you previously testified before the Commission as a petroleum engineer?

A Yes.

Q And your qualifications have been accepted?

A Yes, sir.

Q Will you briefly state the purpose of the subject application?

A Skelly Oil is asking for an exception to Rule 303 (a) to permit the commingling of the Denton (Devonian) production with the Denton-Wolfcamp production on what is known as its Mexico "F" Lease comprising Lots 1, 2, 3, and 4, of the southwest quarter of the northeast quarter and southwest quarter of the northwest quarter of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico.

(Whereupon, Applicant's Exhibit 1

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PHONE CH 3-4691

ALBUQUERQUE, NEW MEXICO



marked for identification.)

Q (By Mr. White) Will you refer to what has been marked Exhibit Number 1 and explain that to the Commission?

A Exhibit Number 1 is a plat showing the Mexico "F" Lease with the flow lines, the tank battery, the proposed flow lines and the offset operators with the Mexico "F" Lease outlined in red. The D designates the Devonian tank battery and the W designates the Wolfcamp tank battery.

(Whereupon, Applicant's Exhibit 2 marked for identification.)

Q (By Mr. White) Will you refer to Exhibit Number 2 and explain that to the Commission, please?

A Exhibit Number 2 is the proposed tank battery installation showing the method by which we will test the different zone productions at periodic intervals.

Q Will you please trace the flow of oil from the respective resevoirs?

A The Devonian oil from Well No. 1, 4, 3 will enter the resevoir on the left and then to the heater treater. Wells No. 2, 10, 5 will enter the middle resevoir and heater treater and after they come through the heater treater will be commingled. They will enter one of the tanks at the right. The Wolfcamp production from Wells 6, 7, 8, 9, 11 and 12 will enter the facility on the left comprised of separator, heater treater, settling tank, and measured in the tank on the left side of the plat.

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q What testing facilities do you want to use?

A The zone on the Devonian Pool production will be tested in this way. The individual well test will be tested as shown on Exhibit 3. Exhibit 3 is a schematic diagram of the proposed well testing facilities. We will have a three-phase portable metering separator that we will put in the flow lines and meter the production in each well. This will separate and meter the oil, gas, and water and return the production to the flow lines.

Q In your opinion, is this an accurate means of measuring the production?

A Yes, sir.

Q Will you give the production history of these wells?

A The Wolfcamp wells are approaching economic limits. The April production was as follows: Well 6 produced 375 barrels of oil, 7200 barrels water, 29 MCF gas. Well 7 produced 1806 barrels oil, 9690 water, 277 gas. Well No. 8 produced 321 barrels oil, 4590 barrels water, 51 MCF of gas. Well 9 produced 948 oil, 840 barrels water, 452 MCF of gas. Well 11, 343 barrels oil, 6480 barrels water, 30 MCF of gas. Number 12 produced 7560 water, 83 MCF gas. The lowest production is about 13 barrels oil per day. This Well No. 11 which produced a total of 343 barrels of oil for the month also produced 200 some odd barrels of water per day. We are pumping these wells with a rod type installation from approximately 9980 feet.

Q Are any of them capable of making top allowable?



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PHONE CH 3-6691

A No, sir.

Q In your opinion, will any of these wells be capable of making top allowable in the future?

A I don't think so. There is a water flood study being made of the area north of our lease, but our lease has not been included in the study because it has been determined that we are in the dry portion of the resevoir and will not be affected by the water flood.

Q Will you give the crude characteristics?

A The crude characteristics of this intermediate type grade crude has a gravity of approximately 42 degrees API gravity, purchased by the Service Pipelines, Incorporated and sold down the pipe line. There is no distinction between the Devonian and Wolfcamp crude.

Q The working interests are common?

A Yes.

Q How about the royalty interests?

A Yes, sir, the state of New Mexico has the royalties on the lease.

Q Do you have any economics that you can give the Examiner?

A The Wolfcamp is approaching economic limits due to the extreme pumping depth and the large amount of water necessary to be handled to get oil production. As was stated previously, I believe the lowest production from any well in there was approximately 13 barrels a day.

ALBUQUERQUE, NEW MEXICO



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ALBUQUERQUE, NEW MEXICO

Q What prices are the crudes presently bringing after they are commingled?

A It will be -- after commingling, it will be the same price as before commingling except that we hope to reduce the weathering time on the installation by putting the crudes together. Also, we are contemplating an evaporator recovery system for the installation after it's commingled thereby increasing the revenue.

Q Do you have any further testimony you wish to offer at this time?

A No.

MR. WHITE: We offer Exhibits 1, 2 and 3.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record.

MR. WHITE: That concludes our direct.

MR. UTZ:

Q Mr. Baumgardner, do you have the April production for the Devonian?

A Yes, sir.

Q Would you give that? Do you have it on a per well basis?

A Yes.

Q Give that, please.

A Well No. 1, 2872 barrels, 4010 water, 4004 MCF gas. Well 2 produced 2684 barrels oil, 113 barrels water, 2658 MCF gas. Well 3 produced 4590 oil, 8040 water, 3323 MCF. Well 4 produced 567 oil, 7000 water, 3323 MCF gas. Well 5 produced 4614 barrels oil, 113



barrels water, 6124 MCF gas. Well No. 10 produced 4214 barrels oil, 0 water, 1919 MCF gas.

Q This zone doesn't appear to be quite as marginal as in the Wolfcamp.

A No, sir.

Q The production appears to be about 4590, whereas your top unit allowable would be 5983.

A That's right, the top allowable for each Devonian well, I believe, is 193 barrels oil per day times the number of days per month.

Q Do you expect that Devonian will be able to increase its rate of production?

A I doubt it seriously. I don't think that it will because we are getting tremendous amounts of water now in the majority of the wells.

Q Is the royalty worth the same in each of these zones?

A Yes, sir, the state of New Mexico.

Q From your Exhibit Number 2, on the Devonian, do you use two heater treaters because of capacity?

A I believe that's right, we elected the heater treater rights in lieu of water knock out on this particular lease.

Q Where is your portable meter separator hooked in?

A At the well.

Q At the well head?

A Yes, sir.

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PHONE CM 3-6591

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6591

ALBUQUERQUE, NEW MEXICO

Q Do you test each well separately?

A Yes, sir.

Q I am rather interested to know why you chose to do this.

Was it so you could keep all your other wells on production?

A Yes, sir. We are below top allowable and we would like to keep from shutting down as much as possible.

Q Now, what will be your advantage in using this system over what you have now? Would you take out some flow lines?

A No, sir. The Wolfcamp tank battery is in bad need of repairs which may require replacement of some of the present facilities. By commingling this, we can reduce the cost of replacing this tank battery which will make it look more favorable to the Wolfcamp zone economically.

Q Is that the sole advantage?

A No, sir, we will also decrease the weathering time on the Wolfcamp tank battery production and we also anticipate putting in this vapor recovery system which by commingling we can take the vapors from one installation which will be the vapors from both productive zones.

Q Have you made any investigation as to the amount of vapors?

A Yes, sir. We will have approximately 80 MCF gas per day.

Q That will be pretty rich gas, I presume.

A Yes, sir. Both crudes are above forty gravity.

MR. UTZ: Any other questions of this witness?

MR. MORRIS:





DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6693

ALBUQUERQUE, NEW MEXICO

Q Mr. Baumgardner, how often do you plan to test these wells?

A A minimum of once a month.

Q Once a month?

A Yes, sir.

Q In the event that any of the wells in either of these pools becomes capable of making top allowable, will Skelly be willing to notify the Commission?

A Yes, sir, I'm sure they will.

MR. MORRIS: That's all I have; thank you.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused. The case will be taken under advisement.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 1-6691

ALBUQUERQUE, NEW MEXICO

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 12th day of June 1961 in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Thomas F. Horne*  
NOTARY PUBLIC

My Commission expires:  
May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2283 heard by me on *May 24, 1961*.  
*Thomas A. [Signature]*, Examiner  
New Mexico Oil Conservation Commission

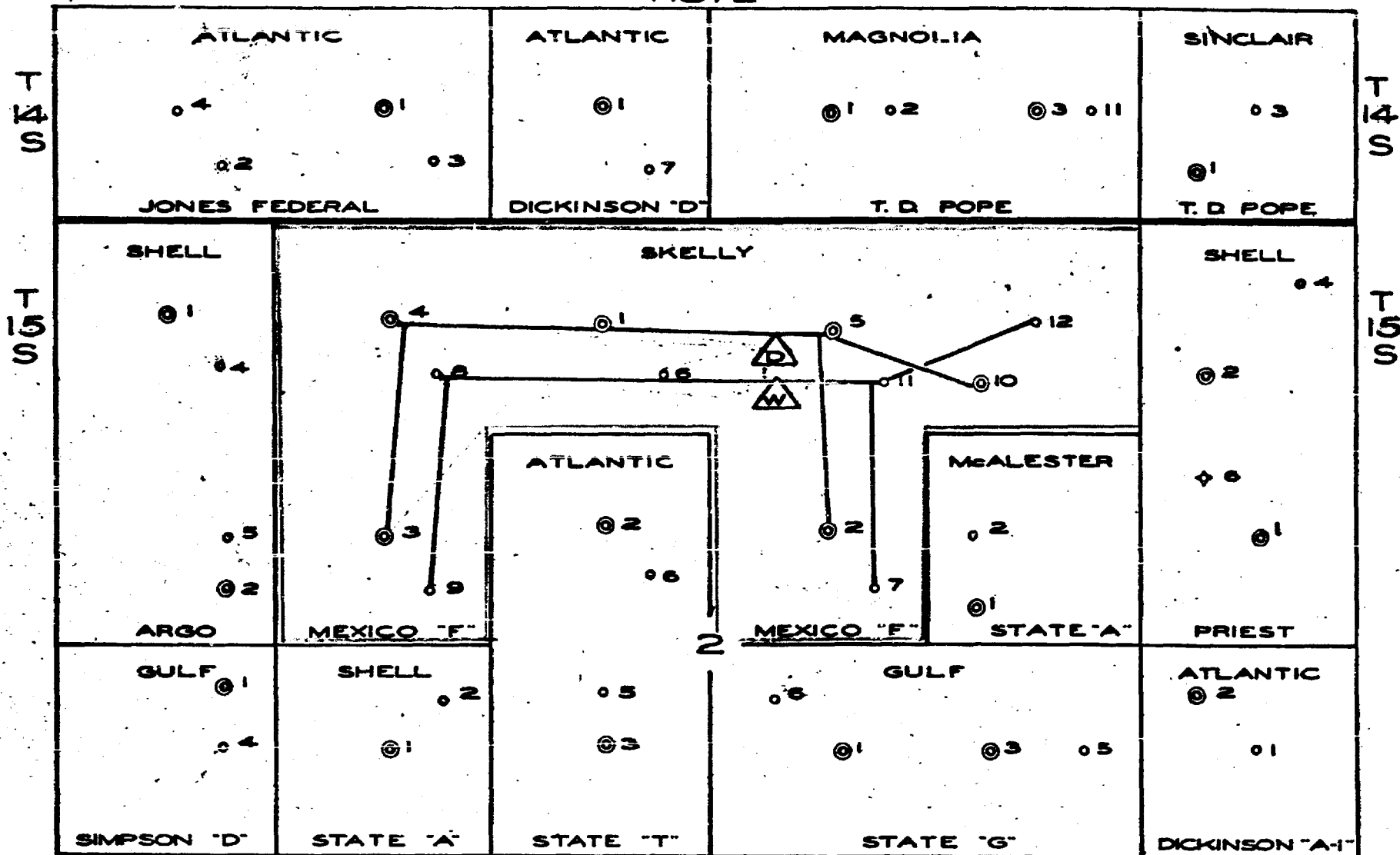


# SKELLY OIL COMPANY

2283

EXHIBIT 1

R37E



- WOLFCAMP WELL
- ⊗ DEVONIAN WELL
- ◆ PLUGGED & ABANDONED WELL

- △ TANK BATTERIES
- PRESENT FLOW LINES
- - - - PROPOSED FLOW LINES

BEFORE EXAMINER USE  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO.

SKELLY OIL COMPANY  
MEXICO "F" LEASE  
SECTION 2-T188-R37E.

EXHIBIT 2

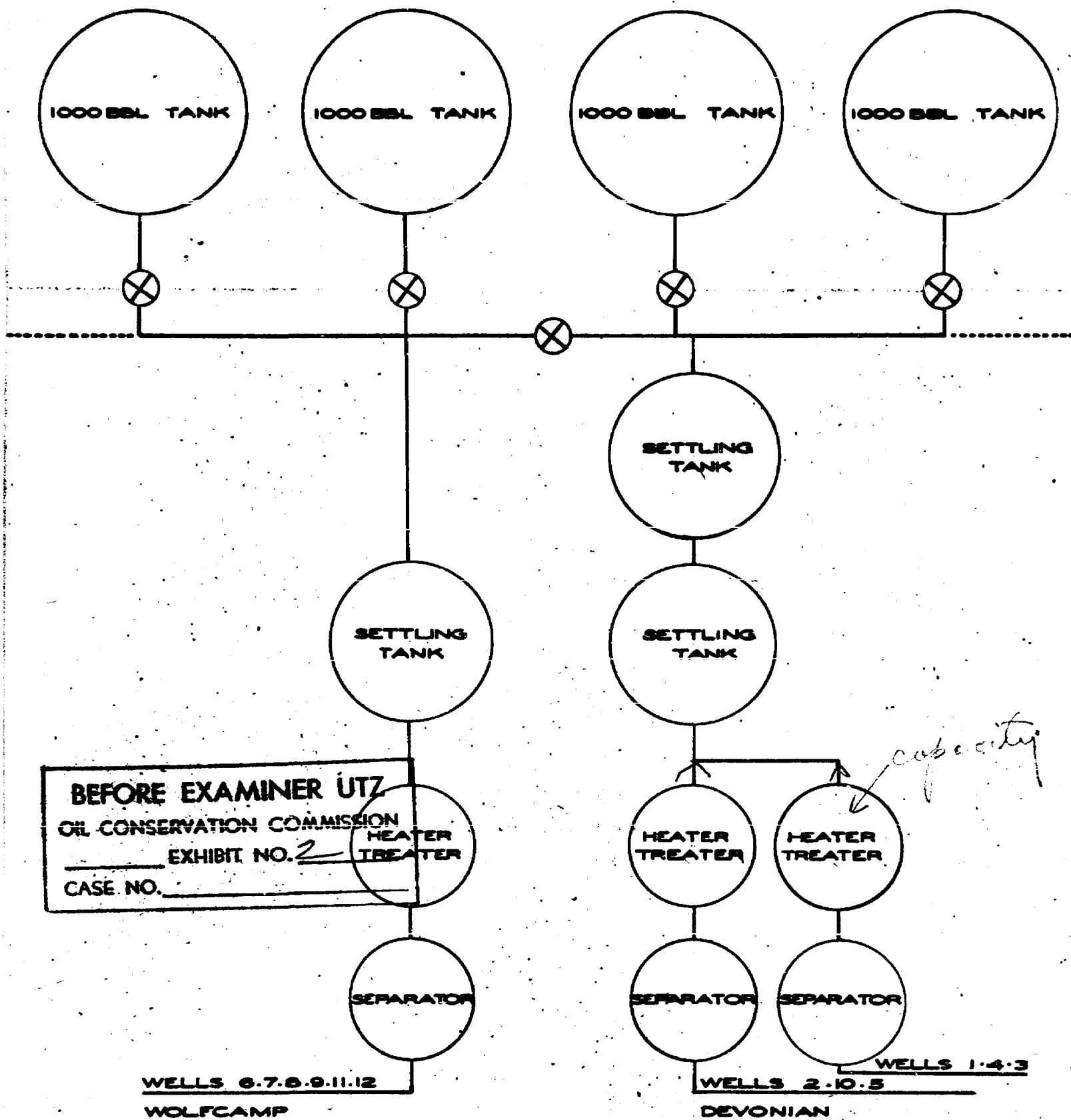
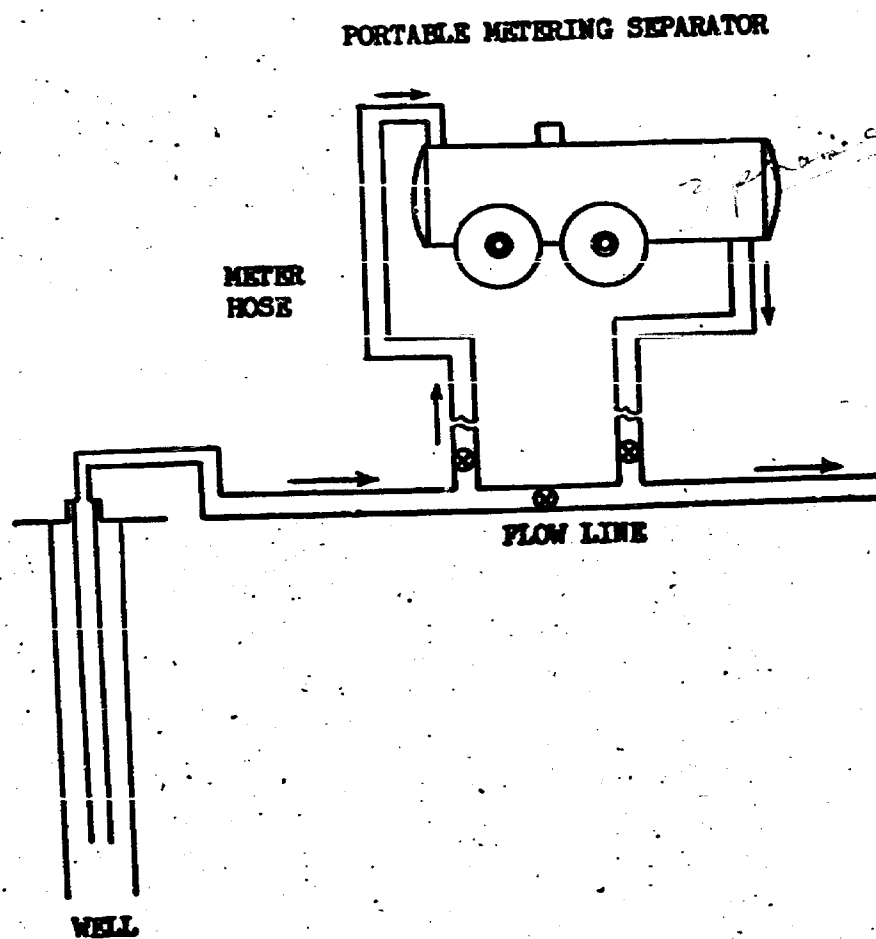


EXHIBIT 3

PROPOSED WELL TEST FACILITIES



BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 3  
CASE NO. \_\_\_\_\_