

June 9, 1955

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico

Attention: Mr. J. N. Dunlavey

Gentlemen:

Reference is made to enclosed Administrative Order NSP-144, which grants a 330-acre non-standard gas proration unit in the Jalmat Gas Pool, to your E. Coates Well No. 2.

It is called to your attention that the allowable granted to this unit will be assigned to your Coates Well No. 2. The Coates Well No. 3, located in the SW/4 SW/4 of Section 3, Township 24 South, Range 36 East, Lea County, will receive no further allowable and must remain shut-in effective July 1, 1955, until such time as said well is recompleted.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil and Gas Engineering Comm., Hobbs

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE 5/11/55

MR. W. P. MACEY
OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

RE:
PROPOSED NSP 144
PROPOSED NSL _____

Dear Mr. Macey:

I have examined the application dated 5/5/55

for the Skelly Oil Co. Coats #2-N 3-24-36
Operator _____ Lease and Well No. _____ S-T-R

and my recommendations are as follows:

Remove #3 from schedule and approve #2 although #7, #6, and #1 are Jalmat
oil wells they are in a lower horizon than the dry gas from #2- R F M

Well #3 will have to be shut in since it has an acreage factor of 160 acres.

The oil wells are producing from the Jalmat ^{oil} pool. SJS

Yours very truly,

OIL CONSERVATION COMMISSION

S. J. STANLEY

Stanley J. Stanley
Engineer

hs
320 acres S/2 Sec. 3



MAIN OFFICE OCC

7 SP 144
Due June 8

1955 MAY 9 AM 8:42

SKELLY OIL COMPANY

Box 38, Hobbs, New Mexico
May 5, 1955

Re: IN THE MATTER OF APPLICATION OF
SKELLY OIL COMPANY SEEKING ADMINISTRATIVE
APPROVAL FOR AN EXCEPTION TO RULE
5 (a) ORDER R-520 FOR A NON-STANDARD
320 ACRE GAS UNIT COMPRISING THE S/2
SECTION 3, TOWNSHIP 24 SOUTH, RANGE
36 EAST, N.M.P.M., IN THE JALMAT GAS
POOL, LEA COUNTY, NEW MEXICO.

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

Attention: Mr. W. B. Macey

Dear Sir:

Comes now SKELLY OIL COMPANY, a Delaware corporation with offices in Tulsa, Oklahoma and Hobbs, New Mexico, hereby petitioning the Secretary of the New Mexico Oil Conservation Commission for administrative approval of a non-standard 320-acre unit lying wholly within the horizontal limits of the Jalmat Gas Pool, Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the sole owner of all oil and gas leases held on the 320 acres confined by the boundaries of S/2 Section 3, Township 24 South, Range 36 East, N.M.P.M., the Jalmat Gas Pool, Lea County, New Mexico, and concerns but a single royalty owner.
2. That the petitioner's Coats Well No. 2 is located 660' from the South Boundary and 1980' from the West boundary of the lease and section and is completed entirely within the vertical limits of the Jalmat Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the petitioner's lease is capable of production by virtue of its production history and offset production.
4. That the petitioner's well was originally drilled to and completed in the Cooper-Jal Oil Pool in 1935 and produced from that zone until April, 1955, at which time, after extensive testing of all possible oil zones, the well was plugged back in conformance to the Commission's specifications and re-completed as a gas well which tested at the rate of 2,600 MCF against a back pressure of 100 psig.
5. That all lands described above, and contained within the limits of the proposed proration unit, are contiguous and lie within the limits of a single legal subdivision (section) of the U. S. Public Land Survey.
6. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.

Page Two

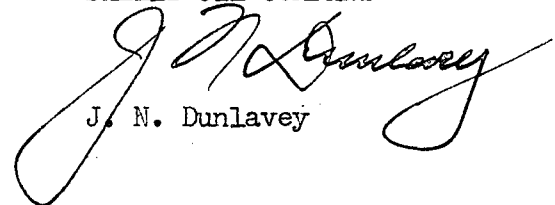
7. That one gas well can efficiently drain as much as 320 acres in the Jalmat Gas Pool; therefore, the approval of this petition will prevent the drilling of an unnecessary well, thus preventing economic waste.

8. That all offset operators are hereby notified by a copy of this application.

Wherefore, the petitioner requests that, in the interest of conservation and protection of correlative rights, the Secretary of the Commission grant an exception of Rule 5 (a), Order No. R-520, without hearing, by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted,

SKELLY OIL COMPANY


J. N. Dunlavey

JND/JDR/b

cc: Kan Mex Corporation
Dallas National Bank
Dallas, Texas

Sunray Oil Corporation
306 Wilkinson-Foster Building
Midland, Texas

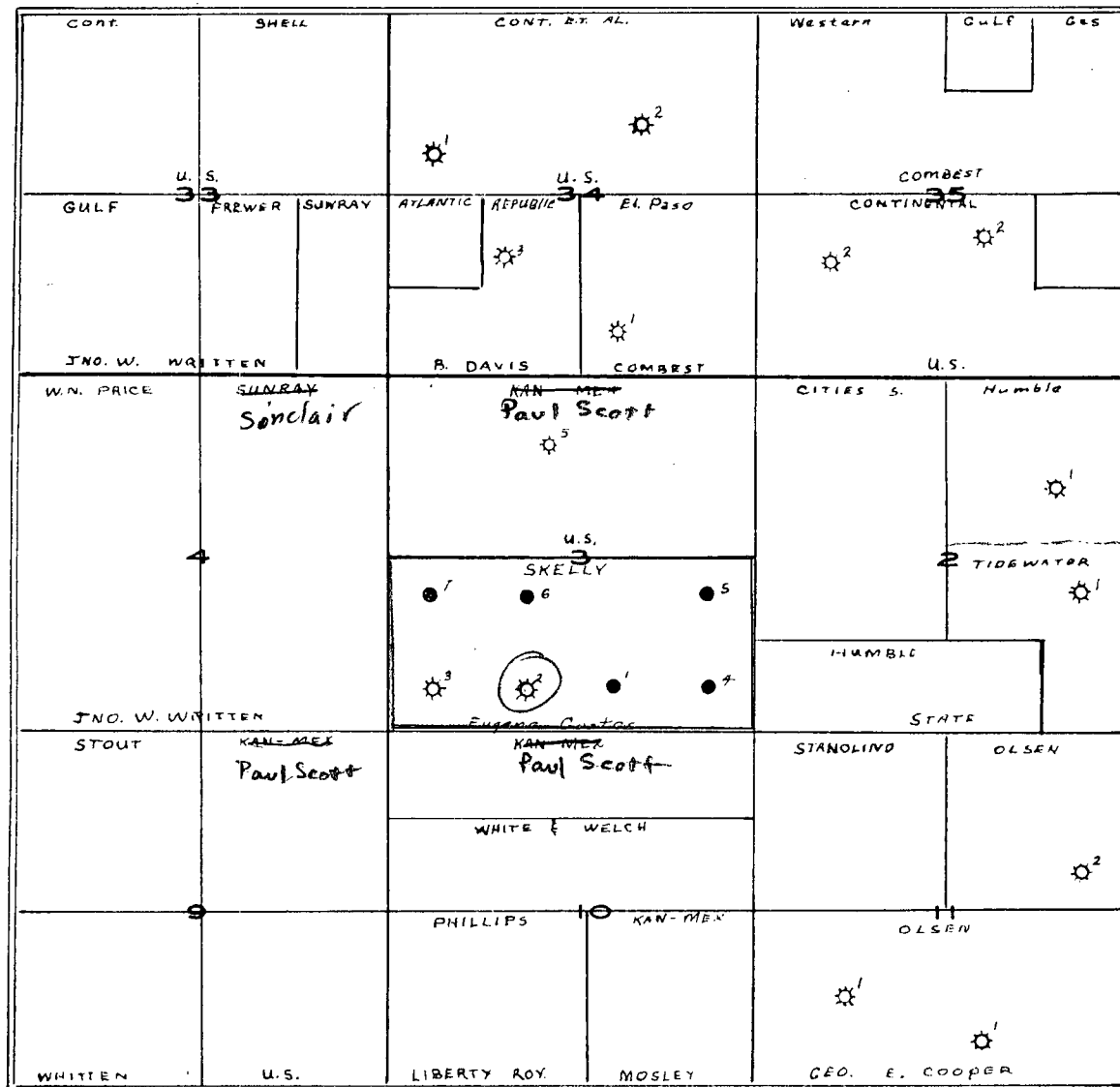
Cities Service Oil Company
Box 97
Hobbs, New Mexico

Humble Oil & Refining Company
c/o R. S. Dewey
Box 1600
Midland, Texas

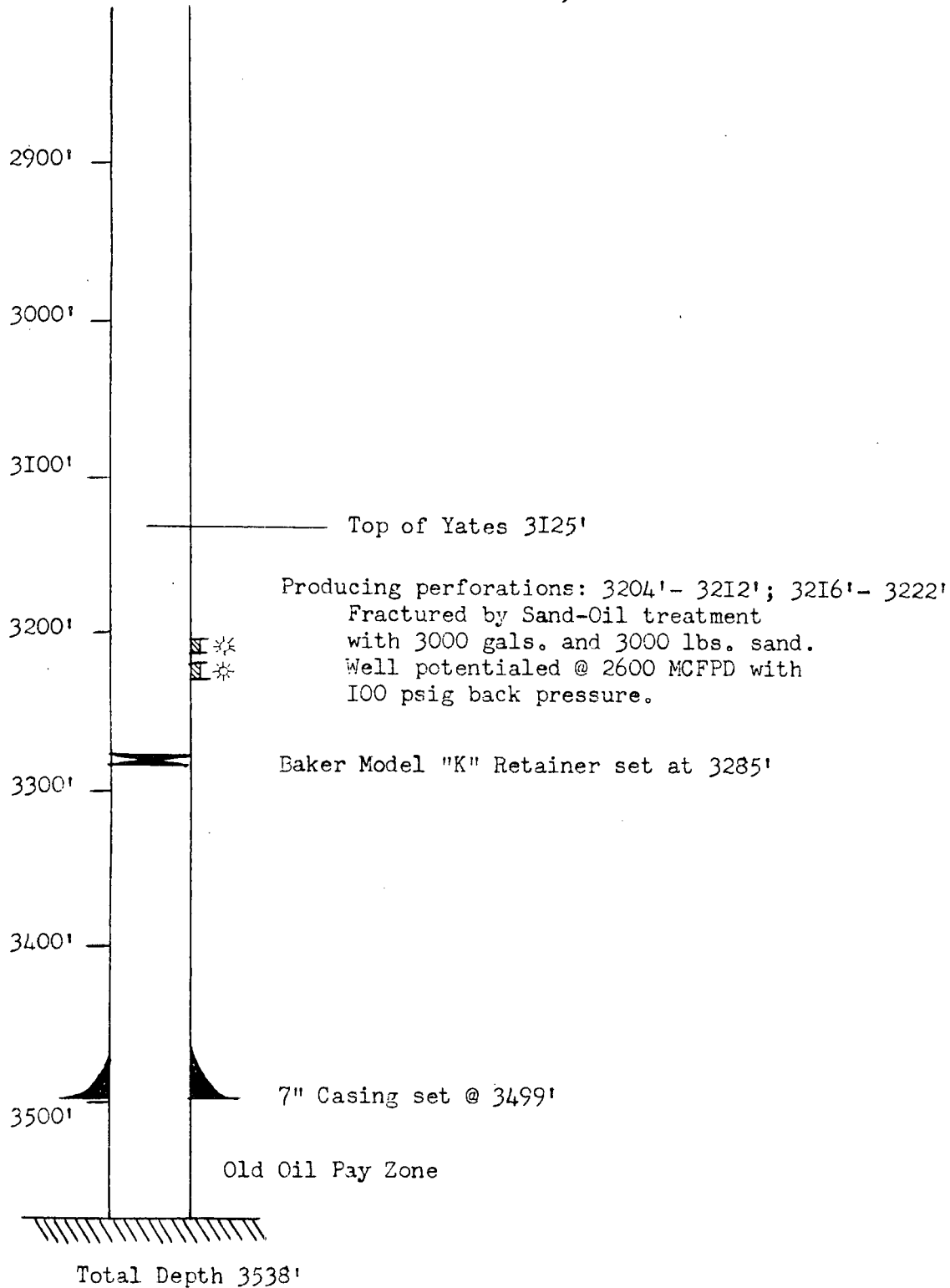
Stanolind Oil & Gas Company
Box 899
Roswell, New Mexico

Mr. G. W. Selinger
Box 1650
Tulsa, Oklahoma

R-36-E



SKELLY OIL COMPANY
EUGENE COATES LEASE
WELL No. 2
S $\frac{1}{2}$ SEC 3, T24S, R36E
JALMAT GAS POOL
LEA COUNTY, NEW MEXICO



Charles :

HUMBLE OIL & REFINING COMPANY
MAIN OFFICE OCC MIDLAND, TEXAS

J. W. HOUSE 1955 MAY 12 AM 8:29

May 10, 1955

File: 6-1 New Mexico

Mr. Wm. B. Macey
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Your attention is called to the application of Skelly Oil Company for an exception to Rule 5 (a) Order R-520 for a non-standard 320-acre gas unit comprising the S/2 Section 3, T-24-S, R-36-E in the Jalmat Gas Pool.

Besides the two gas wells located on this 320-acre lease, Skelly has four producing oil wells in the Cooper-Jal oil reservoir.

As stated previously, Humble recommends that the allowable for gas wells be so set that waste will not occur in the production of oil, and that but one allowable be granted to oil and gas wells producing from the same designated common reservoir.

Yours very truly,

J. W. HOUSE

R. S. Dewey

BY: R. S. DEWEY

APPROVED:

[Signature]

RSD/rs