

**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. 354  
Order No. R-179-B**

**APPLICATION OF SKELLY OIL COMPANY  
TO AMEND ORDER NO. R-179-A TO  
ESTABLISH LEASE ALLOWABLES FOR ITS  
H. O. SIMS PILOT WATER FLOOD PROJECT  
IN THE PENROSE-SKELLY POOL, IN LEA  
COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on July 2, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 3<sup>rd</sup> day of July, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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 owner and operator of the H. O. Sims Lease in the Penrose-Skelly Pool consisting of the following described acreage:

**TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM**  
**Section 33:     SE/4**  
**Section 34:     SW/4**

**TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM**  
**Section 3:     N/2 NW/4 and SW/4 NW/4**  
**Section 4:     NE/4**

all in Lea County, New Mexico.

(3) That the applicant was authorized by Commission Order No. R-179-A to institute a pilot water flood project in the Penrose-Skelly Pool on the above-described H. O. Sims Lease.

(4) That the above-referenced pilot water flood project has caused an increase in the producing capacity of certain wells on the said H. O. Sims Lease to the extent that they are now capable of producing in excess of the top unit allowable for the Penrose-Skelly Pool.

(5) That the applicant proposes that the H. O. Sims Lease be assigned a lease allowable to be determined by multiplying the number of developed 40-acre proration units (15) contained in said lease times the top unit allowable for the Penrose-Skelly Pool, said allowable to be produced from any well or wells on the lease in any proportion; provided however, that no individual well would be produced in excess of six (6) times the top unit allowable for the Penrose-Skelly Pool.

(6) That approval of the subject application will not violate the correlative rights of any other operator in the Penrose-Skelly Pool.

(7) That the preponderance of the evidence presented in this case indicates that waste would occur if the subject application were denied.

(8) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the Skelly Oil Company H. O. Sims Lease, described below, be assigned a lease allowable in the Penrose-Skelly Pool to be determined by multiplying the number of developed 40-acre proration units contained in said lease (15) times the top unit allowable for the pool:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 33: SE/4

Section 34: SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 3: N/2 NW/4 and SW/4 NW/4

Section 4: NE/4

all in Lea County, New Mexico.

(2) That the allowable assigned to the above-described H. O. Sims Lease in the Penrose-Skelly Pool may be produced from any well or wells on said lease in any proportion; provided however, that no individual well shall be produced in excess of six (6) times the top unit allowable for the pool.

(3) That the effective date of this order shall be 7 o'clock a.m., Mountain Standard Time, July 3, 1958.

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

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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

