

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

CASE 562: In the matter of the application of John M. Kelly for approval of a unit agreement embracing the SE/4 of Section 8, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, a total of 160 acres, more or less, down to and including the depth of 3835 feet below the surface, which includes the Queen gas zone.

TRANSCRIPT OF HEARING

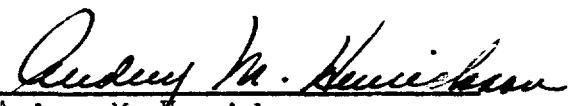
August 20, 1953

BEFORE: Honorable Ed. L. Mechem, Governor  
Honorable E. S. Walker, Land Commissioner  
Honorable R. R. Spurrier, Director, OCC

STATE OF NEW MEXICO )  
                              ) ss.  
COUNTY OF LOS ALAMOS)

I hereby certify that the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill and ability.

TRANSCRIBED at Los Alamos, New Mexico this 28th day of August, 1953.

  
Audrey M. Penrickson  
Notary Public

My commission expires September 22, 1955.

NEW MEXICO OIL CONSERVATION COMMISSION

Regular Hearing

9:00 a.m., August 20, 1953

JOHN M. KELLY,

having been first duly sworn, testified as follows:

MR. KELLY: John M. Kelly, Roswell, New Mexico. I am the applicant in this case and request that the Commission approve my application for a gas unit zone in the Eumont field in Lea County, New Mexico.

The unit agreement was entered into on the 1st day of June, 1953 by John M. Kelly, R. H. <sup>Hughes</sup> ~~Hughes~~ of Hobbs and N. W. Carr of Roswell, New Mexico. These are the oil and gas interests in the land described. Kelly is the owner-holder of the oil and gas leasehold interest covering the E/2SE/4 of Section 8, Township 19 South, Range 37 East. A. N. S. and N. W. Carr are the owners of an undivided one-third interest and R. H. Hughes is the owner of an undivided two-thirds interest in the oil and gas and all other minerals under the W/2SE/4 of Section 8, Township 19 South, Range 37 East.

All the owners respectfully request the commission in order to properly conserve the gas in and under the above described land, to prevent waste, to secure more unitization throughout the entire basin, that the Commission approve this unit area.

The unit area is described as the SE/4 of Section 8, Township

19 South, Range 37 East, Lea County, New Mexico<sup>4</sup> and contains 160 acres, more or less, down to and including the depth of 3835 feet below the surface, and the unit is to be designated for identification purposes as the Kelly-Hughes Unit.

The unitized substance under the unit - all gas and/or concentrates produced in the formations down to and including the depth of 3835 feet from the surface which includes all of the Queen formation underlying the unit area unitized under this agreement and called unitized substances.

The reason for the request is for the operator and the other parties involved to comply with the rules and regulations of the Oil Conservation Commission, especially Rule 104, Section A, B and I. Section A "any well drilled within a distance of one mile from the outer boundary of an oil and gas pool shall be classified as a wild-cat well. Any well drilled within a distance of one mile from the outer boundary of a defined oil and gas pool shall be spaced, drilled and operated<sup>and prorated</sup> in accordance with the regulations of said oil and gas pool." This location being 1/2 mile from the boundary of the oil and gas pool.

Section B - "Each well drilled within a defined gas pool located on a tract consisting of not less than a quarter section or 160 surface/<sup>contiguous</sup> acres shaped in the form of a square which shall be a sub-division, etc." In order to comply with that rule, the Kelly who owns the East 80 acres is joining with Hughes<sup>Hughes</sup> who owns the west 80 acres to form 160 surface contiguous acres which form a square.

And Section I "Drilling practices within an allocated gas pool are placed within such allocated pool at any time after the completion of a well and the drilling practice should be not less than 158 acres nor more than 162 acres top allowables for such wells shall be increased or decreased in proportion to the number of acres in the drilling tract of 160 acres." If gas proration is put into effect in the pool, it shall then be a 160 acre unit and will be then under the gas allowable - - ah, one unit allowable.

The unit agreement has been signed by all the interested parties and we wish to offer to the Commission at this time, assigned copy of the unit agreement.

MR. SPURRIER: Without objection, it will be received.

MR. KELLY: That's all I have to say.

MR. SPURRIER: Is there a question of Mr. Kelly? If not, the witness may be excused.

Is there any other comment in the case? If not, we will take it under advisement and move on to Case 563.